



SOUTH CHINA FINANCIAL HOLDINGS LIMITED

南華金融控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00619)

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2026

UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of South China Financial Holdings Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2026 (the “Period”) together with the relevant comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six Months ended 30 June	
		2026 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000
	Notes		
Revenue	3, 4	19,616	19,441
Other income		2,797	793
Fair value gain/(loss) on investment properties		1,700	(21,000)
Fair value (loss)/gain on financial assets at fair value through profit or loss		(16,708)	2,103
Fair value gain/(loss) on convertible bonds		20,594	(4,698)
Impairment of loans and trade receivables, net		(4,003)	(3,496)
Other operating expenses		(33,528)	(34,732)
Loss from operating activities		(9,532)	(41,589)
Finance costs	6	(4,297)	(5,217)
Loss before tax	5	(13,829)	(46,806)
Income tax	7	—	—
Loss for the period		(13,829)	(46,806)
Loss for the period attributable to equity holders of the Company:		(13,829)	(46,806)
Loss per share attributable to equity holders of the Company	9		
Basic and diluted		(4.6)	(15.5)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(13,829)	(46,806)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods	1,105	549
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	(280)	3,465
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	825	4,014
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(13,004)	(42,792)
Attributable to:		
Equity holders of the Company	(13,004)	(42,792)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2026 (Unaudited) HK\$'000	As at 31 December 2025 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		815	983
Investment properties	10	247,000	245,300
Right-of-use assets	11	83,248	83,783
Intangible assets		971	1,014
Other assets		5,569	5,812
Debt investments at fair value through other comprehensive income		3,100	3,100
Total non-current assets		340,703	339,992
CURRENT ASSETS			
Financial assets at fair value through profit or loss	12	42,565	65,720
Loans receivable	13	33,809	31,142
Trade receivables	14	20,314	49,424
Prepayments, other receivables and other assets		13,734	14,761
Pledged bank deposits		500	500
Cash held on behalf of clients		314,639	358,711
Cash and bank balances		36,299	42,859
Total current assets		461,860	563,117
CURRENT LIABILITIES			
Client deposits		310,978	372,126
Trade payables	15	22,921	41,522
Other payables and accruals		38,526	41,959
Deposit received		546	2,044
Interest-bearing bank and other borrowings	16	186,542	180,280
Convertible bonds	17	–	142,200
Tax payables		14	16
Total current liabilities		559,527	780,147
NET CURRENT LIABILITIES		(97,667)	(217,030)
TOTAL ASSETS LESS CURRENT LIABILITIES		243,036	122,962

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

		As at 30 June 2026 (Unaudited) HK\$'000	As at 31 December 2025 (Audited) HK\$'000
	Notes		
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	16	63,295	50,768
Convertible bonds	17	118,910	–
Deposits received		1,783	422
Deferred tax liabilities		11,244	10,964
Total non-current liabilities		195,232	62,154
Net assets		47,804	60,808
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	18	1,085,474	1,085,474
Reserves		(1,037,670)	(1,024,666)
Total equity		47,804	60,808

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company			
	Share capital	Other reserves	Accumulated losses	Total equity
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
At 1 January 2026	1,085,474	311,849	(1,336,515)	60,808
Loss for the period	–	–	(13,829)	(13,829)
Other comprehensive income for the period	–	825	–	825
Total comprehensive loss for the period	–	825	(13,829)	(13,004)
At 30 June 2026	1,085,474	312,674*	(1,350,344)*	47,804
At 1 January 2025	1,085,474	304,762	(1,314,052)	76,184
Loss for the period	–	–	(46,806)	(46,806)
Other comprehensive income for the period	–	4,014	–	4,014
Total comprehensive income/(loss) for the period	–	4,014	(46,806)	(42,792)
Transfer of share option reserve upon forfeiture of share options	–	(559)	559	–
At 30 June 2025	1,085,474	308,217*	(1,360,299)*	33,392

* As at 30 June 2026, these reserve accounts comprise the consolidated reserve with a debit balance of HK\$1,037,670,000 (30 June 2025: HK\$1,052,082,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash flows (used in)/from operating activities	<u>(28,102)</u>	<u>4,415</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Dividend income received from listed investments	9	6
Purchases of items of property, plant and equipment	(11)	(127)
Decrease/(Increase) in other assets	243	(44)
Net inflow of cash in respect of disposal of a subsidiary	<u>1,800</u>	<u>–</u>
Net cash flows from/(used in) investing activities	<u>2,041</u>	<u>(165)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	24,395	13,888
Repayment of bank and other borrowings	(5,850)	(4,000)
Lease payments	<u>(138)</u>	<u>(122)</u>
Net cash flows from financing activities	<u>18,407</u>	<u>9,766</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(7,654)</u>	<u>14,016</u>
Cash and cash equivalents at beginning of the period	41,640	34,541
Effect of foreign exchange rate changes, net	<u>722</u>	<u>150</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>34,708</u></u>	<u><u>48,707</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Total cash and bank balances	36,299	49,565
Bank overdrafts included in bank and other borrowings	<u>(1,591)</u>	<u>(858)</u>
Total cash and cash equivalents	<u><u>34,708</u></u>	<u><u>48,707</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim results of the Group and the unaudited condensed consolidated interim financial statements (the “interim financial statements”) have been reviewed by the audit committee of the Company.

The interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with Hong Kong Accounting Standard (the “HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read, where relevant, in conjunction with the 2025 annual financial statements of the Group.

The financial information relating to the year ended 31 December 2025 that is included in the unaudited interim condensed consolidated statement of financial position as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follow:

The Company has delivered the 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 auditors have reported on the financial statements for the year ended 31 December 2025. The auditor’s report was unqualified, and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

Going concern basis

During the period ended 30 June 2026, the Group incurred a net loss of HK\$13,829,000. In addition, as at 30 June 2026, the Group’s current liabilities exceeded its current assets by HK\$97,667,000 and had cash and bank balances of HK\$36,299,000, while its total interest-bearing bank and other borrowings and convertible bonds aggregating to HK\$368,747,000, of which HK\$186,542,000 was classified as current liabilities. Further, the Group’s ability to operate as a going concern depends on the continuing financial support from the Company’s substantial shareholder and a director and an aggregate loan amount of HK\$42,495,000 were drawn down from these related parties as at 30 June 2026. These conditions indicate the existence of a material uncertainty relating to going concern.

In view of these circumstances, the directors of the Company (the “Directors”) have given careful consideration of the liquidity requirement for the Group’s operations, the performance of the Group and available sources of financing in assessing whether the Group will have sufficient funds to fulfil its financial obligations and to continue as a going concern. The Directors have undertaken a number of plans and measures to improve the Group’s liquidity and financial position, including:

- (a) As at 30 June 2026, a director of the Company, who is also a substantial shareholder of the Company (the “Substantial Shareholder”) and another director of the Company, have provided unsecured interest-free loan facilities of HK\$50,000,000 and HK\$50,000,000, respectively, to the Group to finance its operation with a maturity date on 31 December 2027 and of which, HK\$40,895,000 was utilised;
- (b) In January 2026, the Group has successfully extended the maturity date of each of the convertible bonds with principal amounts of HK\$89,840,000 and HK\$50,000,000, with an original maturity in January 2026 and June 2026, respectively, for another three years. In addition, the holders of these convertible bonds have also confirmed in writing that they will not request for the redemption of their convertible bonds for not less than twelve months from the end of the reporting date; and
- (c) The Directors are considering various alternatives to strengthen the capital base of the Group including but not limited to disposal of investment properties, cost restructuring, and seeking new investment and business opportunities.

1. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

Taking into account reasonably the financial resources available including the available banking facilities and credit facilities provided by the Substantial Shareholder and other directors of the Company, the internally generated funds from operations, proceeds from disposal of assets, and cash and bank balances of the Group, the Directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2026. Accordingly, the Directors consider it is appropriate to prepare the interim financial statement on a going concern basis.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial statements.

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i>
<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

The natures and impacts of the amended HKFRS Accounting Standards to the Group are described below.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Prior to the initial application of the amendments, the Group derecognised trade payables that were settled by cheques upon the issuance of cheques to creditors. Upon applying the amendments, trade payables that were settled by cheques are derecognised on the settlement date which is the date when the cheques are derecognised on the settlement date which is the date when the cheques are cleared by banks. The change in accounting policy did not have a material impact on the Group's interim condensed consolidated financial information. The change in accounting policy will be reflected in the Group's consolidated financial statements for the year ending 31 December 2026.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments did not have any impact on the interim condensed consolidated financial information of the Group.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendment did not have any impact on the interim condensed consolidated financial information of the Group.

3. SEGMENTAL INFORMATION

The Group manages its business by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments as summarised below.

	Six months ended 30 June			
	2026 Revenue (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000	2026 (Loss)/profit before tax (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000
Broking	6,386	7,723	(5,163)	(7,896)
Margin financing and money lending	5,585	6,700	292	286
Corporate advisory and underwriting	6,308	848	1,482	(1,606)
Assets and wealth management	323	308	(473)	(2,104)
Trading and investment	(2,506)	(18)	(21,345)	(569)
Property investment	3,140	3,522	3,032	(19,804)
Others	380	358	(1,339)	(1,366)
Corporate and other unallocated income/(expenses), net	—	—	13,972	(8,539)
Finance cost (other than lease liabilities)	—	—	(4,287)	(5,208)
Consolidated	<u>19,616</u>	<u>19,441</u>	<u>(13,829)</u>	<u>(46,806)</u>

Over 97 per cent of the Group's revenue were derived from operations in Hong Kong.

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2026 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000
<i>Revenue from contracts with customers:</i>		
Commission and brokerage income	5,990	7,271
Rendering of services	6,551	1,206
Handling fee income	695	723
	<u>13,236</u>	<u>9,200</u>
<i>Revenue from other sources:</i>		
Loss on the trading of securities, funds, bonds, bullion and future contracts, net	(2,396)	(39)
Interest income from loans and trade receivables	2,437	3,048
Interest income from banks and financial institutions	3,190	3,704
Dividend income from listed investments	9	6
Gross rental income	3,140	3,522
	<u>6,380</u>	<u>10,241</u>
	<u>19,616</u>	<u>19,441</u>

4. REVENUE (Continued)

Revenue from contracts with customers

Disaggregated revenue information

For the period ended 30 June 2026

Type of goods or services	Broking (Unaudited) HK\$'000	Corporate advisory and underwriting (Unaudited) HK\$'000	Asset and wealth management (Unaudited) HK\$'000	Other business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Commission and brokerage income	5,651	137	202	–	5,990
Rendering of services	–	6,171	–	380	6,551
Handling fee income	693	–	2	–	695
Total revenue from contracts with customers	<u>6,344</u>	<u>6,308</u>	<u>204</u>	<u>380</u>	<u>13,236</u>

Geographical markets

Total revenue from contracts with customers					
Hong Kong	6,344	6,308	204	–	12,856
Mainland China	–	–	–	380	380
	<u>6,344</u>	<u>6,308</u>	<u>204</u>	<u>380</u>	<u>13,236</u>

For the period ended 30 June 2025

Type of goods or services	Broking (Unaudited) HK\$'000	Corporate advisory and underwriting (Unaudited) HK\$'000	Asset and wealth management (Unaudited) HK\$'000	Other business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Commission and brokerage income	6,948	–	323	–	7,271
Rendering of services	–	848	–	358	1,206
Handling fee income	723	–	–	–	723
Total revenue from contracts with customers	<u>7,671</u>	<u>848</u>	<u>323</u>	<u>358</u>	<u>9,200</u>

Geographical markets

Total revenue from contracts with customers					
Hong Kong	7,671	848	323	–	8,842
Mainland China	–	–	–	358	358
	<u>7,671</u>	<u>848</u>	<u>323</u>	<u>358</u>	<u>9,200</u>

5. LOSS BEFORE TAX

Six months ended 30 June	
2026	2025
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

The Group's loss before tax is arrived at after charging and crediting:

Cost of services provided	3,554	2,287
Depreciation and amortisation	222	531
Depreciation of right-of-use assets	918	916
Interest expenses for margin financing and money lending operations	648	765
Lease payment not included in the measurement of lease liabilities	1,130	4,036
Employee benefit expense (including directors' remuneration)	14,647	16,316
Direct operating expenses arising from rental-earning investment properties	822	809
Gain on disposal of a subsidiary	<u>(1,967)</u>	<u>—</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

Six months ended 30 June	
2026	2025
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Interest on bank loans, overdrafts and other borrowings	4,287	5,208
Interest on lease liabilities	<u>10</u>	<u>9</u>
	<u>4,297</u>	<u>5,217</u>

7. INCOME TAX

No provision for the Hong Kong profits tax has been made as the Group either had no estimated assessable profit or had available tax losses carried forward to offset the assessable profits arising in Hong Kong during the Period (2025: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8. INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the Period (2025: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic and diluted loss per share amounts is based on the loss attributable to equity holders of the Company for the period of HK\$13,829,000 (2025: HK\$46,806,000) and the weighted average number of 301,277,070 (2025: 301,277,070) ordinary shares in issue during the Period.

The calculation of diluted loss per share is based on the loss attributable to equity holders of the Company for the Period. The weighted average number of ordinary shares used in the calculation are the number of ordinary shares as used in the basic loss per share calculation and the full conversion of the convertible bonds and share options into ordinary shares.

No adjustment had been made to the basic loss per share amounts presented for the six months ended 30 June 2026 and 2025 in respect of a dilution as the impact of the convertible bonds and share options had an anti-dilutive effect on the basic loss per share amounts presented.

10. INVESTMENT PROPERTIES

	As at 30 June 2026 (Unaudited) HK\$'000	As at 31 December 2025 (Audited) HK\$'000
At beginning of the period/year	245,300	286,000
Net gain/(loss) from a fair value adjustment	1,700	(40,700)
At end of the period/year	<u>247,000</u>	<u>245,300</u>

On 30 June 2026, the Group's investment properties were revalued by Ravia Global Appraisal Advisory Limited at HK\$247,000,000 (31 December 2025: HK\$245,300,000). The fair value of investment properties is determined using the market comparison approach by reference to recent sales prices of comparable properties on a price per square foot basis. The investment properties are leased to third parties under operating leases.

The Group's investment properties are situated in Hong Kong. The investment properties were pledged to secure banking facilities granted to the Group.

Details of the Group's investment properties are as follows:

Location	Existing use
26th Floor, Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong	Office building

11. RIGHT-OF-USE ASSETS

As at the end of the reporting period, the Group's right of use assets mainly comprised of the leasehold forestry land use rights acquired through acquisition of Genius Year Limited and its subsidiaries on 13 January 2023. The leasehold forestry land use rights over certain parcels of land are located in Chongyang County, Xianning City, Hubei Province, the PRC for a tenure of 70 years expiring between 31 July 2079 and 30 April 2083.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss represented listed equity investments, mainly in Hong Kong, at market value.

13. LOANS RECEIVABLE

The loans receivable at the end of the reporting period are analysed by the remaining period to the contractual maturity dates as follows:

	As at 30 June 2026 (Unaudited) HK\$'000	As at 31 December 2025 (Audited) HK\$'000
Repayable on demand	<u>33,809</u>	<u>31,142</u>

14. TRADE RECEIVABLES

The Group allows a credit period up to the respective settlement dates of securities, bullion and commodities transactions (normally two business days after the respective trade dates for Hong Kong stocks) or a credit period mutually agreed between the contracting parties.

An ageing analysis of the Group's trade receivables at the end of the reporting period, based on the settlement due date and net of loss allowance, is as follows:

	As at 30 June 2026 (Unaudited) HK\$'000	As at 31 December 2025 (Audited) HK\$'000
Current to 90 days	19,153	48,408
Over 90 days	<u>1,161</u>	<u>1,016</u>
	<u>20,314</u>	<u>49,424</u>

15. TRADE PAYABLES

The Group's trade payables arose from securities, bullion and commodities dealings during the Period.

An ageing analysis of the Group's trade payables at the end of the reporting period, based on the settlement due date, is as follows:

	As at 30 June 2026 (Unaudited) <i>HK\$'000</i>	As at 31 December 2025 (Audited) <i>HK\$'000</i>
Within 1 to 3 months	21,854	40,455
Over 3 months	1,067	1,067
	22,921	41,522

The trade payables are non-interest-bearing and repayable on the settlement day of the relevant trades or upon demand from customers.

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2026 (Unaudited) <i>HK\$'000</i>	As at 31 December 2025 (Audited) <i>HK\$'000</i>
Analysed into:		
Bank loans and overdraft repayable:		
Within one year or on demand	186,341	180,019
In the second year	20,800	7,800
In the third to fifth year, inclusive	–	20,800
	207,141	208,619
Other borrowings repayable:		
Within one year or on demand	201	261
In the second year	42,495	22,168
	42,696	22,429
	249,837	231,048

Certain of the Group's bank loans are secured by the Group's investment properties situated in Hong Kong, and certain listed equity investments belonging to the clients.

As at 30 June 2026, the Group's other borrowings mainly comprised of unsecured loans from the Substantial Shareholder and a director of the Company in an aggregate amount of HK\$42,495,000.

17. CONVERTIBLE BONDS

On 7 April 2020, the Company entered into the conditional subscription agreement with Total Grace Investments Limited (“Total Grace”), a company beneficially owned by the Substantial Shareholder, in relation to, among others, the issue of the convertible bonds (the “CB 2020”) in an aggregate principal amount of HK\$50,000,000 at the conversion price of HK\$0.22 per share. The CB 2020 in an aggregate principal amount of HK\$50,000,000 were issued by the Company to Total Grace on 30 June 2020. The CB 2020 were designated upon initial recognition as at fair value through profit or loss.

The CB 2020 have a maturity date of 3 years from the date of issue and interest-free. The CB 2020 contain a right to convert at a maximum of 227,272,727 shares of the Company at the conversion price of HK\$0.22 per share. Unless previously converted or purchased or redeemed, the Company would redeem the convertible bonds on the maturity date at the redemption amount, which was 100% of the principal amount of the CB 2020 then outstanding. In addition, Total Grace has the right to request the Company to redeem the CB 2020 in cash or convert into the Company’s shares at any time before the maturity date.

On 16 May 2022, the Company and Total Grace entered into the supplemental agreement, pursuant to which the Company and Total Grace conditionally agreed to extend the maturity date by three (3) years from 30 June 2023 to 30 June 2026 by way of execution of the amendment deed.

On 6 November 2025, the Company and Total Grace entered into the second supplemental agreement, pursuant to which the Company and Total Grace conditionally agreed to extend the maturity date of the CB 2020 by three years from 30 June 2026 to 30 June 2029 by way of execution of the second supplemental deed. Save for the extension, all other terms and conditions of the CB 2020 shall remain unchanged. The extension was approved by the independent shareholders of the Company at the extraordinary general meeting held on 12 January 2026.

On 13 September 2022, the Group entered into a conditional sale and purchase agreement with Thousand China Investments Limited (“Thousand China”), an indirect wholly-owned subsidiary of South China Holdings Company Limited to acquire the entire share capital of Genius Year Limited and its subsidiaries. The consideration would be settled by way of the convertible bonds (the “CB 2023”) with a nominal value of HK\$89,840,000 to be issued by the Company upon completion (the “Acquisition”). The Acquisition was subsequently completed on 13 January 2023.

The debt component of the CB 2023 was recognised at fair value through profit or loss and the equity component of the CB 2023 was recognised in other reserve of the Company. The CB 2023 has a maturity of 3 years from the date of issue and bears interest of 1% per annum. The CB 2023 contains a right to convert at a maximum of 280,750,000 shares of the Company at the conversion price of HK\$0.32 per share. Subject to the terms and conditions of the CB 2023, Thousand China has the right to convert the CB 2023 into the Shares subject to mutual agreement in writing between Thousand China and the Company at any time during the period commencing from the date of issue of the CB 2023 up to the fifth business days prior to the maturity date by complying with the relevant procedures set out in the terms and conditions of the CB 2023.

On 6 November 2025, the Company and Thousand China entered into a supplemental agreement, pursuant to which the Company and Thousand China conditionally agreed to extend the maturity date of CB 2023 by three years from 12 January 2026 to 12 January 2029 (the “Extended Period”). During the Extended Period, the interest rate of CB 2023 will be changed from 1% per annum to 2% per annum and the conversion price will be changed from HK\$0.32 per conversion share to HK\$0.28 per conversion share subject to adjustments in the manner and the relevant procedures set out in the terms and conditions of the supplemental deed of CB 2023. The extension was approved by the independent shareholders of the Company at the extraordinary general meeting held on 12 January 2026.

As at the end of the reporting period, the convertible bondholders of the Company have confirmed in writing that they will not request redemption nor conversion of the convertible bonds into the Company’s shares for not less than twelve months from the end of reporting period.

17. CONVERTIBLE BONDS (Continued)

The movements of the convertible bonds during the period/year are as follows:

	As at 30 June 2026 (Unaudited) HK\$'000	As at 31 December 2025 (Audited) HK\$'000
At beginning of the period/year	142,200	132,442
Settlement on interest portion of convertible bonds	(2,696)	–
(Gain)/Loss from change in fair value	(20,594)	9,758
At end of the period/year	118,910	142,200
Portion classified as current liabilities	–	(142,200)
Portion classified as non-current liabilities	<u>118,910</u>	<u>–</u>

18. SHARE CAPITAL

	As at 30 June 2026 (Unaudited) HK\$'000	As at 31 December 2025 (Audited) HK\$'000
Issued and fully paid:		
301,277,070 (31 December 2025: 301,277,070) ordinary shares	<u>1,085,474</u>	<u>1,085,474</u>

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of equity investments and derivative financial instruments are based on quoted market prices. The fair value of debt investments at fair value through other comprehensive income in which represented club debentures have been estimated based on quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 30 June 2026

	Quoted prices in active markets (Level 1) (Unaudited) HK\$'000	Fair value measurement using Significant observable inputs (Level 2) (Unaudited) HK\$'000	Significant unobservable inputs (Level 3) (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<i>Assets measured at fair value:</i>				
Debt investments at fair value through other comprehensive income	–	3,100	–	3,100
Financial assets at fair value through profit or loss	42,565	–	–	42,565
	<u>42,565</u>	<u>3,100</u>	<u>–</u>	<u>45,665</u>
<i>Liabilities measured at fair value:</i>				
Convertible bonds	–	–	118,910	118,910

As at 31 December 2025

	Quoted prices in active markets (Level 1) (Audited) HK\$'000	Fair value measurement using Significant observable inputs (Level 2) (Audited) HK\$'000	Significant unobservable inputs (Level 3) (Audited) HK\$'000	Total (Audited) HK\$'000
<i>Assets measured at fair value:</i>				
Debt investments at fair value through other comprehensive income	–	3,100	–	3,100
Financial assets at fair value through profit or loss	65,720	–	–	65,720
	<u>65,720</u>	<u>3,100</u>	<u>–</u>	<u>68,820</u>
<i>Liabilities measured at fair value:</i>				
Convertible bonds	–	–	142,200	142,200

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL SUMMARY

The consolidated revenue of the Group for the six months ended 30 June 2026 (the “Period 2026”) was HK\$19.6 million, reflecting a stable and modest year-on-year growth compared with HK\$19.4 million in the corresponding period of 2025. This steady performance was supported by a rebound in corporate advisory and underwriting segment, which offset loss in trading and investment segment, a decline in brokerage income due to shifting market activity and the scaling down of asset and wealth management segment.

Other income for the Period 2026 increased significantly to HK\$2.8 million (2025: HK\$0.8 million), bolstering the Group’s operating results. This growth was primarily attributable to a HK\$2.0 million gain on the disposal of the Group’s insurance brokerage business. The Group also benefited from a fair value gain on convertible bonds of HK\$20.6 million (2025: loss of HK\$4.7 million) and a fair value gain on investment properties of HK\$1.7 million, representing a recovery from the non-cash fair value loss of HK\$21.0 million recorded in the corresponding period of 2025. These gains were partly offset by a fair value loss on financial assets at fair value through profit or loss of HK\$16.7 million (2025: gain of HK\$2.1 million).

Through the Group’s ongoing cost-control initiatives, total operating expenses including direct cost of services, staff costs, rental, and other administrative expenses, were reduced by 3.5% to HK\$33.5 million (2025: HK\$34.7 million). Consequently, the Group’s consolidated net loss for the Period 2026 was dramatically narrowed by 70.5% to HK\$13.8 million, down from HK\$46.8 million in the corresponding period of 2025.

BUSINESS REVIEW

Brokerage

During the Period 2026, the Hang Seng Index experienced volatile trading conditions, with fluctuations in average daily turnover of the Hong Kong stock market, directly impacting the Group’s transaction-based segments.

Amid market headwinds, the Group’s brokerage business recorded segment revenue of HK\$6.4 million for the Period 2026, representing a decline of 17.3% from HK\$7.7 million in the prior period. Within this segment, commission and brokerage income declined to HK\$5.7 million (2025: HK\$7.0 million), while handling fee income remained stable at HK\$0.7 million (2025: HK\$0.7 million).

In light of ongoing macroeconomic uncertainties in 2026, including geopolitical tensions, oil price volatility, and mixed interest rate signals, the Group slightly revised its near-term expectations downward. To strengthen its competitive edge, the Group placed strategic focus on mass affluent and high-net-worth clients, supported by frequent market updates and regular small-group seminars to stimulate trading activities. As a result of strict implementation of cost control measures, the operating loss of the brokerage segment narrowed by 34.6% to HK\$5.2 million (2025: HK\$7.9 million).

Margin Financing and Money Lending

The Group continued to adopt stringent loan policies and maintained prudent valuing collaterals when providing margin financing for securities trading. The source of funds for margin financing was primarily sourced from banks which tightened credit conditions, requiring the Group to closely monitor the market developments and adjust interest rates and loan-to-value ratios on a timely basis. Revenue from this segment decreased by 16.6% to HK\$5.6 million (2025: HK\$6.7 million). This decline was due to the adoption of more stringent lending terms in response to an overall tightening credit landscape. Interest income is not expected to grow significantly given book contraction and uncertain interest rate outlook. The Group continues to enforce strict cost controls, focusing on high-quality margin clients while prudently expanding its customer base. The Group scaled down the unprofitable money lending business, so no new personal or mortgage loans were granted to customers since year 2024. Despite the challenging external environment, this segment operating profit remained stable at HK\$0.3 million for the Period 2026 (2025: HK\$0.3 million).

Corporate Advisory and Underwriting

The Group continued to rebuild its corporate finance advisory pipeline, placing strategic focus on IPO sponsorships, financial advisory (“FA”), independent financial advisory (“IFA”) for listed clients, and post-listing compliance advisory (“CA”) to establish a more resilient revenue base.

During the Period 2026, the corporate advisory and underwriting segment achieved a financial turnaround as revenue surged 643.9% year-on-year to HK\$6.3 million (2025: HK\$0.9 million). This substantial growth shifted the segment from an operating loss of HK\$1.6 million in 2025 to an operating profit of HK\$1.5 million in 2026. Total segment revenue for the Period 2026 was primarily driven by sponsorship fees of HK\$5.6 million, supplemented by IFA revenue of HK\$0.4 million, CA revenue of HK\$0.2 million, and underwriting revenue of HK\$0.1 million. This performance validated the effectiveness of the rebuilding strategy of this segment, driven by the Group’s aggressive pursuit of mandates and the successful submission of the Form A1 Listing Applications for two sponsor mandates in May 2026, with progress revenue of HK\$5.0 million recognised during the Period 2026. Remaining progress and final billing will be recognised upon successful listing of the companies.

To accelerate deal execution and capture increasing demand from issuers navigating complex regulatory environments, the Group has significantly strengthened its corporate finance team. This includes the recruitment of certain senior corporate finance professionals with seasoned investment banking experience and additional licensed execution staffs, thereby enhancing the team’s overall capacity and regulatory expertise. To sustain this momentum, the Group is actively expanding its corporate finance pipeline and is currently engaged in advanced negotiations for several potential IPO sponsorship mandates with prospective clients across a diverse range of sectors. In June 2026, one additional mandate was concluded, with initial revenue of HK\$0.6 million recognised. The Group anticipates that a number of these pending mandates will culminate in formal appointments and initial listing applications by the end of 2026, which is expected to substantially strengthen the Group’s income pipeline. Furthermore, strong collaborations with lawyers, auditors, and other market intermediaries continue to be cultivated to expand our service coverage across FA, IFA, and CA engagements.

The Group has also rebuilt its Equity Capital Markets (“ECM”) desk, restoring institutional placing, syndication, and underwriting capacities following the onboarding of a senior professional during the Period 2026. While revenue generated from underwriting and placement fees remained limited due to the transitional rebuilding phase, the ECM desk has expanded its strategic mandates by acting as Overall Coordinator (“OC”) for major primary pipeline projects, including the above-mentioned IPO projects, which carry an expected total ECM revenue of approximately HK\$8.6 million across the aforesaid two sponsorship projects. Substantial placement inflows are anticipated to materialise by year-end 2026 from these two mandates.

In tandem with the Group’s sponsor roles, the ECM desk will actively pursue parallel placement and syndication engagements for pending IPO projects upon formal confirmation of those mandates. Looking forward, the Group foresees heightened activity in secondary market offerings and primary market placements, with particular focus on expanding mandates as OC and delivering tailored placing services. These initiatives are expected to contribute meaningful fee and commission income in the second half of 2026. By leveraging management’s deep external relationships and distribution networks, the ECM desk aims to maximize syndication revenue and secure optimal pricing outcomes for corporate clients.

Asset and Wealth Management

Revenue remained flat at HK\$0.3 million (2025: HK\$0.3 million), with pressure from client risk aversion and reduction in assets under management. In order to reduce operational costs and refocus on brokerage and corporate advisory activities, the Group made a strategic decision to scale down this segment, aligning resources toward higher-margin core financial services.

In April 2026, the Group divested its entire equity interest in South China Wealth Management Limited, a wholly-owned subsidiary of the Company, for a total consideration of HK\$2.3 million, realising a non-recurring gain on disposal of approximately HK\$2.0 million. As a result of business restructuring, the segment recorded a mild operating loss of HK\$0.5 million (2025: HK\$2.1 million) for the Period 2026.

Trading and Investment

The Group's investment portfolio, booked under financial assets at fair value through profit or loss, was valued at HK\$42.6 million as of 30 June 2026 (31 December 2025: HK\$65.7 million). The major investment holdings and their details are listed below:

Stock code	Name of security	Carrying amount as at 30 June 2026 HK\$'000	Percentage of shareholding interest	Fair value loss during the year HK\$'000
01097	i-CABLE Communications Limited (now known as CTF Media & Entertainment Limited)	29,835	5.36%	(13,387)
00413	South China Holdings Company Limited	12,244	3.56%	(3,297)
Others		486		(24)
		<u>42,565</u>		<u>(16,708)</u>

The Group's proprietary trading activities reported a net segment loss of HK\$21.3 million for the Period 2026 compared with a net segment loss of HK\$0.6 million in the corresponding period of 2025. The segment's performance during the Period 2026 was primarily impacted by a realised loss on the disposal of certain equity securities in the first quarter of 2026, as well as an unrealised fair value loss mainly arising from the decline in the share price of i-CABLE Communications Limited (now known as CTF Media & Entertainment Limited). The fair value loss from marking investments to market was HK\$16.7 million for the Period 2026, compared with a fair value gain of HK\$2.1 million in 2025.

Property Investment

The office leasing market remained subdued amid economic uncertainty and high vacancy rates. Gross rental income from the leasing of the Group's office properties was HK\$3.1 million (2025: HK\$3.5 million), with direct operating expenses stable at HK\$0.8 million (2025: HK\$0.8 million).

To optimise liquidity and strengthen working capital, the Group is exploring a full disposal of its investment properties in the fourth quarter of 2026, enabling repayment of related bank loans and reduce overall finance costs.

The Group's investment properties situated at 26th Floor, Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong, were revalued at HK\$247.0 million as of 30 June 2026, representing a fair value gain of HK\$1.7 million from HK\$245.3 million as of 31 December 2025. Supported by this valuation adjustment, the segment recorded an operating profit of HK\$3.0 million (2025: loss of HK\$19.8 million).

Other Business and Strategic Diversification

Forestry assets in Hubei Province, China, remain unmobilised, with no forestry-related revenue recorded during the Period 2026.

In line with its broader strategy to improve operational performance and pursue selective diversification, the Group entered into preliminary strategic arrangements, including (i) a Memorandum of Understanding (“MOU”) signed on 6 November 2025 for the global distribution of advanced security technology products for anti-riot and border control and (ii) an MOU signed on 14 November 2025 with a PRC company to jointly develop AI-powered biotechnology and pharmaceutical R&D platforms. No material resources have been contributed by the Group and the joint ventures have yet commenced operations. Accordingly, no revenue has been recognised during the Period 2026.

Other business operations recorded a net operating loss of HK\$1.3 million (2025: HK\$1.4 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group had obtained short term credit facilities which were reviewed annually and a long term mortgage loan from banks. The banking facilities for the share margin finance operations were secured by the securities of our margin clients and the Group. The outstanding credit facilities were guaranteed by the Company. The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank and other borrowings and convertible bonds, less cash and bank balances and pledged bank deposits. Capital represents total equity. The gearing ratio as at 30 June 2026 was approximately 87.4% (31 December 2025: 84.4%). The Group had a cash and bank balance of HK\$36.3 million (31 December 2025: HK\$42.9 million) and pledged bank deposits of HK\$0.5 million (31 December 2025: HK\$0.5 million) as at 30 June 2026. Taking into account the financial resources available including the available banking facilities and credit facilities provided by a substantial shareholder who is also a director of the Company and other directors of the Company, the internally generated funds from operations, proceeds from disposal of assets, and cash and bank balances of the Group, the Board considers that the Group has sufficient working capital base to meet its operational needs. Taking into account these facilities, cash on hand, and potential asset disposals, the Board is confident the Group has a sufficient working capital base to satisfy its operational obligations.

CAPITAL STRUCTURE

There was no material change in the Group’s capital structure during the Period 2026 as compared to the 2025 annual report.

CHARGES ON ASSETS

As at 30 June 2026, the Group's investment properties and certain bank deposits were pledged to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2026, the Group had no material contingent liabilities.

EVENT AFTER THE REPORTING PERIOD

There is no material event noted after the reporting period and up to the date of this report.

EMPLOYEES

The Group continues to carefully manage its human resources to control overheads. As at 30 June 2026, the total number of employees of the Group was 64 (30 June 2025: 64). Total employee benefit expenses (including directors' remuneration) were successfully reduced to HK\$14.6 million for the Period 2026 compared to HK\$16.3 million in the corresponding period of 2025, reflecting restructured staffing alignments.

In addition to salary, other fringe benefits such as medical subsidies, life insurance, provident fund and subsidised external trainings are offered to employees. Continuous professional trainings will continue to be arranged for staff for maintaining their professional standards for providing various regulated activities under the Securities and Futures Commission. Performance of the employees is normally reviewed on an annual basis with adjustments if necessary, for keeping the competitiveness in compensation. Individual employee may also receive a discretionary bonus at the end of each year based on performance. Selected employees may also be granted share option and share award under the share option scheme and share award scheme adopted by the Company.

PROSPECTS

Looking ahead, the global financial landscape in the second half of 2026 is expected to remain dynamic and complex, presenting both opportunities and macroeconomic challenges. The ongoing trend of global monetary easing is anticipated to gradually unlock liquidity and revive investor confidence. Against this backdrop, the Hong Kong capital market is poised for steady recovery, sustained by supportive monetary conditions and continued economic stabilisation in Mainland China. Hong Kong continues to uphold its status as a vital international financial hub, characterized by enduring market vitality. This resilience is further evidenced by sustained investor confidence, which continues to affirm Hong Kong's standing as a trusted and competitive international capital-raising centre for issuers across both domestic and overseas markets.

Navigating this evolving environment calls for resilience, adaptability and disciplined risk management. By harnessing market insights to strengthen its capacity to withstand volatility while pursuing sustainable growth, the Group remains steadfast in aligning its operations with three core strategic pillars:

- **Strengthening IPO Sponsorship and ECM Execution Capabilities:** The Group will continue to place primary strategic emphasis on its role as IPO sponsor, expanding its diversified, multi-sector pipeline across industries such as green technology, advanced logistics, and education. To support this expansion, the Group is actively recruiting senior corporate finance professionals and licensed execution staff, thereby enhancing its execution capacity and regulatory expertise. In tandem, the Group is committed to fortifying its ECM desk, acting as OC for IPO projects and pursuing parallel placement and syndication engagements. These initiatives are expected to secure stable fee-based income while enhancing execution resilience in volatile markets.
- **Broadening Advisory Engagements (FA, IFA, CA):** While IPO sponsorship and ECM remain the central focus, the Group will also continue to deepen its involvement in FA, IFA and CA mandates. The expansion of the corporate finance team will enable the Group to capture rising demand from issuers navigating complex regulatory frameworks, ensuring comprehensive service coverage and sustainable growth momentum.
- **Asset Optimization and Operations Realignment:** To reinforce operational resilience, the Group is streamlining its non-core divisions. This includes by the divestment of South China Wealth Management Limited and the evaluation of a potential disposal of its investment property portfolio. These restructuring initiatives are designed to unlock liquidity, reduce financing burdens, and strengthen the Group's adaptability by refocusing resources on core financial operations.
- **Developing Niche Growth Opportunities:** Alongside its core financial operations, the Group continues to advance high-growth technology joint ventures while remaining adaptable to new opportunities in high-net-worth immigration services, corporate travel, and conference planning. These initiatives aim to build resilience through diversification and ensure the Group's capacity to sustain growth across shifting market conditions.

In upholding its commitment to reinforcing corporate foundations, pursuing prudent growth, and enhancing operational efficiency, the Group remains steadfast in delivering sustainable long-term value. By continuing to expand its corporate finance team, strengthening its IPO sponsorship role, fortifying ECM capacities as OC, and broadening FA, IFA and CA engagements, the Group underscores its resilience and adaptability in dynamic market conditions.

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the Period 2026 (2025: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the “SFO”)) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules were as follows:

(i) Long positions in ordinary shares of the Company

Name of Director	Capacity	Number of ordinary shares			Total interests	Approximate percentage of total interests to total issued ordinary shares (Note 4)
		Personal interests	Family interests	Corporate interests		
Mr. Ng Hung Sang (“Mr. Ng”)	Beneficial owner/ Interests of controlled corporations	13,005,264	–	77,328,343 (Note 1)	90,333,607	29.98
Ms. Cheung Choi Ngor	Beneficial owner	13,598,311	–	–	13,598,311	4.51
Mr. Ng Yuk Yeung Paul (“Mr. Paul Ng”)	Beneficial owner	14,988,000	–	–	14,988,000	4.97

(ii) Long positions in underlying shares of the Company

Name of Director	Capacity	Number of underlying shares			Total interests	Approximate percentage of total interests to total issued ordinary shares (Note 4)
		Personal interests	Family interests	Corporate interests		
Mr. Ng	Interests of controlled corporations	–	–	548,129,869 (Note 2)	548,129,869	181.94
Ms. Ng Yuk Mui Jessica (“Ms. Jessica Ng”)	Beneficial owner	3,012,770	–	–	3,012,770	1.00
Mr. Paul Ng	Beneficial owner/ Interests of spouse	3,012,770	3,012,770	–	6,025,540 (Note 3)	2.00

Notes:

1. The 77,328,343 shares of the Company held by Mr. Ng through controlled corporations included 23,526,030 shares held by Fung Shing Group Limited (“Fung Shing”), 44,623,680 shares held by Parkfield Holdings Limited (“Parkfield”), 1,999,872 shares held by Ronastar Investments Limited (“Ronastar”) and 7,178,761 shares held by Uni-Spark Investments Limited (“Uni-Spark”). Fung Shing, Parkfield and Ronastar are directly wholly-owned by Mr. Ng. Uni-Spark is indirect wholly-owned by Mr. Ng.
2. Comprising:
 - (i) principal amount of HK\$50,000,000 convertible bonds at the conversion price of HK\$0.22 per conversion share issued by the Company to Total Grace Investments Limited (“Total Grace”), a company wholly-owned by Mr. Ng on 30 June 2020 (the “CB 2020”). At extraordinary general meeting of the Company held on 12 January 2026, the independent shareholders of the Company approved the extension of the maturity date of CB 2020 from 30 June 2026 to 30 June 2029; and
 - (ii) principal amount of HK\$89,840,000 convertible bonds at the conversion price of HK\$0.32 per conversion share issued by the Company to Thousand China Investments Limited (“Thousand China”), a company indirect wholly-owned by South China Holdings Company Limited (“SCHC”) of which Mr. Ng is the chairman of the board of directors, an executive director and a controlling shareholder of SCHC on 13 January 2023 (the “CB 2023”). At the extraordinary general meeting of the Company held on 12 January 2026, the independent shareholders of the Company approved (a) the extension of the maturity date of CB 2023 from 12 January 2026 to 12 January 2029; (b) the adjustment of the interest rate of such convertible bonds; (c) the change of the conversion price from HK\$0.32 per share to HK\$0.28 per share; and (d) the increase in the number of conversion shares from 280,750,000 shares to 320,857,142 shares.

Assuming (i) CB 2020 are exercised in full; and (ii) there is no other change to the total number of issued shares of the Company, a total of 227,272,727 new ordinary shares will be allotted and issued to Total Grace, representing approximately 75.44% of the total number of issued shares of the Company as at 30 June 2026 and approximately 43.00% of the total number of issued shares of the Company as enlarged by the allotment and issue of the conversion shares.

Assuming (i) CB 2023 are exercised in full; and (ii) there is no other change to the total number of issued shares of the Company, a total of 320,857,142 new ordinary shares will be allotted and issued to Thousand China, representing approximately 106.50% of the total number of issued shares of the Company as at 30 June 2026 and approximately 51.57% of the total number of issued shares of the Company as enlarged by the allotment and issue of the conversion shares.

3. The underlying shares held by Mr. Paul Ng and his spouse were the share options granted to them on 29 September 2022 under the share option scheme adopted by the Company on 9 August 2022 (the “Share Option Scheme”). For more details, please refer to the section headed “Share Option Scheme” below.
4. These percentages are calculated on the basis of 301,277,070 ordinary shares in issue as at 30 June 2026.

Save as disclosed above, none of the Directors and chief executives of the Company or any of their spouses or children under eighteen years of age had interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding company, subsidiaries or other associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2026.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2026, the interests and short positions of every person, other than a Director or Chief Executive of the Company, in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Long position in the ordinary shares and underlying shares

Name	Capacity	Beneficial interests	Family interests	Corporate interests	Total interests	Approximate percentage of total interests to total issued ordinary shares (Note 6)
Ms. Ng Lai King Pamela (Note 1)	Interests of spouse	–	638,463,476	–	638,463,476	211.92
Parkfield Holdings Limited (Note 2)	Beneficial owner	44,623,680	–	–	44,623,680	14.81
Fung Shing Group Limited (Note 3)	Beneficial owner	23,526,030	–	–	23,526,030	7.81
Total Grace Investments Limited (Note 4)	Beneficial owner	227,272,727	–	–	227,272,727	75.44
Thousand China Investments Limited (Note 5)	Beneficial owner	320,857,142	–	–	320,857,142	106.50

Notes:

- Ms. Ng Lai King Pamela is the spouse of Mr. Ng. By virtue of the SFO, Ms. Ng Lai King Pamela is deemed to be interested in the 90,333,607 shares and 548,129,869 underlying shares which Mr. Ng is interested in.
- Parkfield Holdings Limited is a company wholly-owned by Mr. Ng.
- Fung Shing Group Limited is a company wholly-owned by Mr. Ng.
- Total Grace Investments Limited ("Total Grace") is a company wholly-owned by Mr. Ng which holds the CB 2020. Assuming (i) CB 2020 are exercised in full; and (ii) there is no other change to the total number of issued shares of the Company, a total of 227,272,727 new ordinary shares will be allotted and issued to Total Grace, representing approximately 75.44% of the total number of issued shares of the Company and approximately 43.00% of the total number of issued shares of the Company as enlarged by the allotment and issue of the conversion shares as at 30 June 2026.
- Thousand China Investments Limited ("Thousand China") (is a company indirect wholly-owned by South China Holdings Company Limited ("SCHC") of which Mr. Ng is the chairman of the board of directors, an executive director and a controlling shareholder of SCHC) holds the CB 2023. Assuming (i) CB 2023 are exercised in full; and (ii) there is no other change to the total number of issued shares of the Company, a total of 320,857,142 new ordinary shares will be allotted and issued to Thousand China, representing approximately 106.50% of the total number of issued shares of the Company and approximately 51.57% of the total number of issued shares of the Company as enlarged by the allotment and issue of the conversion shares as at 30 June 2026.
- These percentages are calculated on the basis of 301,277,070 ordinary shares in issue as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” in the above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

EMPLOYEES’ SHARE AWARD SCHEME

The Company adopted a share award scheme on 10 June 2015 (the “Share Award Scheme”), which shall be valid and effective for a term of fifteen (15) years commencing on 10 June 2015. Pursuant to the terms and conditions of the Share Award Scheme, the Company shall settle a sum up to and to not exceeding HK\$20 million for the purchase of shares of the Company and/or other shares listed on the Main Board or GEM of the Stock Exchange from market. Such shares shall form part of the capital of the trust fund set up for the Share Award Scheme. The Board may, from time to time, select employees for participation in the Share Award Scheme and cause to be paid an amount to the trustee from the Company’s resources for the purpose of purchase of shares as referred to in the above.

Details of the Share Award Scheme are as follows:

(1) Purpose of the Share Award Scheme

- (i) to recognize the contributions by certain employees and to give incentives thereto in order to retain them for the continual operation and development of the Group; and
- (ii) to attract suitable personnel for further development of the Group.

(2) Participants of Share Award Scheme

The Board may, from time to time, select any employee (including without limitation any connected person of the Company as defined under the Listing Rules) of the Group for participation in the Share Award Scheme (the “Selected Employee”).

(3) Total number of shares available for issue under the Share Award Scheme

Since the adoption of the Share Award Scheme and up to the date of this report, the Company has granted a total of 8,000 shares of South China Holdings Company Limited (“SCHC”), a company listed on the Stock Exchange to one Selected Employee.

As at the date of this report, 49,992,000 SCHC shares were available for being granted to the Selected Employees.

(4) Maximum entitlement of each Selected Employee under the Share Award Scheme

No maximum entitlement of each Selected Employee was set.

(5) Exercisable period under the Share Award Scheme

No exercise period for the awarded SCHC shares was set.

(6) Vesting period of the Share Award Scheme

The vesting period of the awarded SCHC shares shall be determined by the Board at the time of grant of such shares.

In respect of a Selected Employee who died or retired at his/her normal retirement date or earlier by agreement with the Company or any subsidiary of the Company at any time prior to a vesting date, all the awarded SCHC shares and all income derived from the awarded SCHC shares of the Selected Employee shall be deemed to be vested on the date immediately prior to his/her death or retirement at his/her normal retirement date or earlier by agreement with the Company or any subsidiary of the Company.

(7) Acceptance price

No amount is payable on acceptance of the grant of the awarded SCHC shares under the Share Award Scheme.

(8) Basis of determining the purchase price of awarded shares

The purchase price of each awarded SCHC share shall be determined by the Board at the time of grant of the awarded SCHC shares to each Selected Employee under the Share Award Scheme.

(9) Remaining life of the Share Award Scheme

Subject to any early termination as may be determined by the Board pursuant to the terms of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of fifteen (15) years commencing on 10 June 2015 (the adoption date of the Share Award Scheme). The remaining life of the Share Award Scheme shall be approximately four (4) years.

(10) Voting rights of unvested shares of the Share Award Scheme

The trustee shall not exercise the voting rights of the awarded SCHC shares as all such shares are held under the trust constituted by the trust deed dated 10 June 2015 entered into between the Company and the trustee.

Since the adoption of the Share Award Scheme and up to 30 June 2026, no share of the Company was held by the trustee nor awarded to any Selected Employee under the Share Award Scheme. The existing awarded SCHC shares are not subject to Chapter 17 of the Listing Rules as all such awarded shares are not the Company's shares.

SHARE OPTION SCHEME

The Company adopted a share option scheme at the extraordinary general meeting on 9 August 2022 (the "Share Option Scheme"), which shall be valid and effective for a period of ten (10) years commencing on the date on which it became effective on 11 August 2022 for the purpose of providing incentive or rewards to eligible participants for their contribution to the Group and to enable the Group to attract and retain employees of appropriate qualifications and with necessary experience to work for the Group.

Total number of shares available for issue under the Share Option Scheme

The maximum number of shares in respect of which share options may be granted under the Share Option Scheme and any other share option scheme of the Company shall not exceed 10% of the total number of shares in issue as at the date of approval of the Share Option Scheme, that is, a total of 30,127,707 shares.

As at 1 January 2026 and 30 June 2026, there were 18,076,627 share options available for granting under the Share Option Scheme.

As at the date of this interim report, there are 18,076,627 share options available for granting under the Share Option Scheme. Upon exercise of the said share options, 18,076,627 shares of the Company will be issued, representing approximately 6.0% of the total issued shares of the Company as at the date of this interim report.

The number of shares that may be issued in respect of options granted under the Share Option Scheme during the Period 2026 divided by weighted average number of shares in issue for the Period 2026 is 0%.

Maximum entitlement of each participant under the Share Option Scheme

No participant shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of shares issued, such further grant shall be separately approved by the shareholders of the Company in general meeting with the proposed grantee and his close associates (or his associates if the proposed grantee is a connected person) abstaining from voting.

Any grant of share option to a director, chief executive or substantial shareholder of the Company or any of their respective associates under the Share Option Scheme must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee of the option).

Where any grant of options to a substantial shareholder of the Company or an independent non-executive director or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person(s) in the 12-month period up to and including the date of such grant:

- (1) representing in aggregate over 0.1% of the shares in issue; and
- (2) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million,

such further grant of options by the Board must be approved by the independent shareholders in a general meeting.

The grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

For the principal terms of the Share Option Scheme, please refer to 2025 Annual Report of the Company.

The movements in the number of share options under the Share Option Scheme during the Period 2026 are as follows:

Name or category of participant	Number of share options					Date of grant of share options	Exercise period of share options	Number of ordinary shares issuable upon the exercise of share options <i>(Note 2)</i>	Exercise Price per share <i>(Note 3)</i>
	Outstanding as at 1 January 2026	Granted during the Period 2026	Exercised during the Period 2026	Lapsed/ cancelled during the Period 2026	Outstanding as at 30 June 2026				
Directors and their associates									
Ms. Jessica Ng	3,012,770	–	–	–	3,012,770	29/09/2022	30/09/2022 to 29/09/2032	3,012,770	HK\$0.30
Mr. Paul Ng	3,012,770	–	–	–	3,012,770	29/09/2022	30/09/2022 to 29/09/2032	3,012,770	HK\$0.30
Mrs. Ng Cheng Nga Yu Emmi <i>(Note 1)</i>	3,012,770	–	–	–	3,012,770	29/09/2022	30/09/2022 to 29/09/2032	3,012,770	HK\$0.30
Employees	3,012,770	–	–	–	3,012,770	29/09/2022	30/09/2022 to 29/09/2032	3,012,770	HK\$0.30
Total	12,051,080	–	–	–	12,051,080			12,051,080	

Notes:

1. Mrs. Ng Cheng Nga Yu Emmi is the spouse of Mr. Paul Ng.
2. Representing approximately 4.0% of total issued shares of the Company as at 30 June 2026.
3. The exercise price of the share option is subject to adjustment in case of rights or bonus issues, or other alteration in the capital structure of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

The Company complied with the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the Period 2026.

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors of the Company during the Period 2026 are set out below:

1. Monthly salary of Ms. Jessica Ng, an Executive Director, Executive Vice Chairman and Chief Executive Officer of the Company, was adjusted from HK\$200,000 to HK\$150,000 with effect from 1 February 2026.

2. Ms. Jessica Ng resigned as a non-executive director of i-CABLE Communications Limited (now known as CTF Media & Entertainment Limited), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 01097) with effect from 5 February 2026.
3. Mr. Tung Woon Cheung Eric was formerly an independent non-executive director of Jinke Smart Services Group Co., Ltd., a company whose H shares were delisted on the Main Board of the Stock Exchange (stock code: 09666) in February 2026.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding the directors' securities transactions. In addition, the Board has established similar guidelines for relevant employees who are likely to possess inside information in relation to the Group or its securities.

In response to the Company's specific enquiry, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the Period 2026.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee presently comprises three Independent Non-executive Directors, namely Mr. Tung Woon Cheung Eric (Chairman of the Audit Committee), Mrs. Tse Wong Siu Yin Elizabeth and Ms. Li Yuen Yu Alice.

The Group's unaudited consolidated results for the Period 2026 have been reviewed by the Audit Committee. The Audit Committee was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

PUBLICATION AND DESPATCH OF INTERIM REPORT

The interim report of the Company for the Period 2026 has been published on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.sctrade.com, and has been despatched to the Shareholders.

By Order of the Board
South China Financial Holdings Limited
南華金融控股有限公司
Ng Hung Sang
Chairman and Executive Director

Hong Kong, 25 August 2026

As at the date of this report, the Directors of the Company are:

Executive Directors

*Mr. Ng Hung Sang
Ms. Cheung Choi Ngor
Ms. Ng Yuk Mui Jessica
Mr. Ng Yuk Yeung Paul*

Independent Non-executive Directors

*Mrs. Tse Wong Siu Yin Elizabeth
Mr. Tung Woon Cheung Eric
Ms. Li Yuen Yu Alice*