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51信用卡

51 CREDIT CARD INC.

51 信用卡有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2051)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of 51 Credit Card Inc. (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**” or “**our**”) for the six months ended 30 June 2024.

	For the six months ended 30 June		
	2024	2023	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
	(unaudited)	(unaudited)	
	(approximate)	(approximate)	(approximate)
Revenue	116,568	138,465	(15.8%)
Credit facilitation and service fee	29,433	36,948	(20.3%)
Credit card technology service fee	1,328	12,851	(89.7%)
SaaS service fee	46,029	52,276	(12.0%)
Camping service fee	8,624	18,505	(53.4%)
Other revenue	31,154	17,885	74.2%
Operating (loss)/profit for the period	(34,084)	7,725	N/A
Net loss for the period	(48,129)	(6,211)	674.9%
Non-IFRS measures			
Non-IFRS adjusted operating (loss)/profit for the period⁽¹⁾	(31,549)	9,226	N/A
Non-IFRS adjusted net (loss)/profit for the period⁽²⁾	(34,102)	3,898	N/A

Notes:

- (1) Non-IFRS adjusted operating (loss)/profit for the period is defined as operating (loss)/profit for the six months ended 30 June 2024 and 2023 excluding share-based compensation expenses, fair value (gain)/loss of financial assets at fair value through profit or loss (“**FVPL**”), loss on disposal of property, plant and equipment. For more details, please refer to the section headed “**FINANCIAL REVIEW — Non-IFRS measures**” of this announcement.
- (2) Non-IFRS adjusted net (loss)/profit for the period is defined as net (loss)/profit for the six months ended 30 June 2024 and 2023 excluding share-based compensation expenses, fair value (loss)/gain of financial assets/liabilities at FVPL, loss on disposal of property, plant and equipment. For more details, please refer to the section headed “**FINANCIAL REVIEW — Non-IFRS measures**” of this announcement.
- (3) No interim dividend was declared for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group operates a widely-used credit card management platform, 51 Credit Card Manager App (“**51 Credit Card Manager**”). As at 30 June 2024, the number of registered users of 51 Credit Card Manager was approximately 88.8 million, and the number of credit cards we had managed cumulatively amounted to approximately 151.7 million. In September 2019, we launched a commercial information searching tool, Little Blue Book App (“**Little Blue Book**”), with an aim to provide users with valuable commercial information. As at 30 June 2024, Little Blue Book had approximately 6.9 million registered users.

In the first half of 2024, affected by market conditions, camping services recorded less revenue for the six months ended 30 June 2024 as compared with the corresponding period of last year, and therefore we made optimization and adjustment on the camping business. As for the credit facilitation business, given the anticipated impact of the increasingly stringent financial regulatory policies, we gradually fine-tuned the operation strategy of the Group’s credit facilitation business, with the aim of strictly ensuring business compliance while monitoring the overall scale of the credit facilitation business.

For the six months ended 30 June 2024, the To B SaaS business of Little Blue Book experienced a significant growth as our sales force size, sales force effectiveness, and monthly sales nearly doubled as compared to that as of the end of 2023. Customer purchases, renewal rate and customer unit prices also registered a steady growth as compared to the corresponding period in 2023, and we continued to maintain profitability due to the Group’s proactive marketing and development efforts with refined cost control. In general, the To C business of Little Blue Book remained relatively stable and continued to generate some leads to the To B business, which further consolidated the collective competitive strength of C To B.

In summary, for the six months ended 30 June 2024, our revenue was approximately RMB116.6 million, representing a decrease of approximately 15.8% as compared to approximately RMB138.5 million for the corresponding period in 2023; our operating loss was approximately RMB34.1 million, as compared to the operating profit of approximately RMB7.7 million for the corresponding period in 2023; and our net loss was approximately RMB48.1 million, representing an increase of approximately 674.9% as compared to approximately RMB6.2 million for the corresponding period in 2023.

As for non-International Financial Reporting Standards (“**non-IFRS**”) measures, for the six months ended 30 June 2024, our non-IFRS adjusted operating loss was approximately RMB31.5 million, as compared with non-IFRS adjusted operating profit of approximately RMB9.2 million for the corresponding period in 2023; and our non-IFRS adjusted net loss was approximately RMB34.1 million, as compared with non-IFRS adjusted net profit of approximately RMB3.9 million for the corresponding period in 2023. Please refer to the section headed “FINANCIAL REVIEW — Non-IFRS measures” of this announcement for the definitions, explanations of usage and reconciliations of non-IFRS measures.

	For the six months ended 30 June		2023		Period-on-
	2024		2023		period change
	<i>RMB'000</i>	<i>Percentage of</i>	<i>RMB'000</i>	<i>Percentage of</i>	<i>Percentage</i>
	<i>(unaudited)</i>	<i>revenue</i>	<i>(unaudited)</i>	<i>revenue</i>	<i>(approximate)</i>
	<i>(approximate)</i>	<i>(approximate)</i>	<i>(approximate)</i>	<i>(approximate)</i>	<i>(approximate)</i>
Revenue	116,568	100.0%	138,465	100.0%	(15.8%)
Credit facilitation and service fee	29,433	25.2%	36,948	26.7%	(20.3%)
Credit card technology service fee	1,328	1.2%	12,851	9.3%	(89.7%)
SaaS service fee	46,029	39.5%	52,276	37.8%	(12.0%)
Camping service fee	8,624	7.4%	18,505	13.4%	(53.4%)
Other revenue	31,154	26.7%	17,885	12.8%	74.2%
Operating (loss)/profit for the period	(34,084)		7,725		N/A
Net loss for the period	(48,129)		(6,211)		674.9%
Non-IFRS measures					
Non-IFRS adjusted operating (loss)/profit for the period ⁽¹⁾	(31,549)		9,226		N/A
Non-IFRS adjusted net (loss)/profit for the period ⁽²⁾	(34,102)		3,898		N/A

Notes:

- (1) Non-IFRS adjusted operating (loss)/profit for the period is defined as operating (loss)/profit for the six months ended 30 June 2024 and 2023 excluding share-based compensation expenses, fair value gain/(loss) of financial assets at fair value through profit or loss (“**FVPL**”), loss on disposal of property, plant and equipment. For more details, please refer to the section headed “FINANCIAL REVIEW — Non-IFRS measures” of this announcement.
- (2) Non-IFRS adjusted net (loss)/profit for the period is defined as net (loss)/profit for the six months ended 30 June 2024 and 2023 excluding share-based compensation expenses, fair value (loss)/gain of financial assets/(liabilities) at FVPL, loss on disposal of property, plant and equipment. For more details, please refer to the section headed “FINANCIAL REVIEW — Non-IFRS measures” of this announcement.

1. Credit Facilitation Service

The Group refers qualified borrowers to partner financial institutions to provide loan services and receives credit facilitation service fees upon successful drawdown of loans by borrowers. We also provide credit enhancement to partner financial institutions through a licenced financial guarantee company within the Group. In the first half of 2024, the total volume of credit facilitation business was approximately RMB585.7 million, all being businesses cooperated with financial institutions, representing a decrease of approximately 35.2% from approximately RMB904.1 million in the first half of 2023, mainly due to our business strategy adjustment, which limited the loan facilitation volume and meanwhile, the average net credit facilitation fee for the six months ended 30 June 2024 increased by 19.1%. The Day-1 delinquency rate (defined as the total amount of overdue principal as of a specified date divided by the total amount of principal due for repayment as of such date) of the credit facilitation assets facilitated in the first half of 2024 was lower than 4.0%, which is of the same level as the corresponding period of last year. Meanwhile, the 30-day collection rate of overdue assets was approximately 79.64% as compared with approximately 81.0% for the corresponding period of 2023. The average tenure of loans decreased to approximately 9 months in the first half of 2024 from approximately 9.2 months for the corresponding period in 2023, and the average amount of loans in the first half of 2024 decreased to approximately RMB7,596 from approximately RMB7,700 for the corresponding period in 2023.

2. SaaS Business

Our SaaS business consists of the Little Blue Book business and the smart retail business as well as the bank operations management business. Little Blue Book is a commercial information searching tool that generates subscription income from corporate customers and individual users. Our smart retail business serves corporate customers, and receives a fixed amount of revenue from system development and hardware and software sales and agency fees based on customer usage such as transaction payment amount, cloud server usage and SMS traffic. The bank operation management business mainly provides full-spectrum back-office operation management services to financial institutions such as banks. Revenue from SaaS business decreased to approximately RMB46.0 million in the first half of 2024 from approximately RMB52.3 million for the corresponding period in 2023, mainly due to the decline in revenue from bank operation management business as compared with the corresponding period in 2023.

3. Camping services

In 2022, we established the campsite brand chain named “51 CAMP”, with the aim to develop the “2H” urban camping circle centered on intra-urban themed urban campsites, peri-urban campsites and complemented by remote glamping campsites. The revenue of 51 CAMP can mainly be divided into two types: To C and To B. For To C, we provide our customers with delicate camping services and charge a fixed service fee for the use of the venue, food and beverage consumption, etc. On the other hand, To B revenue includes fees charged for commercial advertising shooting, live broadcast, commercial brand press conference, wedding shooting, bespoke wedding, music festivals, camping festivals, enterprise team building customization, event advertising sponsorship and other modes of site services. As the upsurge in camping gradually faded after the COVID-19 pandemic subsided, the Group’s revenue from camping services showed a significant downward trend, and the Group adjusted its operation strategies through the gradual optimization and upgrading of the camping business by discontinuing certain campsites with poor performance, which resulted in the decline in the overall revenue scale of the camping business. Revenue from camping services decreased from approximately RMB18.5 million for the corresponding period in 2023 to approximately RMB8.6 million for the first half of 2024.

OUTLOOK

In 2024, given the slow economic recovery in the aftermath of the COVID-19 pandemic, the global economy still faces a series of challenges. In light of this, we are prepared to seize the development opportunities presented by the new business and will keep devoting efforts to explore new contributing factor for revenue growth for each of the businesses. Specifically:

For the credit facilitation business, subject to business compliance, we will continue to seek new institutions for collaboration and explore new cooperation models, and fully capitalize on our established risk control model and platform operation capabilities to provide premium credit facilitation service to a wide array of reliable customers.

As for the SaaS business, with Little Blue Book as an intelligent sales growth cloud platform, the Group will conduct further in-depth analysis of the whole sales process data and demand of various sectors and conduct product research and development and iteration according to common pain points of the industry to identify more potential sectors and customers for Little Blue Book. Also, we will focus on optimization and upgrades of products and services and increase the sales volume and contribution of individual merchants by helping customers enhance the conversion rate at different tiers, namely leads, opportunities and order generating process in the marketing process. Moreover, we will further consolidate the technical team, strengthen the use of technologies such as big data, artificial intelligence and cloud computing to keep enriching the breadth and depth of data and products, enhance the automation and

intellectualization of business processes, and further retrieve the data core value based on scenarios and actual needs of customers on the premise of ensuring data compliance, improve user experience, gain competitiveness of our own, and assist customers to achieve effective development and capability enhancement in terms of sales digitization and digital marketing.

In respect of camping services, against the backdrop of the gradually fading upsurge in camping that started after the COVID-19 pandemic, 51 CAMP has made proactive changes this year, closing a number of campsites with relatively low efficiency and concentrating on retaining internally evaluated urban campsites and delicate campsites. Next, we will use these campsites as a basis to combine the camping business with new ancillary businesses such as campervans, exploring new lifestyles suitable for people in modern cities, thereby forming a bolstered camping services segment with the Group's distinctive features and further enhancing the existing image of 51 CAMP as "trendy" and "emerging" in the minds of young people.

FINANCIAL INFORMATION

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024, together with the comparative figures for the six months ended 30 June 2023 are set out as below.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE LOSS**

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Credit facilitation and service fee	4	29,433	36,948
Credit card technology service fee		1,328	12,851
SaaS service fee		46,029	52,276
Camping service fee		8,624	18,505
Other revenue	5	31,154	17,885
Total revenue		116,568	138,465
Origination and servicing expenses	6	(108,737)	(123,951)
General and administrative expenses	6	(26,919)	(25,534)
Research and development expenses	6	(28,025)	(9,539)
Sales and marketing expenses	6	(19,091)	(12,210)
Expected credit (loss)/gain, net	7	(33,749)	39,250
Other gain, net	8	65,869	1,244
Total operating expenses		(150,652)	(130,740)
Operating (loss)/profit		(34,084)	7,725
Share of net loss of associates accounted for using equity method		(115)	(12,652)
Fair value loss of financial liabilities at fair value through profit or loss		(11,492)	(8,608)
Finance income, net		719	3,317
Loss before income tax		(44,972)	(10,218)
Income tax (expense)/credit	9	(3,157)	4,007
Loss for the period		(48,129)	(6,211)

	Six months ended 30 June	
	2024	2023
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to:		
— Owners of the Company	(42,165)	133
— Non-controlling interests	(5,964)	(6,344)
	<u>(48,129)</u>	<u>(6,211)</u>
Other comprehensive loss		
<i>Items that may not be reclassified to profit or loss:</i>		
Change in fair value attributable to change in the credit risk of other financial liability designated at fair value through profit or loss	630	1,339
Currency translation differences	4,235	1,228
	<u>(43,264)</u>	<u>(3,644)</u>
Total comprehensive loss for the period, net of tax		
Total comprehensive (loss)/income attributable to:		
— Owners of the Company	(38,359)	2,393
— Non-controlling interests	(4,905)	(6,037)
	<u>(43,264)</u>	<u>(3,644)</u>
(Loss)/earnings per share attributable to owners of the Company — basic and diluted (expressed in RMB cent per share):		
(Loss)/earnings for the period — basic and diluted	<i>10</i>	<u>(3.45)</u>
		<u>0.01</u>

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
FINANCIAL POSITION**

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property and equipment, net		137,058	108,096
Right-of-use assets		30,957	34,238
Intangible assets		37,474	38,396
Investments accounted for using equity method		16,201	16,016
Financial assets at fair value through profit or loss		72,797	70,448
Deferred income tax assets		12,045	15,171
Prepayments and other receivables	<i>11</i>	10,232	632
Total non-current assets		316,764	282,997
Current assets			
Inventory		644	3,027
Quality assurance fund receivable	<i>12</i>	12,054	21,060
Contract assets	<i>13</i>	27,867	32,622
Trade receivables	<i>14</i>	48,135	41,173
Prepayments and other receivables	<i>11</i>	119,793	118,736
Loans to customers, net		195,574	193,933
Financial assets at fair value through profit or loss		1,049	249
Restricted cash		102,154	121,679
Cash and cash equivalents		271,142	349,490
Total current assets		778,412	881,969
Total assets		1,095,176	1,164,966

		As at 30 June 2024	As at 31 December 2023
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
EQUITY AND LIABILITIES			
Equity			
Share capital		90	90
Reserves		781,126	725,610
Non-controlling interests		<u>(19,035)</u>	<u>(16,130)</u>
Total equity		<u>762,181</u>	<u>709,570</u>
Liabilities			
Non-Current liabilities			
Bank and other borrowings		1,328	59,684
Lease liabilities		<u>25,080</u>	<u>27,514</u>
Total non-current liabilities		<u>26,408</u>	<u>87,198</u>
Current liabilities			
Quality assurance fund payable	12	25,426	37,043
Payable to platform customers		48,963	54,625
Contract liabilities	13	22,294	18,767
Bank and other borrowings		77,328	100,804
Lease liabilities		4,399	4,347
Trade and other payables	15	40,835	76,132
Financial liabilities at fair value through profit or loss		<u>87,342</u>	<u>76,480</u>
Total current liabilities		<u>306,587</u>	<u>368,198</u>
Total liabilities		<u>332,995</u>	<u>455,396</u>
Total equity and liabilities		<u>1,095,176</u>	<u>1,164,966</u>

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

NOTES

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim financial reporting” issued by the International Accounting Standards Board (“IASB”). The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), and any public announcements made by the Group during the six months ended 30 June 2024.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised IFRSs issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRSs comprise IFRSs; IAS; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new IFRS that have been issued but are not yet effective. The application of these new IFRSs will not have material impact on the financial statements of the Group.

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company who reviews consolidated results of the Group when making decisions about resources allocation and assessing the performance of the Group. The Group has three reportable segments: Credit card facilitation and technology services, SaaS Business and Camping services.

Segment profits or losses do not include dividend income, and gains or losses from investments and derivative instruments. Segment assets do not include amounts due from related parties, investments and derivative instruments. Segment liabilities do not include derivative instruments. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Information about reportable segment profit or loss, assets and liabilities:

	Credit Facilitation and technology services <i>RMB'000</i> (Unaudited)	Saas Business <i>RMB'000</i> (Unaudited)	Camping services <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
For the six months ended 30 June 2024					
Revenue from external customers	38,702	46,687	12,963	18,216	116,568
Segment profit/(loss)	19,519	4,387	(47,066)	(11,273)	(34,433)
Interest (revenue)/ expenses	999	882	788	(3,388)	(719)
Depreciation and amortisation	3,267	1,278	8,124	2,475	15,144
Share of losses of associates	115	—	—	—	115
Income tax expense	31	3,126	—	—	3,157
Other material non-cash items:					
Expected credit loss	22,526	3,113	1,989	6,121	33,749
Additions to segment non-current assets	—	840	16,908	26,021	43,769
As at 30 June 2024					
Segment assets	578,015	75,213	84,428	267,473	1,005,129
Segment liabilities	161,900	44,599	32,261	6,893	245,653
Investments in associates	16,201	—	—	—	16,201

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	Six months ended 30 June 2024 <i>RMB'000</i> (Unaudited)
Revenue	
Total revenue of reportable segments	116,568
Profit or loss	
Total loss of reportable segments	(34,433)
Unallocated amounts:	
Share of losses of associates	(115)
Gain on financial assets at FVPL	349
Loss on financial liabilities at FVPL	(11,492)
Finance income, net	719
	<hr/>
Loss before tax	(44,972)
Income tax expenses	(3,157)
	<hr/>
Consolidated loss for the period	<u>(48,129)</u>
	As at 30 June 2024 <i>RMB'000</i> (Unaudited)
Assets	
Total assets of reportable segments	1,005,129
Unallocated amounts:	
Investments	90,047
	<hr/>
Consolidated total assets	<u>1,095,176</u>
Liabilities	
Total liabilities of reportable segments	245,653
Unallocated amounts:	
Financial liabilities at FVPL	87,342
	<hr/>
Consolidated total liabilities	<u>332,995</u>

Geographical information:

The majority of the Group's activities are carried out in mainland China during the years presented and the majority of the Group's assets and liabilities are located in mainland China. Accordingly, no analysis by geographical basis for the years are presented.

The Group's non current assets other than financial instruments were located in the PRC as at 30 June 2024 and 31 December 2023.

Revenue from major customers:

There is no concentration risk as no revenue from a single external customer was more than 10% of the Group total revenue for the six months ended 30 June 2024 and 2023.

4. CREDIT FACILITATION AND SERVICE FEE

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Upfront credit facilitation service fee	14,267	17,524
Post credit facilitation service fee	15,166	19,424
	<u>29,433</u>	<u>36,948</u>

Note: The unsatisfied performance obligation as at 30 June 2024 was approximately RMB19,134,000. Management expects that 100% of the transaction price allocated to the unsatisfied contracts as at 30 June 2024 will be recognized as revenue within the next twelve months.

5. OTHER REVENUE

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Referral service fee	10,811	7,519
Overdue charges	3,322	3,581
Children entertainment operations	11,338	—
Others	5,683	6,785
	<u>31,154</u>	<u>17,885</u>

6. EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Fund transfer charges	343	2,111
Employee benefit expenses	52,675	67,331
External technical service fees	57,322	66,561
Depreciation and amortization	15,144	4,994
Professional service fees	8,645	3,287
Office expenses	5,669	4,686
Marketing and advertising fees	7,602	4,013
Camping operating fee	2,809	5,439
Vehicle business	17,077	—
Others	15,486	12,812
	<u>182,772</u>	<u>171,234</u>
Total amount of origination and servicing expenses, general and administrative expenses, research and development expenses and sales and marketing expenses	<u>182,772</u>	<u>171,234</u>

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

7. EXPECTED CREDIT LOSS/(GAIN), NET

The composition of ECL provided for six months ended 30 June 2024 and 2023 is as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Contract assets (<i>Note 13</i>)	3,514	2,483
Prepayments and other receivables	3,897	4,053
Trade receivables (<i>Note 14</i>)	3,812	(41)
Loans to customers, net	(148)	(203)
Quality assurance fund (<i>Note 12</i>)	22,674	(45,542)
	<u>33,749</u>	<u>(39,250)</u>

8. OTHER GAIN, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants	—	250
Fair value gain/(loss) on financial assets at FVPL	349	(888)
Loss on disposal of property, plant and equipment	(2,837)	—
Others (<i>note a</i>)	68,357	1,882
	<u>65,869</u>	<u>1,244</u>

Note:

- (a) The satisfactory recovery of overdue assets in the credit facilitation business of approximately RMB68.6 million for the six months ended 30 June 2024.

9. INCOME TAX EXPENSE/(CREDIT)

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	31	244
Deferred income tax	3,126	(4,251)
	<u>3,157</u>	<u>(4,007)</u>

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

Cayman Islands

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

British Virgin Islands ("BVI")

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

Hong Kong (“HK”)

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

Within the People’s Republic of China (the “PRC”)

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

10. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company (RMB’000)	(42,165)	133
Weighted average number of ordinary shares in issue (’000)	<u>1,221,240</u>	<u>1,225,363</u>
Basic (loss)/earnings per share (expressed in RMB cent)	<u>(3.45)</u>	<u>0.01</u>

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

As the Group incurred (losses)/earnings for the six months ended 30 June 2024 and 2023, the potential ordinary shares were not included in the calculation of dilutive (losses)/earnings per share, as their inclusion would be anti-dilutive. Accordingly, diluted (losses)/earnings per share for the six months ended 30 June 2024 and 2023 is the same as basic (losses)/earnings per share.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company (RMB’000)	(42,165)	133
Weighted average number of ordinary shares in issue (’000)	<u>1,221,240</u>	<u>1,225,363</u>
Weighted average number of ordinary shares for calculation of diluted (loss)/earnings per share (’000)	<u>1,221,240</u>	<u>1,225,363</u>
Diluted (loss)/earnings per share (expressed in RMB cent)	<u>(3.45)</u>	<u>0.01</u>

11. PREPAYMENTS AND OTHER RECEIVABLE

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Included in non-current assets:		
Rental deposits	340	632
Prepayment for property, plant and equipment	<u>9,892</u>	<u>—</u>
	<u>10,232</u>	<u>632</u>
Included in current assets:		
Amounts due from related parties	12,011	12,023
Deposits and prepaid expenses	34,687	27,306
Receivable from disposal of bad debts	5,208	9,959
Loan to a Director	2,690	11,059
Withholding tax paid on behalf of grantees under employee incentive schemes	6,292	6,292
Loans to third parties (<i>Note</i>)	24,924	19,119
Others	<u>33,981</u>	<u>32,978</u>
	<u>119,793</u>	<u>118,736</u>
Total	<u><u>130,025</u></u>	<u><u>119,368</u></u>

Note: The loans are repayable on demand and the amounts are at an annual interest rate of 8% to 10%.

12. QUALITY ASSURANCE FUND PAYABLE AND RECEIVABLE

The following table sets forth the Group's quality assurance fund payable movements for the six months ended 30 June 2024 and 2023:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Opening balance	37,043	21,713
Fair value of newly written quality assurance obligation	27,236	32,752
ECL reversed for the period	21,972	(45,999)
Payouts during the period, net	(60,825)	18,247
	<hr/>	<hr/>
Ending balance	25,426	26,713
	<hr/> <hr/>	<hr/> <hr/>

The following tables set forth the Group's quality assurance fund receivable movements for the six months ended 30 June 2024 and 2023:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Opening balance	21,060	16,443
Fair value of newly written quality assurance obligation	27,236	32,752
ECL for quality assurance fund (a)	(702)	(457)
Contribution received from borrowers	(35,540)	(34,184)
	<hr/>	<hr/>
Ending balance	12,054	14,554
	<hr/> <hr/>	<hr/> <hr/>

	Six months ended 30 June 2024			
	Stage 1 <i>RMB'000</i> (Unaudited)	ECL Staging Stage 2 <i>RMB'000</i> (Unaudited)	Stage 3 <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Quality assurance fund receivable	13,326	973	36,356	50,565
Less: ECL allowance under IFRS 9 (a)	<u>(2,672)</u>	<u>(667)</u>	<u>(35,172)</u>	<u>(38,511)</u>
Quality assurance fund receivable, net	<u>10,564</u>	<u>306</u>	<u>1,184</u>	<u>12,054</u>
	As at 31 December 2023			
	Stage 1 <i>RMB'000</i> (Unaudited)	ECL Staging Stage 2 <i>RMB'000</i> (Unaudited)	Stage 3 <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Quality assurance fund receivable	22,251	1,365	35,253	58,869
Less: ECL allowance under IFRS 9 (a)	<u>(2,899)</u>	<u>(749)</u>	<u>(34,161)</u>	<u>(37,809)</u>
Quality assurance fund receivable, net	<u>19,352</u>	<u>616</u>	<u>1,092</u>	<u>21,060</u>

- (a) The following tables explain the changes in the ECL allowance of quality assurance fund receivable by stage for the six months ended 30 June 2024 and 2023:

	Six months ended 30 June 2024			Total <i>RMB'000</i> (Unaudited)
	Stage 1 12-month ECL <i>RMB'000</i> (Unaudited)	Stage 2 Lifetime ECL <i>RMB'000</i> (Unaudited)	Stage 3 Lifetime ECL <i>RMB'000</i> (Unaudited)	
Opening balance	2,899	749	34,161	37,809
Net (decrease)/increase for the period (i)	(192)	9	885	702
Transfer				
Transfer from Stage 1 to Stage 2	(23)	23	—	—
Transfer from Stage 1 to Stage 3	(41)	—	41	—
Transfer from Stage 2 to Stage 1	29	(29)	—	—
Transfer from Stage 2 to Stage 3	—	(85)	85	—
Ending balance	2,672	667	35,172	38,511
	Six months ended 30 June 2023			
	Stage 1 12-month ECL <i>RMB'000</i> (Unaudited)	Stage 2 Lifetime ECL <i>RMB'000</i> (Unaudited)	Stage 3 Lifetime ECL <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Opening balance	2,598	632	32,768	35,998
Net increase for the period (i)	36	32	389	457
Transfer				
Transfer from Stage 1 to Stage 2	(8)	8	—	—
Transfer from Stage 1 to Stage 3	(11)	—	11	—
Transfer from Stage 2 to Stage 1	11	(11)	—	—
Transfer from Stage 2 to Stage 3	—	(20)	20	—
Ending balance	2,626	641	33,188	36,455

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

13. CONTRACT ASSETS/(LIABILITIES)

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Contract assets	640,257	641,498
Less: ECL allowance	<u>(612,390)</u>	<u>(608,876)</u>
Contract assets, net	<u>27,867</u>	<u>32,622</u>
Contract liabilities	<u>(22,294)</u>	<u>(18,767)</u>

The activity in the total ECL allowance for the six months ended 30 June 2024 and 2023 consisted of the following:

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Opening balance	(608,876)	(603,336)
Provision of ECL for the period (<i>Note 7</i>)	<u>(3,514)</u>	<u>(2,483)</u>
Ending balance	<u>(612,390)</u>	<u>(605,819)</u>

Note: The Group receives payments from borrowers over the tenures of the loans. Contract assets represent the Group's right to consideration in exchange for services that the Group has provided. A substantial majority of the Group's contract assets as at 30 June 2024 would be realized within the next twelve months as the weighted average term of the arrangements where the Group was not the loan originator was less than twelve months. The Group determined that there was no significant financing component for its arrangements where the Group was not the loan originator.

14. TRADE RECEIVABLES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Referral and credit card technology service receivables	244,623	243,141
SaaS service receivables	23,147	13,173
Others	829	1,511
	<u>268,599</u>	<u>257,825</u>
ECL allowance	<u>(220,464)</u>	<u>(216,652)</u>
	<u><u>48,135</u></u>	<u><u>41,173</u></u>

The activity in the total ECL allowance for trade receivables for the six months ended 30 June 2024 and 2023 consisted of the following:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Opening balance	(216,652)	(214,140)
(Provision)/reversal of ECL for the period (<i>Note 7</i>)	<u>(3,812)</u>	<u>41</u>
Ending balance	<u><u>(220,464)</u></u>	<u><u>(214,099)</u></u>

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

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Within 30 days	16,294	27,964
More than 30 days	<u>252,305</u>	<u>229,861</u>
	<u><u>268,599</u></u>	<u><u>257,825</u></u>

15. TRADE AND OTHER PAYABLES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade payables (a)	10,439	18,175
Payroll and welfare payable	8,767	18,043
Interest payable	—	18,110
Professional service expenses	4,391	6,232
Others	17,238	15,572
	<u>40,835</u>	<u>76,132</u>

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

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

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Within 30 days	8,029	15,001
30 to 90 days	269	1,347
90 to 180 days	28	280
180 to 360 days	263	1,494
Over 360 days	1,850	53
	<u>10,439</u>	<u>18,175</u>

16. DIVIDENDS

No dividend has been paid or declared by the Company during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

FINANCIAL REVIEW

Revenue

Our total revenue decreased by approximately 15.8% from approximately RMB138.5 million for the six months ended 30 June 2023 to approximately RMB116.6 million for the six months ended 30 June 2024.

Credit facilitation and service fee decreased by approximately 20.3% from approximately RMB36.9 million for the six months ended 30 June 2023 to approximately RMB29.4 million for the six months ended 30 June 2024. We generally collect credit facilitation service fee from borrowers according to the pre-confirmed fee schedules, and recognize in the consolidated financial statements the upfront credit facilitation service fee at the inception of the loan and the post credit facilitation service fee over the loan during the year. The decrease in credit facilitation and service fee was mainly attributable to the decrease in credit facilitation business volume during the six months ended 30 June 2024 mainly due to our own business strategies adjustments.

SaaS service fee decreased by approximately 12.0% from approximately RMB52.3 million for the six months ended 30 June 2023 to approximately RMB46.0 million for the six months ended 30 June 2024, mainly due to the decline in revenue from bank operations management business as compared with the corresponding period of 2023.

Credit card technology service fee decreased by approximately 89.7% from approximately RMB12.9 million for the six months ended 30 June 2023 to approximately RMB1.3 million for the six months ended 30 June 2024. Previously, credit card technology service mainly focused on the issuance of co-branded cards under the cooperation with financial institutions. After evaluating the market situation, we reduced the investment in the co-branded card business, which led to a decrease in credit card technology service fee.

Camping service fee decreased by approximately 53.5% from approximately RMB18.5 million for the six months ended 30 June 2023 to approximately RMB8.6 million for the six months ended 30 June 2024. With the downward trend in public interests in camping in post-pandemic era, the Group proactively made business strategy adjustments by discontinuing certain campsites with poor performance and decreased its investment in the camping business.

Other revenue increased by approximately 74.2% from approximately RMB17.9 million for the six months ended 30 June 2023 to approximately RMB31.2 million for the six months ended 30 June 2024, mainly due to the generation of operating revenue during the first half of the year from the new children's entertainment operations invested in the second half of 2023.

Operating expenses

Total operating expenses increased by approximately 15.3% from approximately RMB130.7 million for the six months ended 30 June 2023 to approximately RMB150.7 million for the six months ended 30 June 2024.

Origination and servicing expenses decreased by approximately 12.3% from approximately RMB124.0 million for the six months ended 30 June 2023 to approximately RMB108.7 million for the six months ended 30 June 2024, mainly due to: (i) the staff remuneration and welfare expenses decreased by approximately 26.9% from approximately RMB40.1 million for the six months ended 30 June 2023 to approximately RMB29.3 million for the six months ended 30 June 2024; (ii) the external technical service fees decreased by approximately 34.4% from approximately RMB39.0 million for the six months ended 30 June 2023 to approximately RMB25.6 million for the six months ended 30 June 2024; and (iii) the recovery service fees increased by approximately 27.3% from approximately RMB24.9 million for the six months ended 30 June 2023 to approximately RMB31.7 million for the six months ended 30 June 2024.

Sales and marketing expenses increased by approximately 56.6% from approximately RMB12.2 million for the six months ended 30 June 2023 to approximately RMB19.1 million for the six months ended 30 June 2024, mainly due to the entering into the operation stage and subsequent launch stage for the campervan business this year, thereby increasing the marketing expenses for the Group to actively utilize various promotion channels to expand the market familiarity with the new service.

General and administrative expenses increased by approximately 5.5% from approximately RMB25.5 million for the six months ended 30 June 2023 to approximately RMB26.9 million for the six months ended 30 June 2024, mainly due to the increase in the external professional service fees for the first half of the year as compared with the corresponding period of last year.

Research and development expenses increased by approximately 194.7% from approximately RMB9.5 million for the six months ended 30 June 2023 to approximately RMB28.0 million for the six months ended 30 June 2024, mainly due to the increase in the research and development expenses for the campervan business by 100% from nil for the six months ended 30 June 2023 to approximately RMB17.2 million for the six months ended 30 June 2024.

Expected credit (loss)/gain changed from a gain of approximately RMB39.3 million for the six months ended 30 June 2023 to a loss of approximately RMB33.7 million for the six months ended 30 June 2024 mainly because of (i) the change in expected credit (loss)/gain related to quality assurance fund from a gain of approximately RMB45.5 million for the six months ended 30 June 2023 to a loss of approximately RMB22.7 million for the six months ended 30 June 2024, which was mainly because the recovery of overdue assets in the first half of the year fell below expectation; and (ii) expected credit loss related to

receivables are mainly caused by expected credit loss on accounts receivables under the credit card technology service, which changed from a gain of approximately RMB0.4 million for the six months ended 30 June 2023 to a loss of approximately RMB3.8 million for the six months ended 30 June 2024, mainly calculated by combining the age of accounts receivables with the assessment on future recovery possibility. As to this segment, the management has closely monitored all outstanding overdue assets and regularly reviewed the recoverability of various loans and receivables.

Other gains, net increased by approximately 5,391.7% from approximately RMB1.2 million for the six months ended 30 June 2023 to approximately RMB65.9 million for the six months ended 30 June 2024, mainly because the credit facilitation business successfully recovered expected assets of approximately RMB68.6 million.

Share of net loss of associates accounted for using equity method

Share of net loss of associates accounted for using equity method decreased by approximately 99.2% from a loss of approximately RMB12.7 million for the six months ended 30 June 2023 to a loss of approximately RMB0.1 million for the six months ended 30 June 2024, mainly because of better operating performance of several associates for the period.

Fair value loss of financial liabilities at FVPL

Fair value loss of financial liabilities at FVPL increased by approximately 33.7% from approximately RMB8.6 million for the six months ended 30 June 2023 to approximately RMB11.5 million for the six months ended 30 June 2024, mainly due to further improvement of the operating results of Little Blue Book, resulting in the significant increase in appraisal value of such liabilities as compared to the corresponding period of 2023.

Finance income, net

Finance income, net decreased by approximately 78.8% from approximately RMB3.3 million for the six months ended 30 June 2023 to approximately RMB0.7 million for the six months ended 30 June 2024, mainly due to the decrease in the amount of external borrowings compared to the corresponding period of last year and the interest on borrowings also decreased significantly as compared to the corresponding period of last year.

Income tax (expenses)/credit

Income tax (expenses)/credit changed from credit of approximately RMB4.0 million for the six months ended 30 June 2023 to expenses of approximately RMB3.2 million for the six months ended 30 June 2024, mainly due to the decrease in deferred income tax assets.

Loss for the period

As a result of the foregoing, our loss for the period increased by approximately 675.8% from a loss of approximately RMB6.2 million for the six months ended 30 June 2023 to approximately RMB48.1 million for the six months ended 30 June 2024, mainly due to, among other things, (i) the decline in revenue from the camping business as a result of the change in business environment mainly caused by the gradually fading upsurge in camping demand after the COVID-19 pandemic subsided and our consequent adjustment in the proactive business transformation in our camping business to cater to the market environment by discontinuing certain campsites with poor performance, which resulted in the significant decline in the overall revenue scale of the camping business during the six months ended 30 June 2024; (ii) the downsizing of the credit card technology business due to the reduction of the Group's investment during the six months ended 30 June 2024; and (iii) additional research and development expenses attributable to the new campervan business of the Group during the six months ended 30 June 2024, which had not been incurred in the corresponding period of last year.

Non-IFRS measures

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

When measuring adjusted operating (loss)/profit and adjusted net (loss)/profit for the year, we excluded share-based compensation expenses, fair value (gain)/loss of financial assets/liabilities at FVPL and impairment loss of investments accounted for using equity method from adjusted operating (loss)/profit and adjusted net (loss)/profit, respectively. We excluded these items because they were either non-operating in nature or not indicative of our core operating results and business outlook, or did not generate any cash outflows: (i) share-based compensation expenses were excluded because they were non-cash in nature and did not result in cash outflow. In particular, as the types of incentive available and valuation methodologies used may vary in different companies, we believe that excluding such item provides investors and others with greater visibility to the

underlying performance of our business operations; (ii) fair value (gain)/loss of financial assets/liabilities at FVPL were non-cash in nature and did not result in cash outflow. We believe that this item was not reflective of our ongoing operating results and there was no direct correlation to the operation of our business; and (iii) impairment loss on the disposal of properties, plants and equipment were non-cash items and there were no direct correlation to the operation of our business.

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

	As at 30 June 2024 RMB'000	As at 30 June 2023 RMB'000
Non-IFRS adjusted operating (loss)/profit		
Operating (loss)/profit	(34,084)	7,725
Adjusted for:		
Share-based compensation expenses	47	613
Fair value (gain)/loss of financial assets at FVPL	(349)	888
Loss on the disposal of properties, plants and equipment	2,837	—
Non-IFRS adjusted operating (loss)/profit	(31,549)	9,226
	As at 30 June 2024 RMB'000	As at 30 June 2023 RMB'000
Non-IFRS adjusted net (loss)/profit		
Net loss	(48,129)	(6,211)
Adjusted for:		
Share-based compensation expenses	47	613
Fair value loss of financial liabilities at FVPL	11,492	8,608
Fair value (gain)/loss of financial assets at FVPL	(349)	888
Impairment loss of intangible assets	—	
Loss on the disposal of properties, plants and equipment	2,837	—
Non-IFRS adjusted net (loss)/profit	(34,102)	3,898

Liquidity, Financial Resources and Gearing Ratio

The Group maintained a net cash position throughout the period under review. Our net cash positions as at 30 June 2024 and 30 June 2023 are as follows:

	As at 30 June 2024	As at 30 June 2023
	<i>RMB million</i>	<i>RMB million</i>
Cash and cash equivalents	271	352
Borrowings	(79)	(170)
Net cash	<u>192</u>	<u>182</u>

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

For the six months ended 30 June 2024, the Group recorded net cash outflow of approximately RMB82.6 million, primarily representing net cash outflow in operating activities of approximately RMB19.0 million; net cash outflow in investing activities of approximately RMB56.3 million; and net cash outflow in financing activities of approximately RMB7.3 million.

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

The gearing ratio of the Group, calculated as total borrowings divided by total assets, was approximately 7.2% as at 30 June 2024 (30 June 2023: approximately 15.3%).

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

	As at 30 June 2024	As at 30 June 2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	77,328	100,804
1 year to 2 years	1,328	59,684
2 years to 5 years	—	—
Total borrowings	<u>78,656</u>	<u>160,488</u>

Bank and other borrowings as at 30 June 2024 were all denominated in RMB (30 June 2023: all in RMB). For the six months ended 30 June 2024, the interest rates of borrowings ranged from 3.1% to 6.5% per annum (for the six months ended 30 June 2023: 3.3% to 8.04%).

Exposure to Fluctuations in Exchange Rates

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

For the Group's PRC subsidiaries whose functional currency is RMB, if US dollars had strengthened/weakened by 5% against RMB with all other variables held constant, the loss before income tax for the six months ended 30 June 2024 would have been approximately RMB1,747,096 higher/lower, and the loss before income tax for the six months ended 30 June 2023 would have been approximately RMB2,883,000 higher/lower, as a result of net foreign exchange gains/(losses) on translation of net monetary liabilities denominated in US dollars.

For the Group's PRC subsidiaries whose functional currency is RMB, if HK dollars had strengthened/weakened by 5% against RMB with all other variables held constant, the loss before income tax for the six months ended 30 June 2024 would have been approximately RMB256 lower/higher, and the loss before income tax for the six months ended 30 June 2023 would have been approximately RMB270 lower/higher, as a result of net foreign exchange gains/(losses) on translation of net monetary assets denominated in HK dollars.

The Group did not enter into any foreign exchange forward contracts or other hedging instruments to hedge against fluctuation during the six months ended 30 June 2024.

The Group will monitor and manage foreign exchange risk from time to time and enter into foreign exchange forward contracts depending on circumstance to cover specific foreign currency payments and receipts within the exposure generated from time to time where appropriate.

Charge on Assets

For the six months ended 30 June 2024, the Group had charged its properties located at Building B3, No. 588 Wenyi West Road, Hangzhou, PRC in favour of Wenchuang Branch of Bank of Hangzhou and Hangzhou Branch of Bank of Wenzhou for obtaining mortgage loans of RMB53.0 million and RMB85.0 million, respectively

Material Investment and Future Plans for Material Investments on Capital Assets Acquisition

For the six months ended 30 June 2024, the Group did not have any material investments (six months ended 30 June 2023: Nil). The Group had no specific plan for material investment or acquisition of capital assets as at 30 June 2024.

Material Acquisition and Disposal

For the six months ended 30 June 2024, the Group did not have any material acquisition or disposal of subsidiaries (for the six months ended 30 June 2023: Nil)

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2024 (30 June 2023: Nil).

INTERIM DIVIDEND

The Board has decided not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE PRACTICES

For the six months ended 30 June 2024, the Company had applied the principles and complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as contained in Part 2 of Appendix C1 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), save and except the deviation set out below:

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

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

Code Provision C.1.6 (Attendance of Non-Executive Directors at General Meetings of the Listed Issuer)

Code provision C.1.6 of the CG Code stipulates that, among others, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. During the six months ended 30 June 2024, Ms. Zou Yunli was unable to attend the extraordinary general meeting and annual general meeting of the Company held on 8 May 2024 and 27 June 2024, respectively, due to other business engagements.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had approximately 367 employees (30 June 2023: approximately 459 employees). For the six months ended 30 June 2024, the total employees cost incurred by the Group was approximately RMB52.7 million (for the six months ended 30 June 2023: approximately RMB67.3 million).

The Company has established an effective compensation management system and talent incentive mechanism by following the principle of “competitive compensation to attract high-quality talent”. The Company’s compensation system is linked to the performance appraisal system and the Group’s operating results to create a more fair and humane working environment for each employee to fully exert his/her own value, so as to provide human resources guarantee for the Group’s sustainable and stable development. In addition, the Company focuses on the establishment of the employees’ training system, including induction training for new employees and on-the-job training for current employees, covering professional training to improve vocational skills, management training to enhance leadership quality and general-purpose training to develop comprehensive quality. The Company has also adopted the 51 Stock Scheme and 51 Award Scheme to reward the employees. For further information regarding the 51 Stock Scheme and 51 Award Scheme, please refer to the annual report of the Company for the year ended 31 December 2023.

REVIEW OF THE INTERIM RESULTS

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

The Audit Committee has reviewed the unaudited consolidated interim results of the Group and the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2024. The Audit Committee has also reviewed and confirmed the accounting policies and practices adopted by the Company and have no disagreement.

EVENTS AFTER THE REPORTING PERIOD

There is no material event affecting the Company or the Group since 30 June 2024 and up to the date of this announcement.

PUBLICATION OF INTERIM REPORT

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

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

By Order of the Board
51 Credit Card Inc.
Sun Haitao

Chairman, Chief Executive Officer and Executive Director

23 August 2024

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