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INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

	Unaudited six months ended 30 June 2025 HK\$'000	Unaudited six months ended 30 June 2024 HK\$'000	Percentage changes %
Interest and financing consultancy services income	39,595	51,297	(22.8)
Loss for the period attributable to owners of the Company	(29,599)	(18,323)	61.5
	HK\$	HK\$	
Basic loss per share	(0.15)	(0.09)	66.7

FINANCIAL RESULTS

The board of directors (the “Board” or “Directors”) of China Financial Services Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2025 (the “Reporting Period”) together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Unaudited	
		Six months ended 30 June	
		2025	2024
	Notes	HK\$'000	HK\$'000
Interest and financing consultancy services income	3	39,595	51,297
Interest and handling expenses	3	(23,907)	(21,564)
Net interest income and service income	3	15,688	29,733
Other income and other gains and losses	4	(1,579)	(662)
Impairment losses on financial instruments, net of reversal		(3,991)	(9,970)
Impairment losses on repossessed assets	11	(3,088)	–
Reversal of loan and interest payables	12(c)	1,907	10,077
Reversal of liabilities arising from loan guarantee contract		–	11
General and administrative expenses		(34,880)	(42,191)
Share of results of associates		(326)	(917)
Loss before taxation	5	(26,269)	(13,919)
Income tax expense	6	(2,296)	(3,996)
Loss for the period		(28,565)	(17,915)
Attributable to:			
Owners of the Company		(29,599)	(18,323)
Non-controlling interests		1,034	408
Loss for the period		(28,565)	(17,915)
Loss per share	7	HK\$	HK\$
– Basic		(0.15)	(0.09)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Unaudited	
	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(28,565)	(17,915)
Other comprehensive income/(expense) for the period, net of income tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>14,988</u>	<u>(4,052)</u>
Total comprehensive expense for the period	<u>(13,577)</u>	<u>(21,967)</u>
Attributable to:		
Owners of the Company	(15,786)	(21,821)
Non-controlling interests	<u>2,209</u>	<u>(146)</u>
Total comprehensive expense for the period	<u>(13,577)</u>	<u>(21,967)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		At 30 June 2025	At 31 December 2024
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		10,622	11,349
Investment properties		5,017	1,348
Goodwill		270,030	265,961
Intangible assets		12,339	12,339
Interests in associates		35,419	34,160
Other financial assets		–	5,287
Loan receivables	9	73,266	111,388
Deferred tax assets		2,420	2,256
		<u>409,113</u>	<u>444,088</u>
Current assets			
Loan receivables	9	872,161	886,683
Interest receivables	10	3,540	5,570
Reposessed assets	11	27,500	38,325
Other receivables, deposits and prepayments		69,292	68,484
Amounts due from associates		6,217	6,229
Other financial assets		5,739	16,198
Cash and cash equivalents		280,006	273,019
		<u>1,264,455</u>	<u>1,294,508</u>

		At 30 June 2025 <i>HK\$'000</i> (Unaudited)	At 31 December 2024 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Borrowings and loan payables	12	614,082	661,739
Other payables, accruals and deposits received		111,265	96,647
Liabilities arising from loan guarantee contracts	12(d)	40,775	57,942
Amount due to an associate		2,795	2,764
Unsecured bonds		9,999	10,226
Lease liabilities		4,586	3,809
Tax payables		154,357	152,558
		<u>937,859</u>	<u>985,685</u>
Net current assets		<u>326,596</u>	<u>308,823</u>
Total assets less current liabilities		<u>735,709</u>	<u>752,911</u>
Non-current liabilities			
Lease liabilities		1,820	3,470
Deferred tax liabilities		15,542	15,781
		<u>17,362</u>	<u>19,251</u>
Net assets		<u><u>718,347</u></u>	<u><u>733,660</u></u>
Equity			
Share capital		2,080,113	2,080,113
Reserves		(1,438,661)	(1,422,875)
Total equity attributable to owners of the Company		<u>641,452</u>	<u>657,238</u>
Non-controlling interests		<u>76,895</u>	<u>76,422</u>
Total equity		<u><u>718,347</u></u>	<u><u>733,660</u></u>

NOTES:

1. BASIS OF PREPARATION

The interim financial information of China Financial Services Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim financial information does not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards. This unaudited condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2024. The policies of the Group on financial risk management were set out in the consolidated financial statements included in the Company’s 2024 annual report and there have been no significant changes in these policies for the six months ended 30 June 2025.

The interim financial information has been prepared on the historical cost basis, except for certain financial instruments and investment properties that are measured at fair values at the end of each reporting period.

The financial information relating to the financial year ended 31 December 2024 that is included in this interim report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory consolidated financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on the consolidated financial statements for the year ended 31 December 2024. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES

Other than change in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the interim financial information for the six months ended 30 June 2025 are the same as those presented in the annual consolidated financial statements of the Group for the year ended 31 December 2024.

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current period

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2025 for the preparation of the Group's interim financial information:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in this interim financial information.

3. REVENUE AND SEGMENT REPORTING

a) Revenue

The amount of each significant category of revenue during the periods is as follows:

	For the six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest and financing consultancy services income from:		
Pawn loans, loan receivables from micro-lending and money-lending	39,534	51,110
Other loan receivables	61	187
	<u>39,595</u>	<u>51,297</u>
Interest and handling expenses from:		
Borrowings and loan payables	(8,277)	(2,012)
Loan payables from the Incidents (as defined in Note 12(c))	(15,164)	(17,978)
Lease liabilities	(223)	(260)
Unsecured bonds	(237)	(451)
Other finance costs	(6)	(863)
	<u>(23,907)</u>	<u>(21,564)</u>
Net interest income and service income	<u><u>15,688</u></u>	<u><u>29,733</u></u>

b) Segment Information

Operating segment information

The directors of the Company (the “Directors”) have determined that the Group has only one reportable segment as the Group is principally engaged in providing financing service which is the basis to allocate resources and assess performance of the Group for both periods.

There was no customer who individually contributed over 10% of the Group’s revenue during both periods.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
a) Other Income		
Bank interest income	656	1,519
Others	859	399
	<u>1,515</u>	<u>1,918</u>
b) Other Gains and Losses		
Gain/(loss) from changes in fair value of financial assets at fair value through profit or loss ("FVTPL"), net	2,174	(143)
Loss on disposal of repossessed assets	(800)	–
Loss from changes in fair value of investment properties	(202)	(200)
Impairment loss on intangible assets	–	(339)
Exchange loss, net	<u>(4,266)</u>	<u>(1,898)</u>
	<u>(3,094)</u>	<u>(2,580)</u>
Total	<u><u>(1,579)</u></u>	<u><u>(662)</u></u>

5. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Staff costs (including directors' emoluments):		
Salaries, allowances and other benefits	15,354	18,562
Contributions to defined contribution retirement plans	2,196	2,226
	17,550	20,788
(b) Other items:		
Depreciation of property, plant and equipment		
– self-owned assets	660	758
– right-of-use assets	2,292	2,563

6. INCOME TAX EXPENSE

Taxation in the unaudited condensed consolidated statement of profit or loss represents:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – The People’s Republic of China (the “PRC”)		
Enterprise Income Tax		
Provision for the current period	2,066	4,258
Under/(over)-provision in respect of prior periods	65	(1,309)
Withholding tax on dividends		
Provision for the period	770	2,491
Deferred tax		
Origination and reversal of temporary differences	(605)	(1,444)
	2,296	3,996

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$29,599,000 (six months ended 30 June 2024: HK\$18,323,000) and the weighted average number of ordinary shares in issue less shares held under the Company’s share award scheme during the period of 203,529,367 (six months ended 30 June 2024: 202,323,367).

The computation of diluted loss per share does not assume the exercise of the Company’s options because the exercise price of those options was higher than the average market price for shares for both periods. Accordingly, the diluted loss per share is same as the basic loss per share.

8. INTERIM DIVIDEND

No dividends were paid, declared or proposed during both periods. The Directors have determined that no dividend will be paid in respect of the current period.

9. LOAN RECEIVABLES

	At 30 June 2025 <i>HK\$'000</i> (Unaudited)	At 31 December 2024 <i>HK\$'000</i> (Audited)
Pawn loan receivables	154,131	207,917
Loan receivables arising from:		
– Micro-lending	597,190	626,076
– Money-lending	180,293	149,455
Loan receivables from the Incidents (as defined in Note 12(c))	963,482	948,822
Other loan receivables	210,572	208,605
	2,105,668	2,140,875
<i>Less: Impairment</i>	(1,160,241)	(1,142,804)
	945,427	998,071
Amounts due within one year	872,161	886,683
Amounts due after one year	73,266	111,388
	945,427	998,071

The loan receivables in the PRC carry interest plus service charge at a range of monthly effective rates of 0.68% to 3.00% (31 December 2024: 0.68% to 3.00%), and the loan receivables in Hong Kong carry interest at a range of monthly effective rates of 0.35% to 4.00% (31 December 2024: 0.35% to 4.20%).

A typical loan generally has a term of 90 days to 30 years (31 December 2024: 90 days to 30 years).

As at 30 June 2025, included in the Group's loan receivables balance are debtors with aggregate carrying amount (net of expected credit loss ("ECL")) of HK\$552,081,000 (31 December 2024: HK\$558,567,000) which are past due. Out of the past due balances, HK\$536,607,000 (31 December 2024: HK\$514,468,000) has been past due 90 days or more. The Directors consider credit risks have increased significantly for those past due more than 30 days and those past due more than 90 days are considered as credit-impaired. During the six months ended 30 June 2025, impairment allowance of HK\$6,167,000 (six months ended 30 June 2024: HK\$10,246,000) was made on credit-impaired debtors.

As at 30 June 2025, loan receivables of RMB103,547,000 (equivalent to approximately HK\$113,545,000) (31 December 2024: RMB129,547,000 (equivalent to approximately HK\$139,893,000)) are due from Zhongjin Jiasheng Investment Fund Management (Beijing) Co. Ltd.* (中金佳晟投資基金管理(北京)有限公司) (“Zhongjin Jiasheng”), who also acts as an agent to assist the Group to negotiate for one-off settlement arrangements directly with the investors/lenders related to the Incidents.

* *The English translation of the Zhongjin Jiasheng’s name is for reference only. The official name of Zhongjin Jiasheng is in Chinese.*

Maturity profile

As at the end of the reporting period, the maturity profile of loan receivables, based on maturity date, is as follows:

As at 30 June 2025 (Unaudited)

	Pawn loan receivables HK\$'000	Loan receivables arising from micro-lending HK\$'000	Loan receivables arising from money-lending HK\$'000	Loan receivables from the Incidents HK\$'000	Other loan receivables HK\$'000	Total HK\$'000
Due within 1 month or on demand	136,311	367,288	43,821	963,482	210,572	1,721,474
Due after 1 month but within 3 months	5,483	33,286	13,417	–	–	52,186
Due after 3 months but within 6 months	1,097	53,329	18,708	–	–	73,134
Due after 6 months but within 12 months	11,240	107,512	65,439	–	–	184,191
Due after 12 months	–	35,775	38,908	–	–	74,683
Impairment	(57,949)	(88,955)	(9,041)	(963,482)	(40,814)	(1,160,241)
	<u>96,182</u>	<u>508,235</u>	<u>171,252</u>	<u>–</u>	<u>169,758</u>	<u>945,427</u>

As at 31 December 2024 (Audited)

	Pawn loan receivables HK\$'000	Loan receivables arising from micro-lending HK\$'000	Loan receivables arising from money-lending HK\$'000	Loan receivables from the Incidents HK\$'000	Other loan receivables HK\$'000	Total HK\$'000
Due within 1 month or on demand	173,847	384,494	18,012	948,822	208,605	1,733,780
Due after 1 month but within 3 months	9,881	37,789	19,240	–	–	66,910
Due after 3 months but within 6 months	4,211	55,202	19,746	–	–	79,159
Due after 6 months but within 12 months	19,978	103,823	22,393	–	–	146,194
Due after 12 months	–	44,768	70,064	–	–	114,832
Impairment	(65,428)	(88,348)	(5,380)	(948,822)	(34,826)	(1,142,804)
	<u>142,489</u>	<u>537,728</u>	<u>144,075</u>	<u>–</u>	<u>173,779</u>	<u>998,071</u>

10. INTEREST RECEIVABLES

	At 30 June 2025 <i>HK\$'000</i> (Unaudited)	At 31 December 2024 <i>HK\$'000</i> (Audited)
Interest receivables	<u>3,540</u>	<u>5,570</u>

Ageing analysis

As at the end of the reporting period, the ageing analysis of interest receivables, based on the revenue recognition date, is as follows:

	At 30 June 2025 <i>HK\$'000</i> (Unaudited)	At 31 December 2024 <i>HK\$'000</i> (Audited)
Within 1 month	1,268	2,368
1 to 3 months	318	578
3 to 6 months	294	288
Over 6 months	<u>1,660</u>	<u>2,336</u>
	<u>3,540</u>	<u>5,570</u>

Interest receivables are due on the date of billing (or on maturity date corresponding of loan receivables according to the relevant loan agreements).

As at 30 June 2025, included in the Group's interest receivables balance are debtors with aggregate carrying amount (net of ECL) of HK\$2,480,000 (31 December 2024: HK\$3,826,000) which are past due. Out of the past due balances, HK\$2,002,000 (31 December 2024: HK\$2,693,000) has been past due 90 days or more. The Directors consider credit risks have increased significantly for those past due more than 30 days and those past due more than 90 days are considered as credit-impaired. During the six months ended 30 June 2025, impairment allowance of HK\$247,000 (six months ended 30 June 2024: reversal of impairment allowance of HK\$355,000) was made on credit-impaired debtors.

11. REPOSSESSED ASSETS

	At 30 June 2025 <i>HK\$'000</i> (Unaudited)	At 31 December 2024 <i>HK\$'000</i> (Audited)
Reposessed assets – land and buildings	<u>27,500</u>	<u>38,325</u>

Reposessed assets are property rights obtained by the Group from debtors following the enforcement of its creditor's right.

During the six months ended 30 June 2025, certain reposessed assets with carrying amounts of HK\$7,601,000 were sold at net proceeds of HK\$6,801,000 after deducting the relevant expenses incurred for the disposals. Loss on disposal of reposessed assets of HK\$800,000 was recognised in profit or loss for the six months ended 30 June 2025.

The estimated market value of the reposessed assets as at 30 June 2025 was HK\$27,500,000 (31 December 2024: HK\$42,200,000). Impairment loss of HK\$3,088,000 was recognised during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

12. BORROWINGS AND LOAN PAYABLES

		At 30 June 2025 <i>HK\$'000</i> (Unaudited)	At 31 December 2024 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Borrowings from independent third parties	(a)	55,357	52,469
Borrowings from shareholders		119,860	79,672
Borrowings from a related party	(b)	24,442	24,447
Loan payables arising from the Incidents	(c)	<u>414,423</u>	<u>505,151</u>
		<u>614,082</u>	<u>661,739</u>
Amounts due within one year		<u>614,082</u>	<u>661,739</u>

Notes:

- (a) The borrowings from independent third parties of HK\$36,207,000 (31 December 2024: HK\$33,319,000) bore finance costs measured at a range of annualised rates of 7% to 9.5% (31 December 2024: 7% to 9.5%), were repayable within one year and not secured by any assets or guarantees of the Group.

The borrowings from independent third parties of HK\$19,150,000 (31 December 2024: HK\$19,150,000) bore finance costs measured at a range of annualised rates of 9.25% to 10.5% (31 December 2024: at an annualised rate of 10%), were repayable within one year and secured by loan receivables and a repossessed asset of the Group of HK\$20,050,000 (31 December 2024: HK\$13,702,000) and HK\$11,700,000 (31 December 2024: HK\$14,800,000) respectively.

- (b) The borrowings from Mr. Zhang Min, an executive director and chief executive officer of the Company, bore finance costs measured at an annualised rate of 7.6% (31 December 2024: 7.6%), and were repayable within one year and not secured by any assets or guarantees of the Group.
- (c) As fully explained in Note 4 to the consolidated financial statements of the Group for the year ended 31 December 2020, the Unauthorised Guarantees, Unauthorised Loans, and Unauthorised Loan Receivables including the interest income, interest expenses and related handling charges had not been fully recorded in the books and records of those relevant subsidiaries accordingly under the instructions of the two former executive directors of the Company. These fraudulent activities are referred to as the “Incidents” and those misstatements resulted from the Incidents were corrected and presented in the Group’s consolidated financial statements for the year ended 31 December 2020.

During the six months ended 30 June 2025, the Group, with the assistance of Zhongjin Jiasheng, had successfully finalised and settled with certain investors/lenders in respect of the Unauthorised Loans, and hence, the respective interest payables of HK\$1,907,000 were reversed to profit or loss during the six months ended 30 June 2025. There were no Unauthorised Loans concluded through court decision during the six months ended 30 June 2025.

During the six months ended 30 June 2024, certain Unauthorised Loans were concluded through court decision and the respective loan and interest payables of HK\$10,077,000 were reversed to profit or loss.

As at 30 June 2025, unsettled Unauthorised Loans and related interest payables amounted to HK\$109,391,000 (31 December 2024: HK\$113,274,000) and HK\$42,876,000 (31 December 2024: HK\$38,088,000) respectively. Interest expenses of HK\$15,164,000 (six months ended 30 June 2024: HK\$17,978,000) in relation to those unsettled Unauthorised Loans were recognised in profit or loss during the Reporting Period.

- (d) As at 30 June 2025, the liabilities arising from loan guarantee contracts represent the outstanding balance of Unauthorised Guarantees of HK\$40,775,000 (31 December 2024: HK\$57,942,000) if the guarantees were called upon in their entirety.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2025, the Chinese Mainland economy maintained a mild recovery. According to data from the National Bureau of Statistics, Gross Domestic Product (GDP) grew by 5.3% year-on-year, reaching approximately RMB66 trillion, continuing a steady upward trajectory. All three major sectors recorded growth, with the service sector making a significant contribution. Fixed Asset Investment increased by 2.8% year-on-year, driven by investment in manufacturing and infrastructure, although real estate development investment declined by about 11%, there remains a primary downward pressure on overall investment. Total retail sales of consumer goods rose by 5.0% year-on-year, indicating continued momentum in domestic consumption recovery.

In Hong Kong, government statistics showed that GDP expanded by 3.1% year-on-year and 0.4% quarter-on-quarter in the second quarter of 2025, resulting in overall growth in the range of 2% to 3% for the first half of the year. Private consumption, tourism, and cross-border business activities continued to support economic recovery, while inflation remained moderate, with the Composite Consumer Price Index increasing by approximately 1.8% year-on-year during the period.

In the real estate sector, the Chinese Mainland market remained under pressure. In Hong Kong, the residential market stayed cautious, with limited transaction volumes and price fluctuations, reflecting a wait-and-see sentiment across the market. In the mortgage lending segment, data from the People's Bank of China indicated that the balance of individual housing mortgage loans showed relatively weak growth in the first half of 2025. The five-year Loan Prime Rate (LPR) was maintained at 3.5%, reflecting a stable policy rate environment, while actual demand for mortgage lending has yet to recover. The microfinance industry remained broadly stable but experienced a slight contraction in scale. Overall, the sector experienced a mild downward pressure under tighter regulatory oversight and subdued market demand.

Overall, the economies of Mainland China and Hong Kong continued to recover in the first half of 2025, although the property market remained in an adjustment cycle, and demand for mortgage lending has yet to improve significantly. The Board and management of the Company will continue to closely monitor macroeconomic policies, financial support measures for the property sector, and the progress of consumption recovery, external economic risk, optimise asset allocation, strengthen digital risk management, while prudently assessing the potential risks to ensure financial stability and steady business development. Going forward, the Group will carefully assess its real estate-related exposure and explore high-potential areas such as consumer finance to navigate market adjustments and seize recovery opportunities.

BUSINESS REVIEW

Amid the ongoing complexities of the international and domestic economic and political landscape, the primary objective of the Group's management remains to ensure overall business stability while proactively pursuing new growth opportunities. Effective business risk management continues to be a critical component of operational control. Upholding stringent risk management principles is increasingly vital as economic conditions remain challenging and market credit risks escalate.

In the first half of 2025, the Group's new loans in Beijing, Chengdu, Shenzhen, and Hong Kong totalled approximately HK\$312,859,000. As of the end of June 2025, the Group's total loan balances across these regions reached approximately HK\$945,427,000. Beijing maintained a slightly higher proportion of business compared to the other three regions, while Hong Kong exhibited a relatively faster growth rate. Overall, the Group's business distribution and growth rates remained balanced across the regions, with the loan business demonstrating sustained stability.

FUTURE OUTLOOK

The global economy continues to face increasing polarisation, compounded by heightened geopolitical risks, with each country and region grappling with complex internal challenges. In Mainland China, the PRC government has outlined plans to implement targeted measures to mitigate risks in the real estate sector, refine policies, and foster the sustainable growth of this critical industry.

In Hong Kong, the Hong Kong government has sustained its support through favourable policies to bolster regional development and enhance cross-strait connectivity. The ongoing development of the Guangdong-Hong Kong-Macao Greater Bay Area continues to create significant opportunities for Hong Kong, driving economic integration and growth.

Despite this challenging environment, the Group's principal business faces pressures but is underpinned by a solid foundation and clear opportunities for growth. In the first half of 2025, the Group experienced a sustained recovery in its core business operations, maintaining operational resilience through a robust and prudent risk management framework. The Group will prioritise digital transformation and strategic partnerships to strengthen market positioning, while maintaining rigorous risk controls to navigate economic uncertainties and achieve sustainable long-term growth.

Business Model

Background check

Various identification documents shall be provided by the loan applicant, which shall be reviewed and assessed. Information such as personal identification documents, corporate constitutional documents, business registrations, address proof, payroll or financial records, nature of business, type and value of collateral (for secured loan applications), and credit rating reports shall be collected. Each loan applicant shall complete a loan application form with his/her intended loan amount, term, purpose of the loan, repayment plan and proposed collateral/security to be offered.

Credit assessments and
loan approval

The client's background and information such as their financial capabilities, creditworthiness, repayment capacity, availability of guarantor(s), quality, validity and title deed and liquidity of collaterals, will then be assessed by the credit committee of the respective operating region. We collect and verify relevant documentation, analyse credit scores, employment history, and financial information to ensure responsible lending practices. Furthermore, we verify the ownership of the properties owned and provided by the clients as collaterals and review the incumbrances of those properties by checking public records. If the loan amount applied exceeds the approval limit of the regional credit committee but is not more than RMB30 million, then the loan application will be assessed by the Group's loan approval committee. For any loan principal exceeding RMB30 million, the approval from the Business Risks Committee is required. The management team shall consider whether the loan applications are on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders as a whole. Whenever the loan transaction constitutes a discloseable transaction or above by assessment of size tests under Chapter 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or involves connected person(s) as defined under Chapter 14A of the Listing Rules, the loan transaction will be reported to the Board for their review and approval.

Execution of documents	Compliance procedures are in place to ensure adherence to all relevant laws and regulations such as anti-money laundering (AML), know your customer (KYC) requirements and any applicable lending regulations. All loan applications must be approved by the relevant approval committees. The proper execution of the loan documentations, contracts and agreement is under the supervision of the responsible officer, who communicates the loan terms clearly to the borrower. The finance department will be responsible for arranging for outflows of funds.
After-loan services	There will be continuous monitoring on the repayments from the borrower throughout the loan repayment period, regular communication with the borrower of its updated financial position, and regular review of the market value of the collateral(s) pledged.
Collection and recovery	Formal reminder and legal demand letter will be issued to the borrower whose payment is overdue. Legal action may be taken against the borrower for recovery of the amount due and taking possession of the collateral(s) pledged.

The Group offers secured and unsecured loans to individual and corporate clients. Most of the collaterals of secured loans are in the form of mortgages over residential and/or commercial properties owned by these clients. The total carrying amount (net of expected credit loss) of property mortgage loans accounted for approximately 81.6% of the entire loan portfolio of the Group as at 30 June 2025. For mortgage loans, the Group would consider the value of the collaterals and grants loans with a loan-to-value ratio (the “LTV Ratio”) of no more than 75%. The Group may require the borrower to deposit additional collateral or partially pay down/repay the loan principal if the LTV Ratio is over 75% under regular after-loan services. Unsecured loans accounted for approximately 14.9% of the entire loan portfolio of the Group. For the year ended 30 June 2025, the Group had 1,269 active customers, of which 1,228 of them were individual customers and the remaining 41 were corporate customers; and of which 523 of them were secured customers and 746 of them were unsecured customers. The interest and service fees charged at a range of monthly effective rates of 0.68% to 3.00% for PRC loans and the interest charged at a range of monthly effective rates of 0.35% to 4.00% for HK loans. A typical loan generally has a term of 90 days to 30 years. The Group conducts periodic reviews and evaluations of our lending procedures to assess their effectiveness and adapt them to the evolving risk landscape. This includes keeping up-to-date with industry best practices, regulatory changes, and employing advanced risk management tools and technologies.

The top five customers accounted for 24.20% of the total outstanding balances of the Group’s loan portfolio as of 30 June 2025.

FINANCIAL REVIEW

Interest and financing consultancy services income

During the Reporting Period, the Group’s revenue was principally derived from the interest and services income from loan services.

Under the challenging operating environment, the Group conducted its loan business cautiously with strategic focus on long-term business growth. Interest and financing consultancy services income for the Reporting Period was approximately HK\$39,595,000, representing a decrease of about 22.8% compared to that of approximately HK\$51,297,000 for the corresponding period last year. The decrease was mainly due to (i) the decline in revenue resulted from the uncertain economic environment; (ii) the Group conducting its loan business with more stringent credit control; and (iii) more cash being used to repay borrowings and loan payables instead of making new loans in Mainland China and Hong Kong.

The percentage of revenue contribution from different operating regions of the Group for both periods are shown below:

	Six months ended 30 June	
	2025	2024
Beijing	25.2%	31.6%
Chengdu & Chongqing	35.4%	26.1%
Shenzhen	10.8%	12.1%
Hong Kong	28.6%	30.2%

Interest and handling expenses

Interest and handling expenses represent finance costs incurred for the Reporting Period. The amount increased from approximately HK\$21,564,000 for the corresponding period in 2024, to approximately HK\$23,907,000 for the Reporting Period, representing a slight increase of about 10.9%.

Other income and other gains and losses

Other income mainly includes bank interest income of approximately HK\$656,000 and others of approximately HK\$859,000. Other gains and losses mainly includes gain from changes in fair value of financial assets at FVTPL of approximately HK\$2,174,000, loss on disposal of repossessed assets of approximately HK\$800,000, loss from change in fair value of investment properties of approximately HK\$202,000 and a net exchange loss of approximately HK\$4,266,000 recognised in the Reporting Period.

Reversal of loan and interest payables

There was a one-off other income from reversal of interest payables, in the amount of approximately HK\$1,907,000 during the Reporting Period. The Group, with the assistance of Zhongjin Jiasheng Investment Fund Management (Beijing) Co., Ltd* (中金佳晟投資基金管理(北京)有限公司) (“Zhongjin Jiasheng”), successfully finalised and settled with certain investors/lenders in respect of the Unauthorised Loans involved in the Incidents (as defined in Note 12(c) to this announcement) and hence, the respective interest payables were reversed to profit or loss during the Reporting Period.

* *The English translation of the Zhongjin Jiasheng’s name is for reference only. The official name of Zhongjin Jiasheng is in Chinese.*

General and administrative expenses

General and administrative expenses for the Reporting Period decreased by 17.3% to approximately HK\$34,880,000, which primarily comprise staff costs and related expenses, legal and professional fee, consultancy fee, depreciation of property, plant and equipment and general office expenses. The management will continue to monitor and ensure the proper implementation of its stringent measures on cost control to maintain general and administrative expenses at a reasonable level.

Loss for the period

Loss for the Reporting Period attributable to owners of the Company was approximately HK\$29,599,000, representing an increase of approximately 61.5% as compared to loss of approximately HK\$18,323,000 for the first half of 2024.

Liquidity and Financial Resources

The Group adopts a prudent cash and financial management policy. Funds are maintained at a sound and healthy financial resource level. The liquidity position of the Group is always closely monitored to ensure the funding requirements can be met from time to time. The Group's net current assets and equity attributable to owners of the Company as at the end of the Reporting Period were approximately HK\$326,596,000 and approximately HK\$641,452,000 respectively. The Group's outstanding borrowings and loan payables and unsecured bonds as at the end of the Reporting Period amounted to approximately HK\$624,081,000, showing a decrease of approximately 7.1% as compared to the outstanding borrowings and loan payables and unsecured bonds as at 31 December 2024, which are all due within one year. There are no funding requirements for capital expenditure commitments for the Reporting Period.

Capital Management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. All the borrowings and loan payables are at fixed interest rates. The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions.

Based on the Group's current and anticipated level of operation, the Group's future operations and capital requirements will be mainly financed through borrowings and share capital. There were no significant commitments for capital expenditure as at 30 June 2025.

Ratio

As at the end of the Reporting Period, the current ratio⁽ⁱ⁾ and the gearing ratio⁽ⁱⁱ⁾ of the Group are 1.35 and 0.48 respectively.

Notes:

- (i) Current ratio was calculated by dividing current assets by current liabilities as at the end of the Reporting Period.
- (ii) Gearing ratio was calculated by dividing interest bearing net debts (borrowings and loan payables plus unsecured bonds less cash and cash equivalents) by total equity as at the end of the Reporting Period.

Employee and Remuneration Policies

As of 30 June 2025, the Group had approximately 122 employees in the PRC and Hong Kong, of which 66 were female employees. Competitive remuneration packages and performance-based bonuses are structured to commensurate with individual responsibilities, qualifications, experience, and performance. Total staff costs for the Reporting Period were approximately HK\$17,550,000, representing a decrease of approximately 15.6% as compared to the figure of previous year.

Charge on assets

As of 30 June 2025, certain properties mortgaged to two subsidiaries of the Company by its respective customers were pledged to secure loan facilities granted to the Group with a carrying value of approximately HK\$19,150,000. As of 30 June 2025, the Group had pledged its mortgage loan receivables with net book value of approximately HK\$20,050,000 and a repossessed asset of the Group of approximately HK\$11,700,000 to secure loan facilities granted to the Group.

Fair Value Estimation

The carrying amounts less impairment provision of the financial assets and the carrying amounts of the financial liabilities are assumed to approximate their fair values.

Capital Commitments and Contingent Liabilities

The Group had no material capital commitments or contingent liabilities as at the end of the Reporting Period.

Foreign Exchange Exposure

The Group's monetary assets, liabilities and transactions are principally denominated in Renminbi ("RMB") and Hong Kong Dollars ("HKD"). The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against RMB. The Group has a net exchange exposure to RMB as the Group's assets are principally located in the PRC. The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented in a timely and effective manner. As at the end of the Reporting Period, loan payables arising from the Incidents involving the Unauthorised Loans amounted to approximately HK\$414,423,000 are denominated in RMB and cash and cash equivalents amounted to approximately HK\$235,177,000 are denominated in RMB.

The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure to fluctuations in exchange rates as of 30 June 2025.

Significant Investments Held, Material Acquisitions and Disposals

The Group did not hold any significant investments representing 5% or more of the Group's total assets as at the end of the Reporting Period, and did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period. The Group does not have any detailed plans for material investments in the near future.

APPROVAL OF THE UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 28 August 2025.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries of its securities (including the sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period. As at 30 June 2025, there were no treasury shares held by the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the Reporting Period (six months ended 30 June 2024: Nil).

EVENTS AFTER THE REPORTING PERIOD

- (a) With effect from 15 July 2025, the Company reduced the credit standing to the share capital account of the Company (the "Capital Reduction") by an amount of HK\$1,334,829,000 from HK\$2,080,113,000 to HK\$745,284,000. The Company shall apply the credit arising from the Capital Reduction to a capital reduction reserve account of the Company which shall be used by the Directors to eliminate its accumulated losses in accordance with the Company's articles of association and the Hong Kong Companies Ordinance. Further details of the Capital Reduction have been disclosed in the announcements of the Company dated 30 April 2025 and 15 July 2025, and the circular of the Company dated 9 May 2025.

- (b) On 31 July 2025, Noble Lion Education Company Limited, a wholly owned subsidiary of the Company, acquired 15% equity interest in KGH Holdings Limited (“KGH”), a company incorporated in the Republic of Seychelles, for a consideration of GBP853,000 (equivalent to HK\$9,195,000) (the “Acquisition”).

Furthermore, on the same date, K.P.I. Development Limited, an indirect wholly owned subsidiary of the Company, obtained control of the collateral, which represents 20% equity interest in KGH held by the debtor, following the enforcement of its creditor’s right against the debtor with loan receivables of GBP1,100,000 (equivalent to approximately HK\$11,858,000) (the “Repossession”).

Following the Acquisition and the Repossession, the Group holds 75% equity interest in KGH, thereby obtaining control over KGH. As a result, KGH will be accounted for as a subsidiary of the Company, and its financial performance, assets and liabilities will be consolidated into the Group’s consolidated financial statements. The Company is still in the process of preparing the initial accounting for the business combination up to the date of this announcement.

CORPORATE GOVERNANCE

The Company has met the relevant code provisions set out in the Corporate Governance Code (the “CG Code”) in Part 2 of Appendix C1 to the Listing Rules throughout the Reporting Period, except for code provision C.2.1 and code provision C.1.6:

Code Provision C.2.1

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Zhang Min, the Chief Executive Officer, has assumed the duties of Chairman of the Board during the Reporting Period. The Board is taking active steps to select a suitable Chairman to fulfill this code provision.

The Board considers that the Chairman’s responsibilities are to manage the Board whereas the Chief Executive Officer’s responsibilities are to manage the Company’s businesses. The responsibilities of the Chairman and the Chief Executive Officer respectively are clear and distinctive and hence written terms thereof are not necessary.

Code Provision C.1.6

Code provision C.1.6 of the CG Code stipulates that independent non-executive directors and other non-executive directors generally should attend general meetings.

Mr. Zhang Kun, the independent non-executive Director, was unable to attend the annual general meeting and the extraordinary general meeting both held on 3 June 2025 due to his other work commitment.

The Board will continue to review the corporate governance status of the Company from time to time and make any necessary changes to comply with the relevant code provisions in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Company Code") on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Company Code throughout the Reporting Period.

The Company has also established written guidelines (the "Employees Written Guidelines") on term no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the Reporting Period.

AUDIT COMMITTEE AND REVIEW OF UNAUDITED INTERIM RESULTS

The audit committee of the Company (the “Audit Committee”), which comprises five independent non-executive directors, has reviewed the interim results for the six months ended 30 June 2025. The Audit Committee considered that the unaudited condensed consolidated interim financial information for the Reporting Period is in compliance with the relevant financial reporting standards, requirement on the Listing Rules and the laws of Hong Kong, and the Company has made appropriate disclosures thereof. In addition, the independent auditor of the Company, Baker Tilly Hong Kong Limited, has reviewed the unaudited interim financial information for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410 “Reviews of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”) issued by the Hong Kong Institute of Certified Public Accountants. The report on review of interim financial information by the independent auditor of the Company will be included in the 2025 interim report to shareholders.

The primary duties of the Audit Committee include providing an independent view of the effectiveness of the Group’s financial report process, internal control and risk management system of the Group.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.cfsh.com.hk.

The 2025 Interim Report of the Company for the Reporting Period will be despatched to shareholders of the Company and published on both websites in due course.

On behalf of the Board
China Financial Services Holdings Limited
Chung Chin Keung
Company Secretary

Hong Kong, 28 August 2025

As at the date of this announcement, the directors of the Company are:

Executive Director:

Mr. Zhang Min (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Chan Chun Keung

Mr. Cheung Pak To

Mr. Lee Ka Wai

Madam Zhan Lili

Mr. Zhang Kun