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Capital Finance Holdings Limited
首都金融控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8239)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Capital Finance Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

FINANCIAL RESULTS

The board (the “**Board**”) of Directors of the Company is pleased to present the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025 together with comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	5	<u>40,591</u>	<u>18,863</u>
Other income and other gains and losses, net	5	3,381	5,177
Cost of services		(16,882)	–
Selling expenses		(600)	–
Administrative and other expenses		(34,149)	(23,172)
Reversal/(Charge) of loss allowance for expected credit loss (“ ECL ”) on loans to customers		12,493	(5,257)
Fair value losses on investment properties		–	(152)
Cumulative exchange loss previously recognised in other comprehensive income arising from the deregistration of a subsidiary		(3,110)	(4,064)
Finance costs	6	<u>(6,407)</u>	<u>(8,148)</u>
Loss before income tax	6	(4,683)	(16,753)
Income tax expenses	7	<u>(26,922)</u>	<u>(3,033)</u>
Loss for the year		<u>(31,605)</u>	<u>(19,786)</u>
(Loss)/Profit for the year attributable to:			
Owners of the Company		(31,928)	(16,905)
Non-controlling interests		<u>323</u>	<u>(2,881)</u>
		<u>(31,605)</u>	<u>(19,786)</u>
Loss per share attributable to owners of the Company			
Basic (<i>Hong Kong cents</i>)	9	(34.02)	(18.63)
Diluted (<i>Hong Kong cents</i>)	9	<u>(34.02)</u>	<u>(20.06)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year	(31,605)	(19,786)
Other comprehensive income/(expense) for the year		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Exchange differences on translation of share of other comprehensive income of a joint venture	–	4
– Exchange differences on translation of financial statements of foreign operations	380	(5,249)
<i>Items that have been reclassified to profit or loss:</i>		
– Reclassification on exchange reserve upon deregistration of a subsidiary	3,110	4,064
– Reclassification on exchange reserve upon disposal of subsidiaries and a joint venture	(407)	–
Other comprehensive income/(expense) for the year, net of tax	3,083	(1,181)
Total comprehensive expense for the year	(28,522)	(20,967)
Total comprehensive (expenses)/income attributable to:		
Owners of the Company	(28,656)	(16,871)
Non-controlling interests	134	(4,096)
	(28,522)	(20,967)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	10	656	919
Right-of-use assets		1,705	2,276
Investment properties		–	2,043
Repossessed assets		–	1,575
Deferred tax assets		453	26,656
Loans to customers	11	–	4,423
		<u>2,814</u>	<u>37,892</u>
Current assets			
Repossessed assets		1,647	–
Trade receivables	12	4,840	–
Loans to customers	11	24,848	44,361
Tax recoverables		751	–
Prepayments, deposits and other receivables		829	1,149
Cash and cash equivalents		97,264	72,243
		<u>130,179</u>	<u>117,753</u>
Current liabilities			
Trade payables	13	8,425	–
Accrued expenses, other payables and deposits received		6,829	6,059
Tax payables		–	143
Amounts due to directors		–	995
Promissory notes		70,461	66,913
Lease liabilities		782	556
		<u>86,497</u>	<u>74,666</u>
Net current assets		<u>43,682</u>	<u>43,087</u>
Total assets less current liabilities		<u>46,496</u>	<u>80,979</u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current liabilities		
Promissory notes	2,050	6,891
Lease liabilities	820	1,940
	<u>2,870</u>	<u>8,831</u>
Net assets	<u>43,626</u>	<u>72,148</u>
Capital and reserves		
Issued capital	938	938
Reserves	9,923	38,579
	<u>10,861</u>	<u>39,517</u>
Equity attributable to owners of the Company	10,861	39,517
Non-controlling interests	32,765	32,631
	<u>43,626</u>	<u>72,148</u>
Total equity	<u>43,626</u>	<u>72,148</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company									Non-controlling interests	Total equity
	Issued capital	Share premium	Contributed surplus	Capital reserve	Exchange reserve	Convertible bonds reserve	Statutory reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024	782	696,772	193,569	304,635	(75,634)	10,769	24,775	(1,104,532)	51,136	38,376	89,512
Loss for the year	-	-	-	-	-	-	-	(16,905)	(16,905)	(2,881)	(19,786)
Other comprehensive income/(expense)											
<i>Items that may be reclassified subsequently to profit or loss:</i>											
Exchange differences on translation of											
– share of other comprehensive income of a joint venture	-	-	-	-	4	-	-	-	4	-	4
– financial statements of foreign operations	-	-	-	-	(4,034)	-	-	-	(4,034)	(1,215)	(5,249)
<i>Item that has been reclassified to profit or loss:</i>											
Reclassification on exchange reserve upon deregistration of a subsidiary	-	-	-	-	4,064	-	-	-	4,064	-	4,064
Other comprehensive income/(expense) for the year	-	-	-	-	34	-	-	-	34	(1,215)	(1,181)
Total comprehensive income/(expense) for the year	-	-	-	-	34	-	-	(16,905)	(16,871)	(4,096)	(20,967)
Transfer to statutory reserve	-	-	-	-	-	-	370	(370)	-	-	-
Transfer upon deregistration of a subsidiary	-	-	-	-	-	-	(6,501)	6,501	-	-	-
Transactions with owners											
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,649)	(1,649)
Issue of new shares upon placing	156	7,355	-	-	-	-	-	-	7,511	-	7,511
Transferred to accumulated losses upon maturity of New 2023 CB (as defined in 2024 annual report)	-	-	-	-	-	(8,510)	-	8,510	-	-	-
Redemption of New 2023 CB by cash	-	-	-	-	-	(2,259)	-	-	(2,259)	-	(2,259)
Transactions with owners	156	7,355	-	-	-	(10,769)	-	8,510	5,252	(1,649)	3,603
As at 31 December 2024	938	704,127	193,569	304,635	(75,600)	-	18,644	(1,106,796)	39,517	32,631	72,148

For the year ended 31 December 2025

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Issued capital	Share premium	Contributed surplus	Capital reserve	Exchange reserve	Statutory reserve	Accumulated losses		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2025	938	704,127	193,569	304,635	(75,600)	18,644	(1,106,796)	39,517	72,148
(Loss)/Profit for the year	-	-	-	-	-	-	(31,928)	323	(31,605)
Other comprehensive income/(expense)									
<i>Item that may be reclassified subsequently to profit or loss:</i>									
Exchange differences on translation of									
– financial statements of foreign operations	-	-	-	-	569	-	-	569	380
<i>Items that have been reclassified to profit or loss:</i>									
Reclassification on exchange reserve upon deregistration of a subsidiary	-	-	-	-	3,110	-	-	3,110	3,110
Reclassification on exchange reserve upon disposal of subsidiaries and a joint venture	-	-	-	-	(407)	-	-	(407)	(407)
Other comprehensive income/(expense) for the year	-	-	-	-	3,272	-	-	3,272	3,083
Total comprehensive income/(expense) for the year	-	-	-	-	3,272	-	(31,928)	(28,656)	(28,522)
Transfer upon deregistration of a subsidiary	-	-	-	-	-	(2,511)	2,511	-	-
Transfer upon disposal of subsidiaries and a joint venture	-	-	-	-	-	(1)	1	-	-
As at 31 December 2025	938	704,127	193,569	304,635	(72,328)	16,132	(1,136,212)	10,861	43,626

Notes:

1. CORPORATE INFORMATION

The Company was previously incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and continues as an exempted company with limited liability in accordance with the Bermuda Companies Act 1981 upon the change of domicile of the Company from the Cayman Islands to Bermuda becoming effective on 30 November 2009, and its shares are listed on GEM of the Exchange. The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business has been changed from Suite No. 2, 15/F, Tower 1, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong to Unit 04, 12/F, OfficePlus @ Wan Chai, No. 303 Hennessy Road, Wan Chai, Hong Kong with effective from 28 November 2025.

The Company is principally engaged in investment holding. The Group is principally engaged in the provision of short-term financing services and information technology (“IT”) solutions and consultancy services in financial sector in the People’s Republic of China (the “PRC”) and Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is same as the functional currency of the Company, and rounded to the nearest thousands unless otherwise stated.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the GEM Listing Rules.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements, except for the adoption of the revised HKFRS Accounting Standards that are effective from the current year as set out in Note 3.

4. SEGMENT INFORMATION

HKFRS 8 “Operating Segments“ requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment and no further analysis for segment information is presented.

In determining the Group’s geographical segments and revenues are based on the location in which the customers are located; assets and capital expenditure are attributed to the segments based on the locations of the assets.

The following table provides an analysis of the Group’s revenue from external customers and non-current assets other than deferred tax assets (“Specified non-current assets”):

	Revenue from external customers		Specified non-current assets	
	Year ended 31 December		As at 31 December	
	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>
Hong Kong	34,871	9,842	1,147	5,265
The PRC	5,720	9,021	1,214	5,971
	<u>40,591</u>	<u>18,863</u>	<u>2,361</u>	<u>11,236</u>

Revenue from customers individually contributed over 10% of the Group’s revenue are as follows:

	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>
Customer A	–	8,900
Customer B	8,500	–
Customer C	5,300	–
Customer D	4,730	–
	<u>18,530</u>	<u>8,900</u>

5. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES, NET

The Group's revenue represents the short-term financing services and consultancy services. An analysis of the Group's revenue, other income and other gains and losses, net is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue		
Revenue from other sources		
Interest income from loans to customers	6,509	9,163
Settlement gain from distressed debt assets classified in loans to customers	<u>13,800</u>	<u>8,900</u>
	20,309	18,063
Revenue from contracts with customers within HKFRS 15 – over time		
Financial consultancy income	–	800
IT solutions and consultancy income	<u>20,282</u>	<u>–</u>
	<u>40,591</u>	<u>18,863</u>
Other income and other gains and losses, net		
Bank interest income	653	1,143
Gain on early redemption of convertible bonds	–	3,099
Gain on early redemption of promissory notes	323	91
Gain on settlement of matured promissory notes by issuance of new promissory notes	1,091	60
Gain on early termination of a lease	380	30
Gain on disposal of subsidiaries and a joint venture	418	–
Gain on disposal of loans to customers	461	88
Gain on settlement of the New 2023 CB and New 2022 CB (as defined in 2024 annual report) by issuance of promissory notes	–	992
Loss on disposal of property, plant and equipment	(4)	(5)
Exchange differences, net	20	(343)
Sundry income	<u>39</u>	<u>22</u>
	<u>3,381</u>	<u>5,177</u>

6. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging the following:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Finance costs		
Effective interest expenses on		
– convertible bonds	–	5,130
– promissory notes	6,338	2,919
– lease liabilities	69	99
	<u>6,407</u>	<u>8,148</u>
Other items		
Staff costs (excluding directors' emoluments)		
Salaries, bonuses, allowances and other benefits	15,620	12,766
Pension scheme contributions	853	877
Termination benefits	1,089	–
	<u>17,562</u>	<u>13,643</u>
Total staff cost (charged to “Cost of services” and “Administrative and other expenses” as appropriate)		
	<u>17,562</u>	<u>13,643</u>
Auditors' remuneration		
– Audit services	750	850
– Non-audit services	250	130
Depreciation of property, plant and equipment	306	246
Depreciation of right-of-use assets	536	1,036
Exchange differences, net	20	343
Short-term or low value lease payments	104	181
Donation	5,000	–
	<u>5,000</u>	<u>–</u>

7. INCOME TAX EXPENSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current income tax		
Hong Kong		
Current tax charge for the year	100	–
The PRC		
Current tax charge for the year	47	1,240
Under/(Over)-provision in respect of prior years	206	(119)
	<u>353</u>	<u>1,121</u>
Withholding tax on dividends	547	1,629
Deferred tax charged	<u>26,022</u>	<u>283</u>
Income tax expenses	<u><u>26,922</u></u>	<u><u>3,033</u></u>

The Company is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which entities in the Group domiciled and operated.

Pursuant to the rules and regulations of Bermuda, the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax under these jurisdictions.

For the year ended 31 December 2025, the Company’s estimated assessable profits arising from Hong Kong is subject to the two-tiered profits tax regime that the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25% and assessable profits above HK\$2 million will be taxed at 16.5% under Hong Kong Profits Tax. The assessable profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No provision for Hong Kong Profits Tax was made for the year ended 31 December 2024 as the Group had estimated tax losses brought forward to offset against the estimated assessable profits.

The subsidiaries of the Group established in the PRC, save for below, are subject to enterprise income tax (“EIT”) of the PRC at 25% for the years ended 31 December 2025 and 2024.

According to the current effective preferential income tax policies for micro and small enterprises issued by Ministry of Finance and the State Administration of Taxation, the taxable income in the years ended 31 December 2025 and 2024 of certain subsidiaries of the Group established in the PRC were less than RMB3 million, which satisfies the provisions of the above income tax policies. During the years ended 31 December 2025 and 2024, the part of taxable income that is not in excess of RMB1 million is reduced to 25% of original total taxable income, and the applicable EIT rate is 20%. Additionally, the part of taxable income that is between RMB1 million and RMB3 million is reduced to 25% of original total taxable income, and the applicable EIT rate is 20%.

Dividend distribution out of profit of foreign-invested enterprises earned in the PRC subsequent to 1 January 2008 is subject to withholding income tax at a tax rate of 10% (2024: 10%).

The income tax expenses for the year can be reconciled to the loss before income tax per the consolidated income statement as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss before income tax	<u>(4,683)</u>	<u>(16,753)</u>
Tax calculated at the rates applicable to the tax jurisdiction concerned	(468)	(3,469)
Tax effect on income not taxable for tax purpose	(1,336)	(884)
Tax effect on expenses not deductible for tax purpose	958	4,451
Unrecognised tax losses	922	1,919
Reversal of deferred tax assets recognised in prior years	26,350	–
Utilisation of previously unrecognised tax losses	(257)	(494)
Under/(Over)-provision in respect of prior years	206	(119)
Withholding tax on dividends	<u>547</u>	<u>1,629</u>
Income tax expenses for the year	<u><u>26,922</u></u>	<u><u>3,033</u></u>

8. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 December 2025 (2024: Nil). The directors of the Company do not recommend for payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share for the current year and prior year is based on the loss for the year attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted loss per share for the year is based on the loss for the year attributable to the owners of the Company. The weighted average number of ordinary shares used in the calculation of diluted loss per share is the number of ordinary shares in issue during the year and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Diluted loss per share is same as the basic loss per share as there are no dilutive potential ordinary shares in existence during the year ended 31 December 2025. During the year ended 31 December 2024, the diluted loss per share would be increased if certain Company's outstanding convertible bonds were taken into account, as those convertible bonds had a dilutive effect to the basic loss per share, and hence the potential dilutive shares is assumed in the computation of diluted loss per share.

The calculations of basic and diluted loss per share attributable to owners of the Company are based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	(31,928)	(16,905)
Adjustment of loss attributable to the owners of the Company:		
Interest expenses on convertible bonds	–	640
Gain on early redemption of convertible bonds	–	(2,124)
	<hr/>	<hr/>
Loss attributable to the owners of the Company, used in the diluted loss per share calculation	(31,928)	(18,389)
	<hr/> <hr/>	<hr/> <hr/>
	Number of shares	
	2025	2024
	<i>'000</i>	<i>'000</i>
Shares		
Weighted average number of ordinary shares for basic loss per share calculation (<i>Note</i>)	93,841	90,722
Effect of dilutive potential ordinary shares: Conversion of convertible bonds	–	944
	<hr/>	<hr/>
Weighted average number of ordinary shares for diluted loss per share calculation	93,841	91,666
	<hr/> <hr/>	<hr/> <hr/>

Note:

The weighted average number of ordinary shares of 90,722,007 for the year ended 31 December 2024 is derived from 78,201,461 in issue as at 1 January 2024, after taking into account the effect of the placing of shares under general mandate completed on 14 March 2024.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
As at 1 January 2024	506	1,061	762	2,329
Additions	259	15	–	274
Disposal/Written off	(506)	(232)	–	(738)
Exchange realignments	–	(12)	(26)	(38)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2024 and 1 January 2025	259	832	736	1,827
Additions	–	26	–	26
Disposal/Written off	–	(84)	–	(84)
Exchange realignments	–	12	34	46
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2025	<u> 259</u>	<u> 786</u>	<u> 770</u>	<u> 1,815</u>
Accumulated depreciation				
As at 1 January 2024	506	422	478	1,406
Charge for the year	8	105	133	246
Disposal/Written off	(506)	(226)	–	(732)
Exchange realignments	–	6	(18)	(12)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2024 and 1 January 2025	8	307	593	908
Charge for the year	91	104	111	306
Disposal/Written off	–	(77)	–	(77)
Exchange realignments	–	(8)	30	22
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2025	<u> 99</u>	<u> 326</u>	<u> 734</u>	<u> 1,159</u>
Net carrying amount				
As at 31 December 2025	<u> 160</u>	<u> 460</u>	<u> 36</u>	<u> 656</u>
As at 31 December 2024	<u> 251</u>	<u> 525</u>	<u> 143</u>	<u> 919</u>

11. LOANS TO CUSTOMERS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Principal and interest receivables:		
Pawn loans	–	77,093
Micro-credit loans	26,548	64,012
Distressed debt assets	5,901	5,643
Personal loans	10,981	7,142
	<hr/>	<hr/>
Loans to customers, gross	43,430	153,890
Less:		
Loss allowance	(18,582)	(105,106)
	<hr/>	<hr/>
Loans to customers, net	24,848	48,784
	<hr/> <hr/>	<hr/> <hr/>
Analysed as:		
Non-current assets	–	4,423
Current assets	24,848	44,361
	<hr/>	<hr/>
	24,848	48,784
	<hr/> <hr/>	<hr/> <hr/>

Loss allowance on loans to customers which are short term in duration (i.e. loan term of less than one year) are always measured at an amount equal to lifetime ECL.

The following is a credit quality analysis of loans to customers before loss allowance for ECL as at 31 December 2025 and 2024 under the requirements of HKFRS 9:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Neither overdue nor credit-impaired	21,338	36,220
Overdue but not credit-impaired		
– overdue within 30 days	300	–
– overdue 30 to 90 days	2,090	4,753
Overdue and credit-impaired		
– overdue more than 90 days	19,702	112,917
	<hr/>	<hr/>
	43,430	153,890
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables from third parties	<u>4,840</u>	<u>–</u>

Trade receivables arise from the provision of IT solutions and consultancy services. The Group grants a credit period of 180 days to its customers. The following is an ageing analysis of trade receivables based on the invoice dates at the end of the reporting period:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 30 days	328	–
31 to 60 days	1,968	–
61 to 90 days	<u>2,544</u>	<u>–</u>
	<u>4,840</u>	<u>–</u>

Ageing analysis of trade receivables based on invoice dates which are past due but not impaired is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current	<u>4,840</u>	<u>–</u>

The carrying amounts of trade receivables are denominated in HK\$.

13. TRADE PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables to third parties	<u>8,425</u>	<u>–</u>

The Group is normally granted with a credit term up to 90 days.

The following is an ageing analysis of trade payables based on the invoice dates at the end of the reporting period:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 30 days	1,600	–
31 to 60 days	3,700	–
61 to 90 days	<u>3,125</u>	<u>–</u>
	<u>8,425</u>	<u>–</u>

The carrying amounts of trade payables are denominated in HK\$.

14. EVENTS AFTER THE END OF THE REPORTING PERIOD

In addition to information disclosed elsewhere in the consolidated financial statements, subsequent to 31 December 2025, the Group has the following subsequent event:

On 2 February 2026, the Subsidiary and a holder of promissory note entered into redemption agreement, to early redeem the promissory note with principal amount of approximately HK\$13,738,000 and interest amount of approximately HK\$77,000 by cash settlement at consideration of approximately HK\$13,815,000. Upon completion of the redemption, the remaining outstanding principal of promissory note is approximately HK\$50,857,000. The carrying amount of the promissory note redeemed was approximately HK\$13,600,000 and a settlement loss of approximately HK\$138,000 was recognised in the profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Business Review

During the year ended 31 December 2025, the Group is principally engaged in provision of short-term financing services and information technology (“IT”) solutions and consultancy services in financial sector in the PRC and Hong Kong.

In 2025, the Group faced geopolitical tensions, changing trade relations, inflation, and shifting monetary policies, alongside rapid digital and technological change. This created a complex landscape with significant challenges and uncertainties.

The Group developed and incorporated artificial intelligence (“AI”) technologies and transformation initiatives to adapt to the fast-changing business environment and capture market opportunities using its own resources or through cooperation. The Group also enhanced its service platform to include big data analysis, artificial intelligence, natural language processing, and/or cloud computing so that it could upgrade its services.

During the year ended 31 December 2025, the revenue of the short-term financing services and consultancy services was approximately HK\$20,309,000 and HK\$20,282,000, respectively (2024: approximately HK\$18,063,000 and HK\$800,000 respectively). The increase in operating results was mainly due to the increase in revenue by approximately HK\$21,728,000 for the year ended 31 December 2025.

Financial Review

The Group recorded total revenue for the year ended 31 December 2025 of approximately Hong Kong dollars (“HK\$”) 40,591,000 (2024: approximately HK\$18,863,000), representing an increase of approximately HK\$21,728,000 as compared with the previous year. The increase was mainly attributable to the Group’s ability to develop and incorporate IT solutions and transformations which were originally developed for enhancing the Group’s operational efficiency but expanded now as a service to external customers to adapt to the fast-changing business environment and capture market opportunities, either with our own resources or through cooperation. Additionally, the Group expanded its IT solutions services in the financing sector during the year.

Other income and other gains and losses, net for the year ended 31 December 2025 amounted to approximately HK\$3,381,000 (2024: approximately HK\$5,177,000). This represents a decrease of approximately HK\$1,796,000 compared to the previous year, primarily due to no gain on early redemption of convertible bonds but increase of gain on settlement of matured promissory notes by issuance of new promissory notes.

The administrative and other expenses for the year ended 31 December 2025 increased from approximately HK\$23,172,000 for the year ended 31 December 2024 to approximately HK\$34,149,000. The increase is attributable to the increase in staff costs and donation expenses made to a university to support the establishment of the Center for AI Accounting and Finance during the year.

The Group recorded a reversal of loss allowance for expected credit loss (“ECL”) on loans to customers for the year ended 31 December 2025 of approximately HK\$12,493,000 (2024: a charge of loss allowance for ECL on loans to customers approximately HK\$5,257,000), representing a decrease of approximately HK\$17,750,000 of charge of loss allowance for ECL on loans to customers as compared with last year. The decrease in charge of loss allowance for ECL was mainly attributable to the following two factors. Firstly, the gross carrying amount of loans to customers in the Group’s PRC short-term financing services business decreased during the year. This reduction in the loan portfolio directly contributed to a lower overall ECL charge. The decline was primarily due to (i) repayments from customers, (ii) the disposal of loans to customers amounting to approximately HK\$78,045,000, and (iii) a decline in new loan origination volume amid challenging market conditions in the PRC. These challenging conditions included an unfavourable economic environment, a difficult industry landscape, and intensified market competition. In light of the challenging economic environment, two pawn loan subsidiaries withdrew from the pawn loan business during the year ended 31 December 2025. Secondly, there was a decrease in the weighted average ECL rate during the year ended 31 December 2025, which was mainly driven by an improvement in the ageing profile of the loan portfolio as at 31 December 2025. Additionally, the Group launched its personal loans money lending business in Hong Kong since 2024, which accounted for approximately HK\$2,745,000 charge of loss allowance for ECL on loans to customers for the year ended 31 December 2025 (2024: approximately HK\$755,000).

The cumulative exchange loss previously recognised in other comprehensive income arising from the deregistration of a subsidiary in the amount of approximately HK\$3,110,000 has been recorded for the year ended 31 December 2025 (2024: approximately HK\$4,064,000), representing a decrease of approximately HK\$954,000 as compared with last year.

The finance costs for the year ended 31 December 2025 decreased by approximately HK\$1,741,000 to approximately HK\$6,407,000 (2024: approximately HK\$8,148,000). The decrease was mainly due to the redemption of convertible bonds during the year ended 31 December 2024 and the redemption of promissory notes during the years ended 31 December 2024 and 2025.

The income tax expenses for the year ended 31 December 2025 increased by approximately HK\$23,889,000 to approximately HK\$26,922,000 (2024: approximately HK\$3,033,000). The increase was mainly due to the reversal of temporary difference related to the ECL attributable to the decrease in loans to customers.

The increase in loss attributable to the owners of the Company was mainly due to the combined effects of the following factors: (i) an increase in administrative and other expenses by approximately HK\$7,700,000 as compared to that for the year ended 31 December 2024 as a result of an increase in staff costs and donation expenses made to a university to support the establishment of the Center for AI Accounting and Finance; (ii) a decrease in cumulative exchange loss previously recognised in other comprehensive income arising from the deregistration of a subsidiary for the Year by approximately HK\$954,000 as compared to that for the year ended 31 December 2024 from HK\$4,064,000 in the previous year ended 31 December 2024 to HK\$3,110,000 for the year ended 31 December 2025; (iii) an increase in income tax expenses by approximately HK\$23,889,000 as compared to that for the year ended 31 December 2024 (the “**Year 2024**”) as a result of reversal of temporary difference related to the ECL attributable to the decrease in loans to customers; and (iv) a reversal of loss allowance for ECL on loans to customer by approximately HK\$17,750,000 as compared to that for the Year 2024 as a result of the decrease in the loans to customers.

PROSPECTS

Looking ahead to 2026, the global economy will be defined by moderating yet persistent inflation, shifting monetary policy trajectories, and evolving geopolitical and trade dynamics, alongside the accelerating adoption of AI, automation, and sustainable technologies. This landscape presents both heightened volatility and transformative opportunities, demanding adaptive strategies and forward-thinking execution.

Against this backdrop, the Group will prioritize agility in its core short-term financing operations, while accelerating the integration of AI-driven tools, big data analytics, and cloud-based infrastructure to refine credit assessment, optimize risk management, and enhance customer experience. By embedding Natural Language Processing and predictive analytics into our service platform, we aim to reduce operational costs, streamline compliance workflows, and unlock new efficiencies in client acquisition and retention – translating technological investment into tangible revenue growth and competitive differentiation. In parallel, the Group will further enhance its consultancy services within the financial sector, leveraging data-driven insights and emerging technologies to deliver higher-value advisory solutions and broaden revenue diversification.

Beyond our core business, we will actively pursue strategic expansion through collaborations with The Hong Kong Polytechnic University and the Group’s own research and technological development, so as to diversify revenue streams and strengthen our market position. This dual focus on operational excellence and strategic growth is designed to build long-term, sustainable value for shareholders, even amid ongoing economic uncertainties.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group had other debts which are promissory notes of approximately HK\$72,511,000 (2024: approximately HK\$73,804,000). The Group will try to obtain future financing, and whenever possible and appropriate, raise fund via equity funding activities in order to further reduce the financing cost.

As at 31 December 2025, the Group had cash and cash equivalents of approximately HK\$97,264,000 (2024: approximately HK\$72,243,000) which were mainly denominated in HK\$ and Renminbi (“RMB”). To manage liquidity risk, management monitors forecasts of the Group’s liability position and cash and cash equivalent position on the basis of expected cash flow. The Group expects to fund the future cash flow needs through internal cash flows generated from operations and external fund raising activities from the capital market.

As at 31 December 2025, the gearing ratio for the Group was approximately 6.7 (2024: approximately 1.9), calculated based on the total debts of approximately HK\$72,511,000 (2024: approximately HK\$73,804,000) over shareholder’s equity of approximately HK\$10,861,000 (2024: approximately HK\$39,517,000). The debt ratio was approximately 0.67 (2024: approximately 0.54), calculated as total liabilities over total assets of the Group.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders of the Company (the “Shareholders”), issue new shares or sell assets to reduce debts.

CAPITAL STRUCTURE

The capital structure of the Group as at 31 December 2025 is summarised as follows:

(i) Bank Borrowings

There was no bank borrowings outstanding as at 31 December 2025 (2024: Nil).

(ii) Promissory Notes

During the year ended 31 December 2025, the Group had promissory notes that are summarised as follows:

Date of issue (Note)	Principal amount as at 1 January 2025 (HK\$)	Interest rate per annum	Principal repayment due date	Amount		Amount matured during the year (HK\$)	Outstanding principal amount as at 31 December 2025 (HK\$)
				issued during the year (HK\$)	Redeemed principal amount (HK\$)		
5 August 2024	6,720,000	8%	4 August 2026	-	-	-	6,720,000
5 August 2024	63,664,650	8%	31 December 2025	-	(5,610,000)	(58,054,650)	-
23 December 2024	2,000,000	7%	23 December 2025	-	-	(2,000,000)	-
31 December 2025	-	6%	30 December 2026	64,594,907	-	-	64,594,907
23 December 2025	-	7%	22 June 2027	2,070,000	-	-	2,070,000
	<u>72,384,650</u>			<u>66,664,907</u>	<u>(5,610,000)</u>	<u>60,054,650</u>	<u>73,384,907</u>

Note: On 5 August 2024, the Company entered into an agreement with a holder of the New 2023 CB, pursuant to which the Company issued a new promissory note with principal amount of HK\$6,720,000 to settle the outstanding principal amount of HK\$6,400,000 with redemption premium of HK\$320,000 of the New 2023 CB, which was matured on 5 August 2024.

On 5 August 2024, the Company entered into an agreement with a holder of the New 2023 CB, pursuant to which the Company issued a new promissory note with principal amount of HK\$63,664,650 to settle the outstanding principal amount of HK\$60,633,000 with redemption premium of HK\$3,031,650 of the New 2023 CB, which was matured on 5 August 2024.

During the year ended 31 December 2025, the Company has entered into redemption agreements with a holder of promissory notes to early redeem promissory notes with aggregate principal amount of approximately HK\$5,610,000 by cash settlement at consideration of approximately HK\$5,610,000. Upon completion of the redemption, the remaining outstanding principal of promissory notes is approximately HK\$58,055,000. The carrying amount of the promissory notes redeemed was approximately HK\$5,933,000 and a gain on early redemption of approximately HK\$323,000 was recognised to profit or loss for the year ended 31 December 2025.

On 31 December 2025, the Company, the Subsidiary and the promissory note holder entered into an agreement pursuant to which the Subsidiary issued a new promissory note with a principal amount of approximately HK\$64,595,000 to the promissory note holder to settle the Company's existing promissory note with an outstanding principal amount of approximately HK\$58,055,000 and accrued interest of approximately HK\$6,540,000 which matured on 31 December 2025.

On 23 December 2024, the Company entered into an agreement with a promissory note holder, pursuant to which the Company issued a new promissory note with principal amount of HK\$2,000,000 to settle the outstanding amount of HK\$2,000,000 of the promissory note, which was matured on 23 December 2024.

On 23 December 2025, the Company, the Subsidiary and the promissory note holder entered into an agreement pursuant to which the Subsidiary issued a new promissory note with a principal amount of approximately HK\$2,070,000 to the promissory note holder to settle the Company's existing promissory note with an outstanding principal amount of approximately HK\$2,000,000 and accrued interest of approximately HK\$70,000 which matured on 23 December 2025.

FUND RAISING ACTIVITIES

Save as disclosed in this announcement, the Group has no fund raising activities during the year ended 31 December 2025.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Group did not process any other significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

FURTHER PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group currently does not have any firm intention or specific plans for material investments or capital assets.

CHARGE OF GROUP ASSETS

As at 31 December 2025, the Group did not have any assets under charge (2024: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in RMB. As at 31 December 2025, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currency, i.e. RMB, used by the respective group entities.

RMB is not freely convertible into other foreign currencies and conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 December 2025, the Group did not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

As at 31 December 2025, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any material contingent liability (2024: Nil).

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2025, the Group employed a total of 49 employees (2024: 39 employees). The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a discretionary performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. Year-end bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to our employees. Staff costs, excluding Directors' emoluments, for the year ended 31 December 2025 amounted to approximately HK\$17,562,000 (2024: approximately HK\$13,643,000).

The Company has adopted the share option scheme at the annual general meeting (“AGM”) held on 18 June 2024 where options to subscribe for shares of the Company may be granted to the eligible participants of the Group as to recognise and motivate the contribution and potential future contribution of the eligible participants. No share options have been granted to the eligible participants under the share option scheme during the year ended 31 December 2025.

EVENT AFTER REPORTING PERIOD

Partial Redemption of Promissory Note

On 2 February 2026, the Subsidiary and a holder of promissory note entered into redemption agreement, to early redeem the promissory note with principal amount of approximately HK\$13,738,000 and interest amount of approximately HK\$77,000 by cash settlement at consideration of approximately HK\$13,815,000. Upon completion of the redemption, the remaining outstanding principal of promissory note is approximately HK\$50,857,000. The carrying amount of the promissory note redeemed was approximately HK\$13,600,000 and a settlement loss of approximately HK\$138,000 was recognised in the profit or loss.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company, nor any its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2025.

CORPORATE GOVERNANCE

The Company is committed to promoting high standards of corporate governance through its continuous effort in improving its corporate governance practices and process. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for safeguarding the interests and the Group’s assets.

Throughout the year ended 31 December 2025, the Company had complied with all the code provisions set out in Part 2 of the Appendix C1 Corporate Governance Code of the GEM Listing Rules (the “CG Code”).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the “Model Code”). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code throughout the year ended 31 December 2025.

AUDIT COMMITTEE

The audit committee of the Board has reviewed the Group's consolidated financial statements for the year ended 31 December 2025, including the accounting principles and practices adopted by the Group and recommended to the Board for approval. The audit committee has also considered selected accounting, internal control, risk management and financial reporting matters of the Group, in conjunction with the external auditor (if appropriate) of the Company.

SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, Forvis Mazars CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Forvis Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Forvis Mazars CPA Limited in this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors as at the date of this announcement, there is sufficient public float of the Company's issued shares as required under the GEM Listing Rules throughout the year ended 31 December 2025.

By order of the Board
Capital Finance Holdings Limited
Zeng Zhiyun
Chairman and Executive Director

Hong Kong, 30 March 2026

As of the date of this announcement, the executive Directors are Mr. Zeng Zhiyun (Chairman), Ms. Qiu Mengru (Chief Executive Officer), Ms. Li Wei and Mr. Wong Ming Fair Victor; and the independent non-executive Directors are Mr. Tang Wai Yau, Mr. Li Wei and Mr. Wu Chennan.

This announcement will remain on the "Latest Listed Company Information" page of the website of the Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its posting and on the Company's website at <http://www.capitalfinance.hk>.