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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)

**SUPPLEMENTAL ANNOUNCEMENT TO
ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

Reference is made to the announcement (the “**Announcement**”) of Capital Finance Holdings Limited (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) dated 30 March 2026 in respect of the annual results of the Company for the year ended 31 December 2025 (the “**FY2025**”), and the annual report of the Company for FY2025 (the “**Annual Report**”) published by the Company on 28 April 2026.

The board (the “**Board**”) of directors (each, a “**Director**”) wishes to provide further supplemental information in relation to the business operations, financial performance and future plans of the Group.

1. BUSINESS MODEL OF THE GROUP AND ITS LATEST DEVELOPMENT

The Group is principally engaged in the provision of short-term financing services in the People’s Republic of China (which for the purpose of this supplemental announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) (the “**PRC**”) and Hong Kong.

During FY2025, the Group also developed consultancy and IT solutions services which are intended to complement and support the Group’s financing-related operations.

The Group's principal revenue streams in FY2025 comprised:

- (i) short-term financing services (including interest income and income derived from distressed debt assets); and
- (ii) consultancy and IT solutions services in the financial sector.

The consultancy and IT solutions services business has been developed based on the Group's accumulated operational experience and technological applications arising from its financing-related operations and is intended to complement and support the Group's financing business.

2. FINANCIAL PERFORMANCE OF THE GROUP

As disclosed in the Announcement and the Annual Report, the total revenue generated from the Group's operations (including financing-related income and consultancy and IT-related income) amounted to approximately HK\$40.6 million for FY2025, including approximately HK\$20.3 million generated from interest income from loans to customers and settlement gain from distressed debt assets classified in loans to customers, representing an improvement as compared to approximately HK\$18.9 million for the year ended 31 December 2024 ("**FY2024**").

As at 31 December 2025, principal and interest amount in approximately HK\$22.1 million of the loans granted by the Group had been matured and overdue, and upon taken various recovery actions by the Group, including issuing demand letters, chasing-up calls, disposal of the collaterals, etc., up to 31 July 2026, there is no further balance of these loans which are still due to repay to the Group in which (a) approximately HK\$16.0 million was settled through cash settlement by the borrowers or proceeds from the disposal of the loans or collaterals; (b) approximately HK\$5.9 million distressed assets were disposed of through the disposal of the subsidiaries; and (c) approximately HK\$0.2 million was written off by the Group.

During FY2025, both the PRC and global credit markets remained volatile and presented an unfavourable operating environment for the private credit and small-loan sectors, particularly for the Group's short-term financing services business. As a result, there was a temporary decrease in loans to customers as disclosed in the Announcement.

Geopolitical tensions, including escalations in the Middle East and ongoing Russia-Ukraine conflicts, alongside renewed U.S.-China trade and tariff frictions, amplified risk premiums, widened credit spreads in certain segments, and heightened policy uncertainty that slowed capital markets activity and pressured trade-exposed borrowers.

In the PRC, the short-term financing services business faced an exceptionally challenging macroeconomic environment. New Renminbi (“**RMB**”) loan origination reached its lowest level since 2018, reflecting persistently weak domestic demand, a prolonged property sector downturn, and subdued borrowing appetite among businesses and households. This led to a significant decline in new loan origination volume amid challenging market conditions in the PRC. These conditions included an unfavourable economic environment, a difficult industry landscape, and intensified market competition.

Moreover, intensified regulatory measures on consumer lending and loan-facilitation platforms, including (i) stricter comprehensive financing cost caps; (ii) mandatory disclosures; and (iii) directives for platforms to shift toward lower-rate assistance models, reduced high-yield lending volumes and compressed margins for small-loan and microcredit providers in the PRC. In addition, ongoing bank consolidation, rising non-performing loan pressures in small and rural financial institutions, and a heightened regulatory focus on risk management further constrained aggressive origination activities in the private credit and short-term financing space in the PRC.

As at the date of this announcement, the Group has not entered into any formal loan agreements with, nor granted new credit facilities to, new borrowing clients in the PRC. Notwithstanding the foregoing, the Group continues to actively pursue potential commercial opportunities and engage with prospective borrowers in the ordinary and usual course of its secured and unsecured money lending business. Moving forward, the Group remains committed to expanding its client portfolio in a prudent manner, applying its established credit assessment frameworks, risk control protocols, and customer due diligence standards to ensure long-term business sustainability and capital preservation.

Overall, credit growth remained sluggish, with heightened focus on risk management and borrower protection further constraining aggressive origination in the private credit space. In light of the challenging operating environment in the PRC and the unsatisfactory financial performance of the relevant operations, two pawn loan subsidiaries were deregistered from the Group during FY2024 and FY2025.

The Group has instead been gradually repositioning its financing business focusing mainly on personal and corporate loans and other financing-related opportunities, which included, with further details below, the commencement of provision of unsecured lending in FY2025.

Against the backdrop of the aforementioned tightening credit conditions and constrained secured lending opportunities in the PRC, the Group has strategically expanded its financing business resources in the Hong Kong market, where it has developed personal and corporate loan products to capture market demand.

The abovementioned shift of its lending focus from the PRC to Hong Kong was principally driven by the structural deterioration of the PRC lending market. Traditionally, the Group had focused on short-term loans secured by property. However, further to the explanations above, the prolonged downturn in the PRC property market has adversely affected collateral values and liquidity, while tighter regulation of consumer and microcredit financing, compressed lending margins and intensified competition have significantly reduced the availability of lending opportunities with acceptable risk-adjusted returns. At the same time, many SMEs, particularly technology companies, do not possess sufficient tangible assets to support property-backed borrowing. The deregistration of two pawn loan subsidiaries further demonstrated that continued reliance solely on the traditional secured lending model in the PRC was no longer commercially sustainable. Against this background, the Group considered Hong Kong to provide a more transparent and commercially viable environment in which to redeploy its lending resources.

While unsecured lending inherently involves greater credit risk than the Group's traditional secured money lending business, the Group identified a specific market opportunity in Hong Kong which, in the Board's view, justifies undertaking such business on a limited and selective basis, including but not limited to SMEs that have stable operating cash flows and recurring revenues but lack property or other tangible assets acceptable to conventional banks as collateral. This creates an unmet demand for short-term working capital financing. Selective corporate lending therefore enables the Group to address this financing gap while diversifying its Hong Kong loan portfolio beyond the relatively mature and competitive property-secured lending market.

Although the unsecured money lending business inherently entails higher credit risk compared to the Group's secured loan business, the Board considers it reasonable to conduct such business based on a prudent approach to risk assessment. The target clientele of the Group's money lending business comprises corporate enterprises evaluated to possess strong financial standing and repayment capabilities. The Group primarily originates prospective borrowers through three principal channels:

- (i) The Group engages independent external business promotion and marketing consultancy firms to formulate and execute targeted commercial promotion strategies across key markets, including the PRC and Hong Kong. Under these consultancy arrangements, independent intermediaries provide market outreach, client sourcing, and referral services for domestic and overseas corporate clients;
- (ii) The Group utilizes a proprietary IT-based market analysis platform that integrates historical corporate databases, public financial disclosures, and macro market metrics. Utilizing analytical algorithms, the system automatically aggregates and evaluates emerging industry policy, corporate news, and macroeconomic and geopolitical events to identify potential clients with funding demands. This precision-screening mechanism enables the operating team to initiate targeted commercial engagements with prospective borrowers; and

- (iii) The Group leverages the extensive industry experience, financial background, and professional networks of its Directors to source high-quality commercial lending opportunities and corporate client leads.

The higher inherent risk is further addressed through stringent credit controls. Up to the date of this announcement, unsecured lending is restricted to clients with satisfactory operating track records and operating cash flows and is subject to comprehensive know-your-client (KYC) and anti-money laundering (AML) checks, financial and cash-flow analysis, credit risk assessment and appropriate management approval. Borrowers are also subject to periodically post-disbursement monitoring, with remedial measures available upon any material deterioration in credit quality. Accordingly, the Group's move into unsecured corporate lending should be viewed as a limited and tightly controlled strategic response to the reduced viability of Mainland secured lending and a specific financing gap in Hong Kong. It is the intention of the Group to undertake both secured and unsecured money lending business.

To further address the aforesaid challenges, the Group has implemented and will continue to implement a series of measures, including: (a) expanding loan portfolio in secured and unsecured loan to personal and corporate clients of different industries, further diversifying revenue sources through distressed debt asset investments; (b) enhancing operational efficiency and customer management through data-processing and digital tools; and (c) capabilities in risk assessment for its consultancy and IT solutions services, in alignment with the needs of the money lending business.

While the Group made endeavours to expand its loan portfolio, the Group would adopt a prudent approach to ensure recoverability of relevant loans, particularly in light of the global economic uncertainty. With regard to new institutional client borrowers, currently, they are technological companies which the Group has come across with during the development of the Group's IT solutions service business or business referrals, which require short-term financing. With the development of the IT solutions service by the Group on its own, the Group has got further and deeper understanding on the needs of these companies. For the avoidance of doubt, the Group does not limit the industry sector of its clients in its money lending business.

To the best information, knowledge and belief of the Directors, as at the date of this announcement, all corporate loans granted by the Group can be extended to clients and vendors and their respective affiliates of the Group's IT solutions business of the Group, though up to the date of this announcement, no corporate loans had been granted to vendors or respective affiliates of the IT solutions business of the Group but had been granted to one former client of such IT solutions business.

As an additional information, the loan concerned was granted in May 2026 in the sum of HK\$2.2 million for the purpose of its company general expenditures. The IT contract concerned was in the contract sum of HK\$2.8 million and has already been paid by such client in FY2025. Since the loan was granted after such client had duly settled their fees payable to the Group under the IT contract concerned, the Group does not consider that there is any actual or potential conflict. To ensure that credit assessment and loan approval process is conducted independently, it is currently the Group's policy that it would not grant loan to any its customers unless such customer has already duly settled their service fee payable to the Group.

The Board considers that the granting of such corporate loan to the concerned former IT solutions client is commercially reasonable and justified on the following grounds:

- (i) Information advantage and reduced information asymmetry: Through the provision of customised IT solutions and project cooperation with the concerned former IT solutions client, the Group has gained in-depth and first-hand understanding of its business models, operational dynamics, cash flow patterns, management capabilities and actual business needs, which enables the Group to conduct more accurate and efficient credit risk assessment compared with unrelated third-party borrowers, thereby a more informed assessment of the Group on the borrower's financial position, repayment ability and credit risk. Nevertheless, the concerned loan application remains subject to the Group's standard credit assessment and approval procedures irrespective of any former business relationship.
- (ii) Strong business synergy and customer stickiness: Providing tailored short-term financing solutions to the concerned former IT client not only meets its urgent working capital needs (as technology companies often lack tangible fixed assets for secured borrowing from traditional banks), but also deepens the strategic partnership between the Group and the concerned client.
- (iii) Enhanced post-disbursement monitoring efficiency: Given the IT service cooperation, the Group is able to obtain business information from the borrower, monitor the borrower's financial performance and repayment capability, and promptly identify any material adverse developments that may affect the borrower's credit profile.
- (iv) Risk-adjusted return alignment: The pricing of such corporate loan has fully reflected the credit risks associated, after taking into account the borrowers' operational stability, repayment track records and the Group's risk control measures. The returns generated from such loan are in line with the Group's prudent risk appetite and provide a stable source of interest income for the Group.

To eliminate potential conflicts of interest and prevent any recurrence thereof, the Company has established and strictly enforced an information firewall policy between its money lending business and IT solutions business. Under this policy, clients of a single business segment are explicitly prohibited from engaging in any cross-business cooperation with any other business segments of the Company during the 12-month period immediately preceding and the 12-month period immediately following the completion of the relevant business activities.

Prior to approving each loan application, the Group conducts a comprehensive credit risk assessment on a loan-by-loan basis in accordance with its internal lending policies and procedures. Such assessment generally includes:

(i) Know-your-customer and compliance review

The review team performs mandatory face-to-face identity verification and physical authentication of original identification documents for all individual applicants, corporate representatives, and ultimate beneficial owners (UBOs). Concurrently, the review team conducts formal company searches (via the Companies Registry) and comprehensive background screening to execute Politically Exposed Person (PEP) screening, adverse media research, and litigation searches across relevant judicial jurisdictions; To guarantee strict AML/CFT compliance, all parties, connected individuals, and UBOs are systematically cross-referenced against statutory regulatory watchlists and sanctions enforcement databases – specifically including the Securities and Futures Commission (SFC) Alert List, the United Nations (Anti-Terrorism Measures) Ordinance (Cap. 575) consolidated target list, the United Nations Security Council Sanctions List, and local statutory reporting frameworks under the Joint Financial Intelligence Unit (JFIU).

(ii) Assessment of financial position and repayment ability

- (a) For corporate clients: The review team conducts comprehensive verification of the entity's legal standing, ownership structure, and financial liquidity by inspecting official corporate filings – including the Business Registration Certificate (BR), Certificate of Incorporation (COI), Articles of Association (M&A), and the latest Annual Return (NAR1). The review team also verifies the legal authorization and identity documents of the designated corporate representatives, while conducting a quantitative financial appraisal through the review of audited financial statements, latest management accounts, and bank statements covering the preceding three consecutive months to analyze cash flow stability, existing indebtedness, leverage levels, projected debt servicing capability, and the primary source of repayment;

- (b) For individual clients: The review team evaluates the applicant's personal identity, residency, and financial capacity by reviewing official identity documents (such as Hong Kong Identity Cards or Passports), formal proof of residential address issued within the past three months (such as utility bills or bank correspondence, where available), employment proof, and income documentation (such as salary slips or tax demand notes). Furthermore, the review team examines bank account statements covering the preceding three consecutive months alongside supplemental asset proof (such as property ownership records or liquid financial holdings) to evaluate the borrower's overall net liquidity, ongoing debt obligations, and sustainable debt servicing capacity.

(iii) Business and credit assessment

The review team performs research into the corporate clients' industry environment and market outlook, while conducting a structural breakdown of the corporate clients' revenue model and actual cash collection cycles. Through analysis of the corporate clients' position within its industry value chain – including its commercial bargaining power relative to upstream suppliers and downstream customers – the review team critically evaluates receivables turnover periods and assesses the predictability and timing of cash inflows;

Building upon these operational findings, the review team conducts the credit assessment by obtaining external credit reports from independent credit bureaus and reviewing the borrower's historical repayment records across financial institutions (where available). Based on the above business assessments and historical credit performance, the review team determines the appropriate loan principal amount, interest rate and loan tenor, tailored to the corporate clients' overall credit risk profile and debt servicing capacity prior to formal approval.

Regarding the approval process, each loan application is reviewed by the responsible risk and credit personnel, comprising two directors of the money lending operating subsidiary alongside an independent external Compliance Officer, and is formally approved in accordance with the Group's delegated approval authority.

The approval framework for credit facilities involves dual-director authorization supported by an independent external compliance specialist. Specifically, Mr. Zeng Zhiyun serves as a director of both the Company (at the listed issuer level) and its money lending operating subsidiary, whereas Mr. Wong Yeung Kit serves as a director of the money lending operating subsidiary. In addition to the two aforementioned directors responsible for evaluating and approving loans, the Company has engaged Mr. Wong Kai Yin as an independent external Compliance Officer to conduct objective and impartial reviews of all loan applications. The compliance assessment rendered by Mr. Wong Kai Yin constitutes an integral and decisive element of the Group's credit approval framework, determining whether an application could be approved.

Furthermore, the Company has implemented the IT risk-assessment system to evaluate all loan applications. Upon the uploading of application data into the system, proprietary algorithms automatically ingest, cross-reference, and analyze a wide range of multi-dimensional risk parameters – including historical cash flow volatility, balance sheet solvency metrics, debt-to-equity ratios, bank statement liquidity patterns, external credit registry scores, historic repayment records, real-time macroeconomic and sector-specific risk factors, as well as media sentiment, litigation records, and sanctions databases. By synthesizing these diverse analytical vectors against internal database metrics, the system generates an objective, standardized risk score, which serves as a mandatory benchmark and quantitative reference for approval personnel throughout the remaining stages of the credit review process. In light of the foregoing, the Board considers that the delegation of approval authority in respect of unsecured loans remains appropriate.

Following drawdown of each loan, the Group implements ongoing post-disbursement monitoring procedures on a periodically basis. Such monitoring generally includes:

- (i) monitoring repayment performance and any overdue position;
- (ii) reviewing the borrower's latest financial information, management accounts and cash flow (where available);
- (iii) maintaining regular communication with the borrower to understand its latest business operation and financial condition;
- (iv) conducting periodic litigation, winding-up, bankruptcy, company registry and adverse media searches;
- (v) reviewing whether any material adverse change has occurred in the borrower's business operations, financial position or repayment ability; and
- (vi) reassessing the borrower's internal credit rating where appropriate.

Where any deterioration in the borrower's credit profile or repayment capability is identified, the Group may implement enhanced risk control measures, including requesting additional information, requiring additional security or guarantees (where appropriate), adjusting repayment arrangements, suspending any further credit exposure or commencing recovery actions where necessary.

In determining the approved loan amount, the Group considers, among other things, the borrower's projected operating cash flows, expected debt servicing capability, historical repayment record, existing financial obligations, available liquidity, intended use of proceeds and overall credit risk profile. The approved credit limit is subject to periodic review by the management.

As at the date of this announcement, the Group has granted a total of 17 unsecured corporate loans with an aggregate principal amount of HK\$92.1 million. The annual interest rates for these loans range from 33% to 39% per annum, detailed as follows: (i) four unsecured corporate loans bearing an interest rate of 33% per annum; (ii) four unsecured corporate loans bearing an interest rate of 34% per annum; (iii) seven unsecured corporate loans bearing an interest rate of 36% per annum; and (iv) two unsecured corporate loans bearing an interest rate of 39% per annum.

Pursuant to the terms of the relevant loan agreements, all 17 unsecured corporate loans were drawn down in May 2026 with a maturity tenure of one year, and are scheduled to mature successively in May 2027. These unsecured corporate loans feature a repayment structure comprising periodic interest payments with a bullet repayment of principal upon maturity. The Group actively and regularly monitors the settlement status of principal and interest. As at the date of this announcement, all relevant interest payments have been received in full and on schedule, with no record of overdue or default payments.

Given that the current unsecured corporate loan portfolio generally has a tenor of one year with regular interest payment obligations, the Group conducts monitoring to identify any deterioration in the borrower's repayment capability at any early stage. Renewal of any existing loan is not automatic, and each renewal application is subject to a fresh credit assessment using substantially the same procedures applicable to new loan applications. As at the date of this announcement, all the interest of these loans payable by the borrowers up to the date of this announcement have been duly repaid in accordance with the agreed repayment schedule. For avoidance of doubt, all these borrowers are third parties independent to the Company, and the Group has no intention to grant any loans to any parties connected with the Company and/or its substantial or controlling shareholders.

The Board considers that the above pre-loan due diligence procedures, approval process and ongoing post-disbursement monitoring measures are consistent with the Group's internal credit risk management policies and are designed to ensure that each loan is granted only after careful assessment of the borrower's financial position, repayment ability and overall credit profile. The relevant credit assessment records, supporting documents and approval records are maintained by the Group and are subject to periodic review by the management.

Looking forward, in light of the recent escalation of geopolitical conflicts in the Middle East and ongoing global economic uncertainties, the Group will continue to adopt a prudent and cautious approach. The Board considers that the measures adopted by the Group as stated above could improve revenue stability and enhance the Group's overall financial performance over time.

3. BUSINESS STRATEGY OF THE GROUP

In order to cope with the rapidly changing business environment, the Group has currently and recently adopted the following strategies:

(i) Short-term Financing Services

The Group's short-term financing services business remains its core operation. Its objective is to achieve sustainable returns with appropriate risk management, taking into account prevailing market conditions.

The Group's key strategies include:

- (a) maintaining prudent credit policies and strengthening risk control measures;
- (b) selectively expanding its loan portfolio to customers with relatively stable repayment capabilities;
- (c) optimising asset allocation, including exploring opportunities in distressed debt assets with recovery potential; and
- (d) balancing growth and risk exposure in light of ongoing economic uncertainties.

The Group has also been focusing on its financing business covering personal loans, corporate loans and distressed debt-related opportunities with a view to broadening revenue.

(ii) Technology integration and capability enhancement

The Group has progressively enhanced certain internal operational processes through the application of information technology and data analysis tools across aspects of its financing operations, including customer management, risk assessment and operational support.

To support the development of its consultancy and IT solutions services business, the Group has established a research collaboration arrangement with The Hong Kong Polytechnic University and maintains an in-house team responsible for software development, project implementation and technical support.

As at the date of this announcement, the Group had seven personnel dedicated to the consultancy and IT solutions services business, covering research and development, project delivery and client services functions.

The Group is currently developing and refining software applications and operational support systems relating to customer management, workflow management, data processing and risk assessment functions for use in financing-related scenarios.

The Group intends to continue enhancing its operational efficiency and service capabilities through gradual technology integration, taking into account market conditions and business needs.

(iii) Development of consultancy and IT solutions services in financial sector

Building on the experience gained from the application of technology in its financing operations, the Group has commenced the provision of consultancy and IT solutions services to external customers which initially originated from the Group's observation that the use of technology can enhance the productivity and efficiency in its short-term financing business, which subsequently leads to the further provision of the consultancy and IT solution services as detailed below.

This business line operates under a business-to-business (B2B) model, whereby the Group provides customised software solutions, system development services and technology consultancy services to external clients, primarily to IT solution vendors who serve the financial and microcredit sectors.

Leveraging its operational experience and existing technology applications, the Group provides customised IT solutions and technical consultancy services to clients according to their operational requirements. The Group charges service fees for software development, system implementation and technical consultancy services.

The Board considered that the Group's IT solutions and technical consultancy services can provide strong strategic synergies for its money lending operations. It serves as an effective channel to engage with a wider range of institutional clients, significantly expanding the Group's customer resources. Concurrently, utilizing its established AI models and technologies, the Group plans to construct a comprehensive service platform integrated with marketing, data processing, and credit risk analysis modules. While the development of this platform entails a relatively lengthy timeline, its completion will comprehensively support the money lending business by leveraging intelligent marketing to generate high user traffic, enhance brand awareness, and broaden customer acquisition channels for the lending operations.

As at the date of this announcement, the Group had provided IT solutions-related services to 10 clients in Hong Kong and the PRC, which are IT solutions providers which provide solutions to the financial and microcredit sectors which are generated from direct sales and business development activities lead by the Group's in-house sales team, referrals from existing clients, business partners and industry networks and participations in industry exhibitions, conferences and networking events.

The Group's consultancy and IT solutions services principally comprise:

- (i) intelligent marketing systems for customer management, digital promotion and lead tracking;¹
- (ii) data processing and workflow management systems for internal operational management, including data standardisation, intelligent data processing and workflow automation;²

¹ The Group specializes in smart marketing systems designed to help clients optimize product promotion and lead conversion.

- (a) Mechanism: Clients distribute marketing materials (e.g., brochures, articles) through the Group's proprietary system or software.
- (b) Functionality: Utilizing intelligent data tools, the system tracks and analyzes user behavior –such as article views, read duration, and product engagement time.
- (c) Outcome: This enables clients to identify high-interest prospects and execute targeted marketing to convert readers into active customers.

² The Group provides critical front-end data preprocessing and structuring services for technology companies.

- (a) Data Standardization: AI algorithms require highly standardized data to optimize their models. The Group utilize proprietary AI technologies to clean, filter, and transform unstructured, multi-lingual data (including text in Chinese, English, Korean, etc., as well as images and videos) into unified, machine-readable formats (e.g., standard English datasets).
- (b) Data Cleansing: filter out erroneous or irrelevant information and handle language cross-conversions (e.g., converting mismatched Japanese data into the required English format) so the data is fully ready for model training.
- (c) Internal Operations: This intelligent data structuring capability is also applied to internal corporate governance, helping clients automate and streamline the analysis, sorting, and workflow management of high-volume internal documents.

- (iii) risk control-related software applications designed to assist customer screening, data verification, credit assessment, risk analysis and ongoing monitoring;³ and
- (iv) related system customisation, maintenance and technical support services.

These solutions are generally customised according to the operational requirements of individual IT solutions clients and are delivered on either a project basis or a recurring service basis. Leveraging the Group's proprietary technology and AI-assisted data processing capabilities, the Group develops tailored software applications and operational support systems to meet the specific business needs of its IT solutions clients, rather than providing standardised off-the-shelf software products.

In this line of business, the Group may from time to time engage third-party technology vendors or software providers where necessary to supplement its in-house capabilities and technical resources. Currently, the Group works with four external vendors, which are mainly small-scale software development companies. These vendors primarily assist in developing non-core functional modules and provide technical support in software development.

The Group is currently developing and refining IT products and operational support systems relating to its financing business model and intends to continue exploring appropriate technology applications in financing-related scenarios with a view to enhancing operational efficiency and diversifying revenue sources.

The Group has established internal systems and procedures to support this business, including project management and delivery processes, quality control and testing procedures and data security and compliance measures.

Unlike the short-term financing business that is used to be undertaken by the Group (which require appropriate money lending licences and is regulated by the relevant regulatory authorities in Hong Kong and the PRC), this IT solution and technical consultancy service does not have any universally benchmarks or standards. This IT solution and technical consultancy service remains at a relatively early stage

³ The Group deploy proprietary AI risk control algorithms to provide clients with comprehensive data analysis, screening, and continuous monitoring.

- (a) Credit Assessment: In the lending domain, the Group's algorithms analyze behavioral data of borrowers (e.g. spending records, credit card repayment history, and consumption patterns).
- (b) Solvency Analysis: By evaluating these indicators, the system generates preliminary assessments of a borrower's consumption level and debt-servicing capability, flagging high-risk behaviors or weak solvency.
- (c) Continuous Monitoring: Post-loan, the system performs dynamic, intelligent monitoring to track changes in the borrower's financial health and spending capacity over time.

of development and currently represents a supplementary business activity to the Group's financing operations.

The development of this business line has been funded primarily by the Group's internal resources in which the Board considers that it is sufficient at this stage given that the IT solutions and consultancy business only plays an auxiliary and supportive role for the core loan business, rather than an independent standalone profit-making segment. And this business is still intended mainly to act as a fundamental strategic base and core enabling pillar for the sustainable operation and long-term development of the Group's loan business. Currently, the Group utilises a combination of existing staff with experience in financing operations, and personnel with information technology expertise, including system development and data analysis. As at the date of this announcement, the Group had seven dedicated staff members covering research and development, project delivery and client services in this business, in addition to two sales personnel responsible for market promotion.

The Board does not consider that the provision and development of the IT solutions business has any impact on the existing financing services business of the Group.

4. BUSINESS PLAN AND FUTURE DEVELOPMENT

Looking ahead, the Group intends to continue developing its financing business in a prudent manner, with emphasis on asset quality and risk control. The Group also intends to continue enhancing its operational systems and technology-assisted capabilities and continue to explore and develop its consultancy and IT solutions services, whilst the Group presently is still intended to focus on the provision of short-term financing service as its main business.

The Group will continue to monitor market conditions closely and adjust its strategies as appropriate.

5. CAPITAL REQUIREMENT AND FUNDING

As disclosed in the announcement of the Company dated 10 July 2026, the Group had unaudited cash and cash equivalents of approximately HK\$90 million as at 30 June 2026.

For avoidance of any doubt, the recent proposed placing of new shares of the Company as disclosed in the announcements of the Company dated 3, 6, 10 and 23 July 2026 are all intended to repay the existing interest-bearing loan of the Group in order to improve the liquidity and operational flexibility of the Group which can also broaden the shareholder and capital base of the Company. Notwithstanding the abovementioned placing of new shares of the Company, the Board considers that the Group's existing financial resources are otherwise still generally sufficient to support its business operations and planned development for the year ending 31 December 2026.

The Group manages its capital on an integrated basis and will continue to assess its funding needs in light of its business development and market conditions.

6. OUTLOOK

The Board notes that the operating environment is expected to remain uncertain in the near term.

Nevertheless, the Board considers that the Group's strategy of combining prudent financing operations with ongoing operational enhancement and gradual technology integration may help improve its operational efficiency and diversify its sources of income over time.

However, shareholders and potential investors should note that the development and performance of the Group's businesses are subject to various uncertainties, including market conditions, regulatory developments and competitive dynamics, and there can be no assurance that the Group's strategies will achieve the intended results.

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

Hong Kong, 9 October 2026

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of securities on GEM of the Exchange 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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 <https://www.capitalfinance.hk>.