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INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

	Unaudited six months ended 30 June 2026 HK\$'000	Unaudited six months ended 30 June 2025 HK\$'000	Percentage changes %
Interest and financing consultancy services income	41,439	39,595	4.7%
Profit/(loss) for the period attributable to owners of the Company	125,760	(29,599)	524.9%
	HK\$	HK\$	
Basic earnings/(loss) per share	0.62	(0.15)	513.3%

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 2026 (the “Reporting Period”) together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		For the six months ended 30 June	
		2026	2025
	Notes	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Interest and financing consultancy services income	3	41,439	39,595
Interest and handling expenses	3	<u>(11,727)</u>	<u>(23,907)</u>
Net interest income and service income	3	29,712	15,688
Education service income	3	20,897	–
Other income and other gains and losses	4	38,786	(4,667)
Impairment losses on financial instruments, net of reversal		(3,480)	(3,991)
Impairment loss on goodwill		(2,582)	–
Reversal of loan and interest payables	11(c)	115,883	1,907
Reversal of liabilities arising from loan guarantee contracts	11(d)	16,855	–
General and administrative expenses		(83,456)	(34,880)
Share of results of associates		<u>(138)</u>	<u>(326)</u>
Profit/(loss) before taxation	5	132,477	(26,269)
Income tax	6	<u>(6,168)</u>	<u>(2,296)</u>
Profit/(loss) for the period		<u>126,309</u>	<u>(28,565)</u>
Attributable to:			
Owners of the Company		125,760	(29,599)
Non-controlling interests		<u>549</u>	<u>1,034</u>
Profit/(loss) for the period		<u>126,309</u>	<u>(28,565)</u>
Earnings/(loss) per share	7	HK\$	HK\$
– Basic		<u>0.62</u>	<u>(0.15)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	For the six months ended 30 June	
	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit/(loss) for the period	126,309	(28,565)
Other comprehensive income 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>31,155</u>	<u>14,988</u>
Total comprehensive income/(expense) for the period	<u>157,464</u>	<u>(13,577)</u>
Attributable to:		
Owners of the Company	153,792	(15,786)
Non-controlling interests	<u>3,672</u>	<u>2,209</u>
Total comprehensive income/(expense) for the period	<u>157,464</u>	<u>(13,577)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

		At 30 June 2026 <i>HK\$'000</i> (Unaudited)	At 31 December 2025 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		68,676	68,658
Investment properties		44,413	33,228
Goodwill		280,813	272,616
Intangible assets		4,929	5,089
Interests in associates		12,442	12,446
Loan receivables	9	95,422	89,005
Deferred tax assets		4,425	4,601
		<u>511,120</u>	<u>485,643</u>
Current assets			
Loan receivables	9	886,254	826,073
Interest receivables	10	1,765	2,230
Accounts receivables		–	554
Reposessed assets		47,461	45,900
Other receivables, deposits and prepayments		69,011	72,964
Amounts due from associates		205	205
Other financial assets		436	2,578
Cash and cash equivalents		<u>213,178</u>	<u>276,871</u>
		<u>1,218,310</u>	<u>1,227,375</u>

		At 30 June 2026 <i>HK\$'000</i> (Unaudited)	At 31 December 2025 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Borrowings and loan payables	11	430,485	569,292
Other payables, accruals and deposit received		161,791	138,355
Liabilities arising from loan guarantee contracts	11(d)	19,807	35,487
Amounts due to associates		3,356	3,560
Unsecured bonds		–	10,000
Derivative financial instruments		–	217
Lease liabilities		2,873	3,638
Tax payables		99,597	96,383
		<u>717,909</u>	<u>856,932</u>
Net current assets		<u>500,401</u>	<u>370,443</u>
Total assets less current liabilities		<u>1,011,521</u>	<u>856,086</u>
Non-current liabilities			
Lease liabilities		2,532	503
Deferred tax liabilities		18,045	21,033
		<u>20,577</u>	<u>21,536</u>
Net assets		<u><u>990,944</u></u>	<u><u>834,550</u></u>
Equity			
Share capital		745,284	745,284
Reserves		157,325	3,533
Total equity attributable to owners of the Company		<u>902,609</u>	<u>748,817</u>
Non-controlling interests		<u>88,335</u>	<u>85,733</u>
Total equity		<u><u>990,944</u></u>	<u><u>834,550</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 2026 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 2025. The policies of the Group on financial risk management were set out in the consolidated financial statements included in the Company’s 2025 annual report and there have been no significant changes in these policies for the six months ended 30 June 2026.

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 2025 that is included in this announcement of interim results 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 2025 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 2025. 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 2026 are the same as those presented in the annual consolidated financial statements of the Group for the year ended 31 December 2025.

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 HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2026 for the preparation of the Group's interim financial information:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – Dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The application of the amendments to HKFRS Accounting Standards 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	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue not within the scope of HKFRS 15		
Interest and financing consultancy services income from:		
Pawn loans, loan receivables from micro-lending and money-lending	41,242	39,534
Other loan receivables	197	61
	41,439	39,595
Interest and handling expenses from:		
Borrowings and loan payables	(7,026)	(8,277)
Loan payables from the Incidents (as defined in Note 11(c))	(4,383)	(15,164)
Lease liabilities	(89)	(223)
Unsecured bonds	(223)	(237)
Other finance costs	(6)	(6)
	(11,727)	(23,907)
Net interest income and service income	29,712	15,688
Revenue within the scope of HKFRS 15		
Recognised over time:		
Education service income	20,897	–

b) Segment Information

Operating segment information

Information reported to the executive directors of the Company, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focused on the business units of the Group. The Group is engaged in education service upon obtaining control of KGH Holdings Limited in July 2025 and it is considered as a new separate operating and reportable segment by the CODM since then.

Specifically, the Group’s reportable segments under HKFRS 8 “Operating Segments” are (i) financing services and (ii) education service.

During the six months ended 30 June 2025, the directors of the Company determined that the Group has only one reportable segment as the Group was principally engaged in providing financing services which was the basis to allocate resources and assess performance of the Group.

Segment revenues and results

The following is an analysis of the Group’s revenue and results by reportable segments:

	For the period ended 30 June 2026		
	Financing services HK\$’000	Education service HK\$’000	Total HK\$’000
Segment revenue			
(from external customers)	41,439	20,897	62,336
Segment results	99,841	739	100,580
Other income and other gains and losses			38,786
Unallocated general and administrative expenses			(6,751)
Share of results of associates			(138)
Profit before taxation			132,477

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of other income and other gains and losses, certain administrative and other expenses, share of results of associates. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Geographical information

Revenue from external customers

	2026	2025
	HK\$'000	HK\$'000
Hong Kong	10,780	11,315
The People's Republic of China (the "PRC")	30,659	28,280
United Kingdom ("UK")	20,897	–
	62,336	39,595

The geographic location of revenue from external customers is based on the location at which the services are rendered.

Information about major customers

There was no customer who individually contributed over 10% of the Group's revenue for the six months ended 30 June 2026 and 2025.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

		For the six months ended 30 June	
		2026	2025
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
a) Other Income			
Bank interest income		345	656
Others		431	859
		<u>776</u>	<u>1,515</u>
b) Other Gains and Losses			
(Loss)/gain from changes in fair value of financial assets at fair value through profit or loss ("FVTPL"), net		(342)	2,174
Net gain on derivative financial instruments		217	–
Recovery of bad debt (Note)		41,895	–
Reversal of/(provision for) impairment losses on repossessed assets		694	(3,088)
Loss on disposal of repossessed assets		(258)	(800)
Loss from changes in fair value of investment properties		(2,890)	(202)
Loss on disposal of intangible assets		(104)	–
Gain on early termination of lease contracts		91	–
Exchange loss, net		(739)	(4,266)
Others		(554)	–
		<u>38,010</u>	<u>(6,182)</u>
Total		<u><u>38,786</u></u>	<u><u>(4,667)</u></u>

Note:

Receivables of HK\$41,895,000 previously written off were recovered during the six months ended 30 June 2026 as a result of management's continued recovery action. Accordingly, a bad debt recovery of HK\$41,895,000 was recognised in profit or loss for the period.

5. PROFIT/(LOSS) BEFORE TAXATION

The Group's profit/(loss) before taxation is arrived at after charging:

	For the six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Staff costs (including directors' emoluments):		
Salaries, allowances and other benefits	30,467	15,354
Contributions to defined contribution retirement plans	4,383	2,196
	<u>34,850</u>	<u>17,550</u>
(b) Other items:		
Depreciation of property, plant and equipment		
– self-owned assets	1,211	660
– right-of-use assets	2,128	2,292
	<u>3,339</u>	<u>2,952</u>

6. INCOME TAX

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

	For the six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – the PRC Enterprise Income Tax		
Provision for the current period	3,181	2,066
(Over)/under-provision in respect of prior periods	(7)	65
Withholding tax on dividends		
Provision for the period	6,205	770
Deferred tax		
Origination and reversal of temporary differences	(3,211)	(605)
	<u>6,168</u>	<u>2,296</u>

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of HK\$125,760,000 (six months ended 30 June 2025: loss attributable to owners of the Company of HK\$29,599,000) 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 2025: 203,529,367).

The computation of diluted earnings/(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 earnings/(loss) per share is same as the basic earnings/(loss) per share.

8. INTERIM DIVIDEND

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

9. LOAN RECEIVABLES

	At 30 June 2026 <i>HK\$'000</i> (Unaudited)	At 31 December 2025 <i>HK\$'000</i> (Audited)
Pawn loan receivables	172,747	207,163
Loan receivables arising from:		
– Micro-lending	729,113	643,858
– Money-lending	187,694	139,099
Loan receivables from the Incidents	810,431	779,324
Other loan receivables	97,877	124,449
	1,997,862	1,893,893
Less: Impairment	(1,016,186)	(978,815)
	<u>981,676</u>	<u>915,078</u>
Amounts due within one year	886,254	826,073
Amounts due after one year	95,422	89,005
	<u>981,676</u>	<u>915,078</u>

The loan receivables in the PRC carry interest plus service charge at a range of monthly effective rates of 0.68% to 2.50% (31 December 2025: 0.68% to 2.50%), and the loan receivables in Hong Kong carry interest at a range of monthly effective rates of 0.35% to 3.97% (31 December 2025: 0.35% to 3.82%).

A typical loan generally has a term of 90 days to 30 years (31 December 2025: 90 days to 30 years).

As at 30 June 2026, included in the Group's loan receivables balance are debtors with aggregate carrying amount (net of expected credit loss ("ECL")) of HK\$394,620,000 (31 December 2025: HK\$402,218,000) which are past due. Out of the past due balances, HK\$384,554,000 (31 December 2025: HK\$389,900,000) 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 2026, after considering the fair value of the collateral securing the relevant loans, impairment allowance of HK\$5,091,000 (six months ended 30 June 2025: HK\$6,167,000) was made on credit-impaired debtors.

As at 30 June 2026, loan receivables of RMB53,658,000 (equivalent to approximately HK\$61,779,000) (31 December 2025: RMB80,371,000 (equivalent to approximately HK\$88,983,000)) 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. Service fee of HK\$29,944,000 (six months ended 30 June 2025: Nil) was charged by Zhongjin Jiasheng which was set off against part of the above loan receivables during the period. Included in other payables, there is an outstanding balance of RMB17,500,000 (equivalent to approximately HK\$20,149,000) payable to Zhongjin Jiasheng as at 30 June 2026 (31 December 2025: Nil).

* *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 2026 (Unaudited)

	Pawn loan receivables <i>HK\$'000</i>	Loan receivables arising from micro-lending <i>HK\$'000</i>	Loan receivables arising from money-lending <i>HK\$'000</i>	Loan receivables from the Incidents <i>HK\$'000</i>	Other loan receivables <i>HK\$'000</i>	Total <i>HK\$'000</i>
Due within 1 month or on demand	172,747	336,588	7,066	810,431	97,877	1,424,709
Due after 1 month but within 3 months	–	76,037	15,433	–	–	91,470
Due after 3 months but within 6 months	–	91,762	39,574	–	–	131,336
Due after 6 months but within 12 months	–	194,452	59,252	–	–	253,704
Due after 12 months	–	30,274	66,369	–	–	96,643
Impairment	(73,631)	(102,876)	(2,742)	(810,431)	(26,506)	(1,016,186)
	<u>99,116</u>	<u>626,237</u>	<u>184,952</u>	<u>–</u>	<u>71,371</u>	<u>981,676</u>

As at 31 December 2025 (Audited)

	Pawn loan receivables <i>HK\$'000</i>	Loan receivables arising from micro-lending <i>HK\$'000</i>	Loan receivables arising from money-lending <i>HK\$'000</i>	Loan receivables from the Incidents <i>HK\$'000</i>	Other loan receivables <i>HK\$'000</i>	Total <i>HK\$'000</i>
Due within 1 month or on demand	166,199	378,514	11,226	779,324	124,449	1,459,712
Due after 1 month but within 3 months	9,964	35,754	2,528	–	–	48,246
Due after 3 months but within 6 months	9,134	89,506	38,648	–	–	137,288
Due after 6 months but within 12 months	21,866	105,639	31,001	–	–	158,506
Due after 12 months	–	34,445	55,696	–	–	90,141
Impairment	(71,724)	(98,642)	(3,540)	(779,324)	(25,585)	(978,815)
	<u>135,439</u>	<u>545,216</u>	<u>135,559</u>	<u>–</u>	<u>98,864</u>	<u>915,078</u>

10. INTEREST RECEIVABLES

	At 30 June 2026 <i>HK\$'000</i> (Unaudited)	At 31 December 2025 <i>HK\$'000</i> (Audited)
Interest receivables	<u>1,765</u>	<u>2,230</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 2026 <i>HK\$'000</i> (Unaudited)	At 31 December 2025 <i>HK\$'000</i> (Audited)
Within 1 month	1,180	1,295
1 to 3 months	21	59
3 to 6 months	32	183
Over 6 months	<u>532</u>	<u>693</u>
	<u>1,765</u>	<u>2,230</u>

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

As at 30 June 2026, included in the Group's interest receivables balance are debtors with aggregate carrying amount (net of ECL) of HK\$607,000 (31 December 2025: HK\$994,000) which are past due. Out of the past due balances, HK\$82,000 (31 December 2025: HK\$885,000) 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 2026, reversal of impairment allowance of HK\$611,000 (six months ended 30 June 2025: impairment allowance of HK\$247,000) was made on credit-impaired debtors.

11. BORROWINGS AND LOAN PAYABLES

		At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
	Notes		
Borrowings from independent third parties	(a)	22,315	38,201
Borrowings from shareholders		51,659	88,673
Borrowings from related parties	(b)	157,225	141,819
Loan payables arising from the Incidents	(c)	199,286	300,599
		430,485	569,292
Amounts due within one year		430,485	569,292

Notes:

- (a) The borrowings from independent third parties of HK\$22,315,000 (31 December 2025: HK\$32,701,000) bore finance costs measured at a range of annualised rates of 7% to 8.5% (31 December 2025: 7.5% to 9.5%), were repayable within one year and not secured by any assets or guarantees of the Group.

At 31 December 2025, the borrowings from independent third parties of HK\$5,500,000 bore finance costs measured at an annualised rate of 9.25%, were repayable within one year and secured by loan receivables of the Group of HK\$6,500,000.

- (b) The borrowings from Mr. Zhang Min, an executive director and chief executive officer of the Company, of HK\$10,198,000 (31 December 2025: HK\$24,447,000) bore finance costs measured at a range of annualised rates of 7% to 7.6% (31 December 2025: 7.6%), and were repayable within one year and not secured by any assets or guarantees of the Group.

The borrowings from 北京嘉林國際諮詢管理有限公司 (“嘉林國際”), a company that is indirectly controlled by Madam Lo Wan (“Madam Lo”), a substantial shareholder of the Company, of HK\$147,027,000 (31 December 2025: HK\$117,372,000) bore finance costs measured at a range of annualised rates of 5% to 7% (2025: 7%) 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 2026, 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 loan payables and interest payables of HK\$115,883,000 (six months ended 30 June 2025: HK\$1,907,000) were reversed to profit or loss during the six months ended 30 June 2026. There were no Unauthorised Loans concluded through court decision during the six months ended 30 June 2026 and 2025.

As at 30 June 2026, unsettled Unauthorised Loans and related interest payables amounted to HK\$84,471,000 (31 December 2025: HK\$92,737,000) and HK\$41,557,000 (31 December 2025: HK\$35,926,000) respectively. Interest expenses of HK\$4,383,000 (six months ended 30 June 2025: HK\$15,164,000) in relation to those unsettled Unauthorised Loans were recognised in profit or loss during the six months ended 30 June 2026.

- (d) As at 30 June 2026, the liabilities arising from loan guarantee contracts represent the outstanding balance of Unauthorised Guarantees of HK\$19,807,000 (31 December 2025: HK\$35,487,000) if the guarantees were called upon in their entirety.

During the six months ended 30 June 2026, the Group, with the assistance of Zhongjin Jiasheng, had successfully finalised and settled with certain investors/ lenders in respect of the Unauthorised Guarantees, and hence, the respective liabilities arising from loan guarantee contracts of HK\$16,855,000 (six months ended 30 June 2025: Nil) were reversed to profit or loss during the six months ended 30 June 2026.

12. EVENTS AFTER REPORTING PERIOD

Thetford Grammar School Limited, a non-wholly owned subsidiary of the Company and the principal operating entity of the Group’s education services segment, will cease its school operations upon completion of the 2025/26 academic year by the end of August 2026. No adjustment has been made in the interim financial information in this regard.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2026, the Chinese Mainland economy demonstrated resilience and operated within an appropriate range against pressure, continuing a steady trajectory. According to data from the National Bureau of Statistics, Gross Domestic Product (GDP) grew by 4.7% year-on-year in the first half of 2026, reaching approximately RMB69.57 trillion. The country's growth pace aligned with its annual target, driven heavily by new growth drivers – such as high-end manufacturing, the digital economy, and modern services – which contributed over 40% to overall expansion. Structural adjustments continued to pose challenges; fixed-asset investment across the nation recorded minor baseline adjustments, heavily influenced by the protracted adjustment cycle in real estate development investment. Total retail sales of consumer goods reached RMB24.87 trillion, growing by 1.3% year-on-year, reflecting a more cautious yet sustained momentum in Chinese Mainland consumption recovery.

In Hong Kong, the economy expanded robustly, with real GDP growing by 5.9% year-on-year in the first quarter of 2026, accelerating from the preceding quarters. This strong performance was primarily driven by a sustained resurgence in external trade and a notable pick-up in domestic demand. Private consumption and tourism continued to anchor the local economy, while the value of retail sales showed positive momentum, increasing by 8.6% year-on-year as of April 2026. Inflation remained well-anchored and moderate, with the Composite Consumer Price Index increasing by approximately 2.0% year-on-year by May 2026.

Within the real estate sector, the Chinese Mainland market remained under pressure as it navigated an extended stabilisation phase. In Hong Kong, the residential market maintained a cautious stance, characterised by localised price fluctuations and a prevalent wait-and-see sentiment among buyers. In the mortgage lending segment, credit demand remained subdued. According to the People's Bank of China, the five-year Loan Prime Rate (LPR) was maintained at 3.50% through the first half of 2026, sustaining a stable policy rate environment to support the broader market, though actual corporate and individual housing mortgage demand has yet to experience a robust revival. The microfinance and licensed lending industries stayed broadly stable but faced marginal scale contractions due to tight regulatory compliance and selective risk appetites.

Overall, while the macroeconomic landscape of Mainland China and Hong Kong showed clear points of resilience in the first half of 2026, property market adjustments and soft mortgage demand persisted as key variables. The Board and management of the Company will continue to closely monitor macroeconomic policy shifts, specific financial rescue measures for the property sector, domestic consumption dynamics, and external geopolitical risks. Moving forward, the Group will actively optimise its asset allocation, strengthen digital risk management controls, and prudently manage its real estate-related credit exposure while exploring high-potential alternative segments, such as consumer finance, to capture market 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.

As of the end of June 2026, the Group's total loan balances reached approximately HK\$981,676,000, representing an increase of about 7.3% as compared to the total loan balances as at 31 December 2025. Chengdu contributed a higher proportion of revenue compared to the other three regions, while Shenzhen and Beijing 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 expand fiscal expenditure and implement targeted structural measures to mitigate risks in the real estate sector, refine supportive financial policies, and foster the sustainable growth of this critical industry.

In Hong Kong, the 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-Macau Greater Bay Area continues to create significant opportunities for Hong Kong, driving deeper economic integration, strengthening the city's position as a premier offshore RMB hub, and fueling long-term commercial 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 90.2% of the entire loan portfolio of the Group as at 30 June 2026. 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 at an acceptable level as determined by the management from time to time. Unsecured loans accounted for approximately 8.8% of the entire loan portfolio of the Group. As at 30 June 2026, the Group had 1,072 active customers, of which 1,034 of them were individual customers and the remaining 38 were corporate customers; and of which 560 of them were secured customers and 512 of them were unsecured customers. The interest and service fees charged at a range of monthly effective rates of 0.68% to 2.50% for PRC loans and the interest charged at a range of monthly effective rates of 0.35% to 3.97% 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 17.79% of the total outstanding balances of the Group’s loan portfolio as of 30 June 2026.

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\$41,439,000, representing an increase of about 4.7% compared to that of approximately HK\$39,595,000 for the corresponding period last year. The increase was mainly due to the revenue growth attributable to Chinese Mainland and Hong Kong economic growth.

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

	Six months ended 30 June	
	2026	2025
Beijing	26.4%	25.2%
Chengdu & Chongqing	30.5%	35.4%
Shenzhen	17.1%	10.8%
Hong Kong	26.0%	28.6%

Education service income

The Group is engaged in education service upon obtaining control of KGH Holdings Limited ("KGH") in July 2025. During the Reporting Period, income derived from education services amounted to approximately HK\$20,897,000. Due to various reasons explained in details under the section headed "Events After the Reporting Period" on page 29, Thetford Grammar School Limited ("Thetford", together with KGH, the "KGH Group"), the subsidiary of KGH, will fully cease its education services operations by the end of August 2026.

Interest and handling expenses

Interest and handling expenses represent finance costs incurred for the Reporting Period. The amount decreased from approximately HK\$23,907,000 for the corresponding period in 2025, to approximately HK\$11,727,000 for the Reporting Period, representing a decrease of about 50.9%.

Other income and other gains and losses

Other income mainly includes bank interest income of approximately HK\$345,000 and others of approximately HK\$431,000. Other gains and losses mainly includes loss from changes in fair value of financial assets at FVTPL of approximately HK\$342,000, recovery of bad debts of approximately HK\$41,895,000, reversal of impairment losses on repossessed assets of HK\$694,000, loss on disposal of repossessed assets of approximately HK\$258,000, loss from change in fair value of investment properties of approximately HK\$2,890,000, a net exchange loss of approximately HK\$739,000 and others of approximately HK\$554,000 recognised in the Reporting Period.

Reversal of loan and interest payables and reversal of liabilities arising from loan guarantee contracts

There was a one-off other income from reversal of loan and interest payables and reversal of liabilities arising from loan guarantee contracts in the amounts of approximately HK\$115,883,000 and HK\$16,855,000 respectively 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 and Unauthorised Guarantees involved in the Incident (as defined in Note 11(c) to the condensed consolidated financial statements) and hence, the respective loan and interest payables and liabilities arising from loan guarantee contracts 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 increased by 139.3% to approximately HK\$83,456,000, which primarily comprise staff costs and related expenses, legal and professional fees, consultancy fees, depreciation of property, plant and equipment and general office expenses. The increase was primarily attributable to (i) a non-recurring service fee of approximately HK\$29,944,000 (six months ended 30 June 2025: Nil) charged by Zhongjin Jiasheng in relation to the settlement with certain investors/lenders relating to the Unauthorised Loans and Unauthorised Guarantees, and (ii) upon obtaining control of KGH in July 2025, the Group recorded additional payroll expenses of approximately HK\$16,575,000 and other general and administrative expenses of approximately HK\$3,637,000 for the Reporting Period as a result of the consolidation of KGH Group's workforce and ongoing operational activities. 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.

Profit for the period

Profit for the Reporting Period attributable to owners of the Company was approximately HK\$125,760,000, as compared to loss of approximately HK\$29,599,000 for the first half of 2025. The turnaround from loss to profit for the Reporting Period was mainly attributable to (i) the reversal of loan and interest payables and reversal of liabilities arising from loan guarantee contracts amounting to approximately HK\$115,883,000 and HK\$16,855,000 respectively resulted from finalising the settlement with certain investors/lenders in respect of the Unauthorised Loans and Unauthorised Guarantees; and (ii) the reduction in interest and handling expenses by approximately 50.9% during the Reporting Period.

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\$500,401,000 and approximately HK\$902,609,000 respectively. The Group's outstanding borrowings and loan payables as at the end of the Reporting Period amounted to approximately HK\$430,485,000, showing a decrease of approximately 24.4% as compared to the outstanding borrowings and loan payables and unsecured bond as at 31 December 2025, 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 2026.

Ratio

As at the end of the Reporting Period, the current ratio⁽ⁱ⁾ and the gearing ratio⁽ⁱⁱ⁾ of the Group are 1.70 and 0.22 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 2026, the Group had approximately 170 employees in the PRC, Hong Kong and the United Kingdom, of which 98 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\$34,850,000, representing an increase of approximately 98.6% as compared to the figure of previous period. The significant rise was primarily attributable to the consolidation of the payroll expenses of KGH Group's workforce, amounting to approximately HK\$16,575,000 for the Reporting Period, upon obtaining control of KGH in July 2025. The Group has also implemented training programs for staff training and development covering various aspects.

Charge on Assets

As of 30 June 2026, there were no charges on the assets of 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 (as referred to in Note 11(c) to the condensed consolidated financial statements) amounted to approximately HK\$199,286,000 are denominated in RMB and cash and cash equivalents amounted to approximately HK\$201,042,000 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 2026.

Equity Fund Raising

There was no equity fund raising or sale of treasury shares by the Company during the Reporting Period, nor were there any unutilised proceeds brought forward from any issue of equity securities or sale of treasury shares made in previous financial years.

Significant Investments Held, Material Acquisitions and Disposals and Future Plans for Investments

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 or capital assets 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 26 August 2026.

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) during the Reporting Period. As at 30 June 2026, 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 2025: Nil).

EVENTS AFTER THE REPORTING PERIOD

Following the retirement of Madam Zhan Lili on 28 May 2026, the Board comprised only male Directors until Ms. Cheung Amy was appointed as an executive Director with effect from 7 August 2026. Ms. Cheung Amy has also been appointed as a member of each of the Remuneration Committee, the Nomination Committee, and the Business Risks Committee of the Company.

Following the appointment of Ms. Cheung Amy, the Board comprises members of different genders. Accordingly, the Company has fully re-complied with the board diversity requirement under Rule 13.92 of the Listing Rules after the Reporting Period.

Besides, Thetford, a non-wholly owned subsidiary of the Company, has experienced unsustainable financial pressure driven by the cumulative impact of several recent regulatory and macroeconomic changes in the United Kingdom. These include the introduction of the 20% VAT tariff on private school fees, the removal of business rates relief, increased employer pension contributions, and rising minimum wage and operating costs.

As a result of such strenuous operating environment, coupled with a steady decline in pupil enrollment over the past two years, the management of Thetford has made the difficult decision to fully cease all operations by the end of August 2026 as formally and publicly communicated in April 2026. In response to the closure, the management of Thetford has initiated and executed a comprehensive redundancy plan in strict compliance with all relevant regulations and statutory ordinances in the United Kingdom.

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 provisions B.3.5 and C.1.6:

Code Provision B.3.5

Code provision B.3.5 of the CG Code stipulates that issuers should appoint at least one director of a different gender to the nomination committee.

Following the retirement of Madam Zhan Lili on 28 May 2026, the Nomination Committee temporarily comprised members of a single gender until Ms. Cheung Amy was appointed as a member of the Nomination Committee with effect from 7 August 2026. The temporary deviation arose solely as a result of transitional changes to the composition of the Board. The Board considered that the Nomination Committee continued to operate effectively during this period.

Following the appointment of Ms. Cheung Amy, the Nomination Committee comprises members of different genders, thereby fully re-complied with code provision B.3.5 under the CG Code.

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 and Madam Zhan Lili were unable to attend the annual general meeting held on 28 May 2026 due to their 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 four independent non-executive directors and one non-executive director, has reviewed the interim results for the six months ended 30 June 2026. 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 2026 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 2026 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, 26 August 2026

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

Executive Directors:

Ms. Cheung Amy

Mr. Zhang Min (*Chief Executive Officer*)

Non-executive Director:

Dr. Cheung Chai Hong (*Chairman*)

Independent Non-executive Directors:

Mr. Chan Chun Keung

Mr. Cheung Pak To

Mr. Lee Ka Wai

Mr. Zhang Kun