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INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Momentum Financial Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 as follows. The interim results have not been audited, but have been reviewed by the Company’s Audit Committee.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4	329,077	375,853
Cost of sales		<u>(307,814)</u>	<u>(349,235)</u>
Gross profit		21,263	26,618
Other operating income		29	138
Reversal of impairment loss on finance lease receivables		–	72
Change in fair value of financial asset at fair value through profit or loss (“FVTPL”)		(11)	(23)
Selling and distribution expenses		(69)	(29)
Administrative expenses and other expense		(4,093)	(5,771)
Finance costs	6	<u>(4,221)</u>	<u>(440)</u>
Profit before taxation		12,898	20,565
Income tax expenses	7	<u>(3,388)</u>	<u>(3,975)</u>
Profit for the period	8	9,510	16,590
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		<u>(1,553)</u>	<u>(1,842)</u>
Total comprehensive income for the period		<u>7,957</u>	<u>14,748</u>
Profit for the period attributable to:			
— the owners of the Company		9,488	16,634
— non-controlling interests		<u>22</u>	<u>(44)</u>
		9,510	16,590
Total comprehensive income/(expense) for the period attributable to:			
— the owners of the Company		7,969	14,936
— non-controlling interests		<u>(12)</u>	<u>(188)</u>
		7,957	14,748
Earnings per share (HK cents)			
— Basic	10	0.97	1.69
— Diluted	10	<u>0.97</u>	<u>1.69</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	11	5,853	6,188
Right-of-use assets		343	679
Interest in a joint venture	12	–	–
		6,196	6,867
Current assets			
Inventories		2,770	25,712
Trade and other receivables	14	473,623	355,905
Finance lease receivables	13	173	553
Financial asset at FVTPL	15	114	126
Tax recoverable		1,222	1,243
Bank balances and cash		12,224	24,335
		490,126	407,874
Current liabilities			
Trade and other payables	16	214,137	145,477
Contract liabilities		106	–
Loan from the ultimate holding company	17	50,000	50,000
Lease liabilities	18	168	497
Bank and other borrowings	19	16,001	17,818
Promissory notes	20	27,477	–
Corporate bonds	21	50,500	9,380
Tax payables		10,261	8,082
		368,650	231,254
Net current assets		121,476	176,620
Total assets less current liabilities		127,672	183,487
Non-current liabilities			
Promissory notes	20	11,841	33,755
Corporate bonds	21	–	41,858
		11,841	75,613
NET ASSETS		115,831	107,874
Capital and reserves			
Share capital	22	4,910	4,910
Reserves		108,018	100,049
		112,928	104,959
Non-controlling interests		2,903	2,915
TOTAL EQUITY		115,831	107,874

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Equity component of convertible bonds <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total reserve <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2023 (Audited)	4,910	190,049	6,640	(11,224)	(103,263)	82,202	3,147	90,259
Profit and total comprehensive income for the period (Unaudited)	-	-	-	(1,698)	16,634	14,936	(188)	14,748
At 30 June 2023 (Unaudited)	<u>4,910</u>	<u>190,049</u>	<u>6,640</u>	<u>(12,922)</u>	<u>(86,629)</u>	<u>97,138</u>	<u>2,959</u>	<u>105,007</u>
At 1 January 2024 (Audited)	4,910	190,049	-	(13,723)	(76,277)	100,049	2,915	107,874
Profit and total comprehensive income for the period (Unaudited)	-	-	-	(1,519)	9,488	7,969	(12)	7,957
At 30 June 2024 (Unaudited)	<u>4,910</u>	<u>190,049</u>	<u>-</u>	<u>(15,242)</u>	<u>(66,789)</u>	<u>108,018</u>	<u>2,903</u>	<u>115,831</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/from operating activities	(9,943)	7,508
Net cash from investing activities	5	–
Net cash used in financing activities	<u>(2,238)</u>	<u>(412)</u>
Net (decrease)/increase in cash and cash equivalents	(12,176)	7,096
Cash and cash equivalents at 1 January	24,335	8,188
Effect on foreign exchange rates changes	<u>65</u>	<u>(398)</u>
Cash and cash equivalents at 30 June represented by bank balances and cash	<u><u>12,224</u></u>	<u><u>14,886</u></u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Momentum Financial Holdings Limited (the “**Company**”) was incorporated in the Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office is Clarendon House 2 Church Street Hamilton HM 11 Bermuda and the headquarters in the People’s Republic of China (“**PRC**”) is Room 2408, Rongchao Economic and Trade Center, No. 4028 Jintian Road, Fuzhong Community, Lianhua Street, Futian District, Shenzhen, PRC. The principal place of business of the Company in Hong Kong is Room 2210, 22/F, Tower Two, Lippo Centre, No. 89 Queensway, Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are the provision of finance leasing and consultancy services and cross-border business.

The functional currency of the Company is Renminbi (“**RMB**”). The consolidated financial statements are presented in Hong Kong dollars as the directors of the Company consider that HK\$ is appropriate presentation currency for the users of the Group’s consolidated financial statements.

The condensed consolidated financial statement of the Group for the six months ended 30 June 2024 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange, and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. HKFRSs comprise HKFRSs; Hong Kong Accounting Standards (“HKAS”); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2023. A number of new or amended standards are effective from 1 January 2024 but they do not have a material effect on the Group’s financial statements.

3. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group’s policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy at 30 June 2024:

Financial instruments	Fair value as at		Fair value hierarchy	Valuation technique and key input
	30 June 2024	31 December 2023		
	HK\$’000 (unaudited)	HK\$’000 (audited)		
Financial asset at FVTPL — listed equity securities	126	126	Level 1	Quoted price in an active market

4. REVENUE

Revenue represents revenue arising on provision of finance leasing and consultancy services, cross-border business during the period. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers recognised at a point in time		
Disaggregated by major products or service line		
— Cross-border business	328,950	375,468
— Online marketing and other consultancy service income	112	112
	<u>329,062</u>	<u>375,580</u>
Revenue from other sources		
— Interest income from provision of finance leasing services	15	273
	<u>329,077</u>	<u>375,853</u>

5. SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operation decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (i) Provision of finance leasing and consultancy services — finance leasing business (earning interest income and handling fee and consultancy fee), and purchasing of leased assets.
- (ii) Cross-border business.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment.

For the six months ended 30 June 2024

	Cross-border business <i>HK\$'000</i> (Unaudited)	Provision of finance leasing and consultancy services <i>HK\$'000</i> (Unaudited)	Others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue	328,950	15	112	329,077
Segment profit/(loss)	<u>20,308</u>	<u>(261)</u>	<u>(112)</u>	<u>19,935</u>
Unallocated operating income				4
Change in fair value of financial asset at fair value through profit or loss				(11)
Administrative and other expenses				(2,809)
Finance cost				<u>(4,221)</u>
Profit before taxation				<u><u>12,898</u></u>

For the six months ended 30 June 2023

	Cross-border business <i>HK\$'000</i> (Unaudited)	Provision of finance leasing and consultancy services <i>HK\$'000</i> (Unaudited)	Others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue	375,468	273	112	375,853
Segment profit/(loss)	<u>25,436</u>	<u>(56)</u>	<u>(190)</u>	<u>25,190</u>
Unallocated operating income				9
Change in fair value of financial asset at fair value through profit or loss				(23)
Administrative and other expenses				(4,234)
Finance cost				<u>(377)</u>
Profit before taxation				<u><u>20,565</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned by or the loss from each segment without allocation of change in fair value of financial asset at fair value through profit or loss, certain selling and distribution expenses, central administrative costs, directors' salaries, certain other expenses and finance costs. This is the measure reported to the chief executive officer for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Segment assets		
Cross-border business	475,508	391,059
Finance leasing and consultancy services business	3,487	3,585
Others	9,664	9,848
Unallocated corporate assets	7,663	10,249
	<u>496,322</u>	<u>414,741</u>
Segment liabilities		
Cross-border business	185,682	103,705
Finance leasing and consultancy services business	182	409
Others	10,881	10,976
Unallocated corporate liabilities	183,746	191,777
	<u>380,491</u>	<u>306,867</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than bank balances and cash, financial asset at fair value through profit or loss, income tax recoverable and other assets for corporate use including certain plant and equipment, certain right-of-use assets and other receivables which were managed in a centralised manner.
- all liabilities are allocated to operating segments other than certain other payables, income tax payables, corporate bonds, promissory notes, convertible bonds and certain lease liabilities which were managed in a centralised manner.

Geographical information

The Group's operations are located in Hong Kong and the PRC.

Information about the Group's revenue from external customers is presented based on the location of the operations. The Group's information about its non-current assets based on the geographical location of the assets is detailed below:

	Revenue from external customers		Non-current assets (<i>Note</i>)	
	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
The PRC	127	50,583	6,043	6,408
Hong Kong	328,950	325,270	153	459
	<u>329,077</u>	<u>375,853</u>	<u>6,196</u>	<u>6,867</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Interest expenses on:		
— bank and other borrowings interest	11	63
— lease liabilities	10	27
— corporate bonds	1,262	350
— promissory notes	563	—
— shareholders' loan	2,375	—
	<u>4,221</u>	<u>440</u>

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	3,388	3,949
PRC Enterprise Income Tax ("EIT")	–	26
	<u>3,388</u>	<u>3,975</u>

- (i) The tax rate applicable to the Group's Hong Kong subsidiaries were 16.5% during the six months ended 30 June 2024 (six months ended 30 June 2023: 16.5%).

Under the two-tiered Profits Tax Regime, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. Other subsidiaries of the Company are subjected to Hong Kong Profits Tax at the rate of 16.5% for the six months ended 30 June 2024 (six months ended 30 June 2023: 16.5%).

- (ii) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	202	245
Depreciation of right-of-use assets	332	334
Reversal impairment loss on finance lease receivables	–	(72)
Unrealised loss on financial asset at fair value through profit or loss	<u>11</u>	<u>23</u>

9. DIVIDEND

No dividend was paid, declared or proposed during the reporting period ended 30 June 2024, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2023: nil).

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings:		
— Earnings for the period attributable to owners of the Company	<u>9,488</u>	<u>16,634</u>
Number of shares		
— Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>982,000,000</u>	<u>982,000,000</u>

Diluted earnings per share

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2024 and 2023 in respect of dilution as the effect of outstanding convertible bonds are anti-dilutive.

11. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2024, the Group incurred approximately HK\$Nil (six months ended 30 June 2023: approximately HK\$nil) on the acquisition of property, plant and equipment. Net carrying value of property, plant and equipment being disposed for the period was approximately HK\$nil (six months ended 30 June 2023: approximately HK\$nil).

12. INTEREST IN A JOINT VENTURE

As at 30 June 2024 and 31 December 2023, the Group had interest in the following joint venture:

Name of entity	Form of entity	Place of establishment	Registered capital	Proportion of ownership interests or participating shares held by the Group		Principal activities
				30 June 2024	31 December 2023	
Hebao (Shenzhen) Information Technology Limited* (荷包(深圳)信息科技有限公司) (“Hebao”)	Incorporated	The PRC	Ordinary, RMB20,000,000	49%	49%	Inactive

* *English name is for identification purpose.*

As at 30 June 2024 and up to the date of this announcement, no capital was injected to Hebao by the Group.

13. FINANCE LEASE RECEIVABLES

Finance lease receivable represents relevant finance lease agreements entered into by the Group's subsidiary Asia Pacific Kunpeng Finance Leasing (Shenzhen) Co., Ltd. with its lessees. Effective interest rates of the finance lease ranged from 11% to 13%. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

Finance lease receivables are secured by the leased assets and customer's deposits as at 30 June 2024 (31 December 2023: leased assets and customer's deposits).

The title of the leased assets will be transferred to the customers with minimal consideration at the end of the term of leases.

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Trade receivables	481,363	360,993
Less: allowance for impairment losses	<u>(18,980)</u>	<u>(18,980)</u>
	462,383	342,013
Other receivables	17,836	20,244
Less: allowance for impairment losses	<u>(7,745)</u>	<u>(7,745)</u>
	10,091	12,499
Deposits and prepayments	<u>1,149</u>	<u>1,393</u>
	<u><u>473,623</u></u>	<u><u>355,905</u></u>

An ageing of trade receivables, based on the invoice date, and net of allowance, is as follows:

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
0–30 days	60,876	20,918
31–60 days	59,974	24,680
Over 60 days	<u>341,533</u>	<u>296,415</u>
	<u><u>462,383</u></u>	<u><u>342,013</u></u>

The Group does not charge interest or hold any collateral over these balances.

Lifetime ECL that has been recognised in accordance with simplified approach set out in HKFRS 9 is as follows:

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
At the beginning of period/year	18,980	12,630
Impairment losses recognised for the period/year	–	6,472
Exchange realignment	–	(122)
	<u>18,980</u>	<u>18,980</u>

The carrying amount of the Group's trade receivables at the end of reporting period are denominated in HK\$ and RMB.

15. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset at fair value through profit or loss include:

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Financial asset at fair value through profit or loss		
— Equity securities listed in Hong Kong	114	126
	<u>114</u>	<u>126</u>

16. TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Current		
Trade payables	158,979	77,837
Other payables	46,747	62,464
Interest payable	8,015	4,750
Security deposit for finance lease receivables	213	232
Value added tax payables	183	194
	<u>214,137</u>	<u>145,477</u>

An ageing of trade payables, based on the invoice date, and net of allowance, is as follows:

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
0–30 days	56,717	33,764
31–60 days	55,820	19,271
Over 60 days	46,442	24,802
	<u>158,979</u>	<u>77,837</u>

17. LOAN FROM THE ULTIMATE HOLDING COMPANY

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Unsecured:		
Other borrowings payable within one year (<i>Note i</i>)	<u>50,000</u>	<u>50,000</u>

Notes:

- (i) As at 30 June 2024, the fixed interest rate of the loan from the ultimate holding company is 9.5% (31 December 2023: 9.5%) per annum. Interest charged for the six months ended 30 June 2024 amounted to approximately HK\$2,375,000 (six months ended 30 June 2023: waived) was accrued as interest payables under trade and other payables.
- (ii) As at 30 June 2024, approximately HK\$50,000,000 (31 December 2023: HK\$50,000,000) of loan from the ultimate holding company was denominated in HK\$ which is not the functional currency of the relevant Group entity and exposed the Group to foreign currency risk.

18. LEASE LIABILITIES

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Analysed for reporting purposes at:		
Current liability	168	497
Non-current liability	—	—
	<u>168</u>	<u>497</u>

19. BANK AND OTHER BORROWINGS

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Bank loan	1,626	1,655
Other loan	14,375	16,163
	<u>16,001</u>	<u>17,818</u>
Less: current portion	<u>(16,001)</u>	<u>(17,818)</u>
Non-current portion	<u>—</u>	<u>—</u>
Analysis into:		
The carrying amounts of the above borrowings are repayable		
Within one year or on demand	16,001	17,818
In the second year to fifth years, inclusive	—	—
	<u>16,001</u>	<u>17,818</u>

As at 30 June 2024, the Group's bank borrowings are denominated in RMB, repayable in one year and bearing a fixed interest of 9% (31 December 2023: 8.4%) per annum.

As at 30 June 2024, the Group's bank borrowings are secured by personal guarantee up to RMB1,500,000, provided by a director of a subsidiary (31 December 2023: personal guarantee provided by a director of a subsidiary).

As at 30 June 2024, the Group's other loan are denominated in RMB, unsecured, interest at 8% (31 December 2023: 8%) per annum and repayable within one year.

20. PROMISSORY NOTES

As at 30 June 2024, the Group had outstanding unlisted promissory notes issued on 6 June 2018, 12 March 2021, 15 April 2021, 15 July 2021 and 7 June 2024, with principal amounts of HK\$10,000,000, HK\$3,000,000, HK\$9,000,000, HK\$12,000,000 and HK\$5,000,000, bearing an interest rate of 3%, 4%, 3%, 3% and 3% per annum respectively. The interests for the period ended 30 June 2024 had been conditionally waived, except the promissory note issued on 7 June 2024.

	<i>HK\$'000</i>	
At 1 January 2022		35,379
Imputed interest charged		648
Modifications		<u>(2,272)</u>
At 31 December 2023 and 1 January 2024		33,755
Issue of new promissory notes		5,000
Imputed interest charged		<u>563</u>
At 30 June 2024		<u><u>39,318</u></u>
	At	At
	30 June	31 December
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
The promissory notes are repayable as follows:		
Within 1 year	27,477	–
Over 1 year but within 2 years	11,841	<u>33,755</u>
	<u>39,318</u>	<u><u>33,755</u></u>

The Group's promissory notes were unsecured, denominated in HK\$ which is not the functional currency of the relevant Group entity and exposed the Group to foreign currency risk.

21. CORPORATE BONDS

As at 30 June 2024, the issued unlisted corporate bonds represent aggregate principal amount of approximately HK\$45,000,000 (31 December 2023: HK\$47,000,000) and accrued interest payables, bearing interest rates of 5% to 7% per annum. The corporate bonds are repayable in one year.

22. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.005 each as at 31 December 2023 and 30 June 2024	<u>20,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.005 each as at 31 December 2023 and 30 June 2024	<u>982,000</u>	<u>4,910</u>

There were no changes in the issued capital of the Company during the period from 31 December 2023 to 30 June 2024.

23. CAPITAL COMMITMENT

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Capital expenditure in respect of contracted commitments for contribution to the joint venture equivalent to RMB9,800,000	<u>10,624</u>	<u>10,810</u>

24. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The Group entered into the following significant transactions with related parties during the period:

The remuneration of key management personnel during the two periods ended 30 June 2024 and 2023 were as follows:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Short-term employee benefits	409	576
Post-employment benefits	<u>–</u>	<u>15</u>
	<u>409</u>	<u>591</u>

The remuneration of the directors and key management personnel is determined by the Board having regards to the performance of individuals and market trends.

For the six months ended 30 June 2024, there were no other related parties transaction, that had to be disclosed as defined in Chapter 14A of the Listing Rules.

25. SHARE OPTION SCHEME

Pursuant to the written resolution of the shareholders of the Company on 11 October 2011, the Company has adopted a Share Option Scheme (the “**Scheme**”) for the purpose of motivating eligible participants to optimise their performance and efficiency for the benefit of the Group. The Board of directors shall be entitled at any time on a business day within 10 years commencing on the effective date of the Scheme to offer the grant of option to any eligible participants.

Eligible participants of the Scheme include (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds interest or a subsidiary of such company (“**Affiliate**”); or (ii) the trustee of any trust the beneficiary of which or discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficiary owned by any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate.

Any grant of options to a director, chief executive or substantial shareholder of the Company, or any of their respective associates representing in aggregate over 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of each grant) in excess of HK\$5,000,000 in such person in any 12-months period up to and including the date of each grant must be approved by the independent non-executive directors, but excluding any independent non-executive director who is a proposed grantee and any further grant of options must be approved by the shareholders of the Company.

No share options are granted since the adoption of the Scheme and during the interim period. The Scheme was expired on 18 October 2021.

26. EVENT AFTER REPORTING PERIOD

The Group is exploring opportunities for expanding and enriching the scope of the cross border trading business. Announcement will be made as and when appropriate.

Save for disclosed herein, no other significant event is noted after reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of cross-border business and provision of finance leasing and consultancy service.

1. Cross-border business

The Group commenced its cross-border business since 2017, and expand its cross-border business under the S2B2C and B2C model. The S2B2C model is to provide value-added service to e-commerce distributors and/or end consumers in the PRC by (i) securing a cross-border e-commerce platform that integrates overseas direct procurement, import and export supply chain management; and (ii) leasing of several bonded warehouses, which allow the Group to efficiently import products into the PRC and maintain inventory to respond to customer orders in a swift manner, while providing custom clearance, warehouse storage and logistics assistance to its customers to strengthen its competitive edge.

The B2C model allows the Group to directly advertise and offer its products to end-consumers. The Group believed that the B2C model could diversify the source of income generated from its cross-border business segment.

2. Provision of finance leasing and consultancy service

The finance leasing business has been one of the principal businesses of the Group since 2014. The Group is from time to time looking for suitable opportunities to expand its finance leasing business.

The Group's finance leasing and consultancy service are mainly conducted in the following ways:

(i) Direct finance leasing

Direct finance leasing generally involves the Group acquiring machinery or equipment directly from the supplier at the instruction of the Group's customer, which is then leased to the customer of the Group. The customer will then repay the financing amount, interest and handling fee to the Group in monthly instalments. The financing amount granted by the Group will usually be determined based on the purchase price of the machinery or equipment and the customer's creditworthiness and ability to repay. Upon the expiry of the lease term and full repayment of the lease payment, the ownership of the machinery or equipment will be transferred to the customer at a nominal price. In direct

finance leasing, although the Group has legal ownership to the machinery or equipment underlying the lease during the lease term, substantially all the risks and rewards of the ownership are transferred to the customer through contractual relationship between the Group and the customer.

(ii) Sale and leaseback

Sale and leaseback typically involves a customer selling its owned machinery or equipment to the Group and the Group then lease back such machinery or equipment to this customer. This form of finance leasing is primarily used by customers who need working capital to fund their business operation. The customer will then repay the financing amount, interest and handling fee to the Group in monthly instalments. The financing amount granted by the Group will usually be determined based on the purchase price and depreciation of the machinery or equipment and the customer's creditworthiness and ability to repay. Upon the expiry of the lease term and full repayment of the lease payment, the ownership of the machinery or equipment will be transferred back to the customer at a nominal price. In sale and leaseback transaction, although the Group has legal ownership to the machinery or equipment underlying the lease during the lease term, substantially all the risks and rewards of the ownership are transferred to the customer through contractual relationship between the Group and the customer.

The Group's finance leasing and consultancy service team (the "**Team**"), with solid experience in finance lease and medical equipment sector, obtains information regarding upcoming potential pipeline projects from manufacturers, distributors, banks and other financial institutions. Upon obtaining such information, the Team will approach the potential customers for discussions and conduct due diligence for potential finance leasing cooperation, by ways of direct finance leasing or sales and leaseback.

Details for major terms of finance leasing as at 30 June 2024, including total outstanding finance lease receivables, maturity profile, interest rates, collaterals and/or guarantee obtained, are set out in note 13 to the Condensed Consolidated Interim Financial Statements.

The Team will perform (i) background assessment; (ii) financial capability and repayment ability assessment; (iii) credit assessment; (iv) guarantor background assessment; (v) subject matter assessment; and (vi) industry assessment, in the assessment of the credit risks of customers. The Group's approval process includes due diligence, feasibility study, verification and credit risk assessment. For the monitory of each outstanding finance lease contract, the Team will records the ledger, issue payment reminders, closely follow up instalments, maintain communication with customers to follow up overdue instalments (if any), and commence appropriate proceedings to recover outstanding instalments.

Financial Performance

For the six months ended 30 June 2024, the Group recorded revenue of approximately HK\$329.1 million, representing a decrease of approximately HK\$46.8 million or (12.5)% as compared with the corresponding period in last year which was mainly due to decrease in sales of cross-border business.

For the six months ended 30 June 2024, the Group recorded a profit of approximately HK\$9.5 million, representing a decrease of approximately HK\$7.1 million or (42.8)% as compared with the corresponding period in last year which was mainly due to decrease in revenue.

OUTLOOK

With the substantial expansion and operation of the cross-border business under the S2B2C model and B2C model, the Company takes advantage of its own imported products supply chain, which includes suppliers, bonded warehouses, warehouse management system, one-stop custom clearance procurement and logistics system, to provide integrated services of delivery for the imported products to the end consumers.

By providing the comprehensive valued added services under the S2B2C and B2C model, the operation of cross-border business of the Group continues to grow with expanding customer and supplier base, including both e-commerce distributors and merchant customers.

However, the future execution may be subject to capital investment, human resources constraints and economic environment. The Group will strive to improve its profitability and financial position but the plans and performance of the Group may also be hindered by other factors beyond the Group's control, such as the general market conditions, the development of the financing lease industry, cross-border import industry and e-commerce industry, rules and regulations, and the economic and political environment of Hong Kong.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, the Group recorded total assets of approximately HK\$496.3 million which were financed by internal resources of approximately HK\$115.8 million and liabilities of approximately HK\$380.5 million. The Group had total cash and bank balances of approximately HK\$12.2 million. The current ratio (current assets divided by current liabilities) of the Group decreased from 1.76 times as at 31 December 2023 to 1.33 times as at 30 June 2024. As at 30 June 2024, the Group did not have any deposit pledged to secure bank overdrafts, short-term bank loans and unused banking facilities. The Group's operation was mainly financed by funds generated from its operation and borrowings. As at 30 June 2024, the borrowings were mainly denominated in Hong Kong dollars (“**HK\$**”) and Renminbi (“**RMB**”), while the cash and cash equivalents held by the Group were mainly denominated in HK\$, Renminbi and United States dollars (“**US\$**”). All of the Company's borrowings are on a fixed rate basis.

In June 2019, the Company issued a promissory note in a principal amount of HK\$10,000,000 with an interest rate of 3% per annum and a maturity of 2 years to an independent third party (the “**PN10M**”). The net proceeds of approximately HK\$10 million was intended to be used for working capital. As at 30 June 2024, approximately HK\$10 million was used as working capital as intended and the maturity of the PN10M had been extended to June 2025.

Pursuant to a subscription agreement dated 14 June 2019 and the supplemental agreement dated 17 June 2019, the Company issued convertible bonds in an aggregate principal amount of HK\$39,000,000 with 5% interest per annum three-year lifespan on 24 June 2019. Assuming full conversion of the Convertible Bonds at the initial conversion price of HK\$0.2, the Convertible Bonds will be convertible into 195,000,000 conversion shares. Details are disclosed in the announcements of the Company dated 14 June 2019, 17 June 2019 and 24 June 2019. The gross proceeds from the subscription of the Convertible Bonds was approximately HK\$39 million and the net proceeds was approximately HK\$38.7 million. During the year ended 31 December 2023, the outstanding principal and interest of the Convertible Bonds was reclassified to corporate bonds, no share was converted and the maturity of the corporate bonds had been extended to June 2025. Details are disclosed in the 2023 annual report notes 30 and 31 to the consolidated financial statements.

In March 2021, the Company issued a promissory note in principal amount of HK\$3,000,000 with an interest rate of 4% per annum and a maturity of 2 years to an independent third party (the “**PN3M**”). The proceeds of approximately HK\$3 million was intended to be used for working capital and/or repaying liabilities. As at the date of this announcement, approximately HK\$3 million was used as intended and the maturity of the PN3M had been extended to March 2025.

In April 2021, the Company issued a promissory note in principal amount of HK\$9,000,000 with an interest rate of 3% per annum and a maturity of 1 year which can be extended to another 1 year with mutual written consent to an independent third party (the “PN9M”). The proceeds of approximately HK\$9 million was intended to be used for working capital and/or repaying liabilities. As at the date of this announcement, approximately HK\$9 million was used as intended and the maturity of the PN9M had been extended to April 2025.

In July 2021, the Company issued a promissory note in principal amount of HK\$12,000,000 with an interest rate of 3% per annum and a maturity of 1 year which can be extended to another 1 year with mutual written consent to an independent third party (the “PN12M”). The proceeds of approximately HK\$12 million was intended to be used for working capital and/or repaying liabilities. As at the date of this announcement, approximately HK\$12 million was used as intended and the maturity of the PN12M had been extended to July 2025.

In June 2024, the Company issued a promissory note in principal amount of HK\$5,000,000 with an interest rate of 3% per annum to an independent third party (the “PN5M”). The proceeds of approximately HK\$5 million was intended to be used for working capital and/or repaying liabilities. As at the date of this announcement, approximately HK\$5 million was used as intended and the maturity of the PN3M will be due and payable in June 2025.

In order to support and expand the cross-border business, the Group will strive to diversify its financing sources and explore fund raising opportunities, for example, credit facilities from financial institutions.

CONTINGENT LIABILITIES

Save for disclosed in this announcement, the Group did not have any other significant contingent liabilities as at 30 June 2024 and 31 December 2023.

GEARING RATIO

The gearing ratio was 31.4% as at 30 June 2024 (31 December 2023: 38.4%). The gearing ratio is arrived at by dividing the total external financing debt by total assets at the end of the corresponding period.

FOREIGN EXCHANGE EXPOSURE AND INTEREST RATE RISK

In respect of the cross-border business, the Group is mainly exposed to the currency risk of HK\$/US\$/RMB, the Group considers its exposure to foreign currency risk is primarily in the fluctuation of RMB against HK\$/US\$ and HK\$ against RMB.

In respect of the finance lease business, the Group's receipts, payments and operating expenses are all transacted in RMB, in which the Group expects the currency risks would be insignificant.

The Group currently does not have a foreign currency hedging policy. The Group will monitor its foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arises.

CREDIT POLICY

Regarding the credit risk on finance lease receivables, the Group would assess the credit quality of each potential lessee and define limits for each lessee before accepting any new finance lease. The Group also demands certain finance lease borrowers to pledge further collaterals with the Group apart from the subject leased assets at the time the finance lease arrangement is entered into where considered necessary. In addition, the Group would also monitor the repayment history of finance lease payments from each finance lease lessee with reference to the repayment schedule from the date of finance lease was initially granted up to the reporting date to determine the recoverability of a finance lease receivable. Furthermore, the Group would assess and review the fair value of the pledged assets continuously to ensure the value of the relevant collateral could well cover the finance lease amount granted to the customers and any outstanding finance lease receivables.

CAPITAL EXPENDITURE

For the six months ended 30 June 2024, the Group did not incur addition of property, plant and equipment (six months ended 30 June 2023: Nil).

CAPITAL COMMITMENTS

As at 30 June 2024, the Group has contracted for capital contribution to investees amounting to approximately HK\$11.0 million (31 December 2023: HK\$10.8 million).

CHARGES ON ASSETS

As at 30 June 2024, the Group does not have assets subjected to charges for securing obligations under finance lease (31 December 2023: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2024, the Group has a total workforce of approximately 43 employees (31 December 2023: 29) in Hong Kong and the PRC. Remuneration policies of the Group and the current market condition with salaries and wages were being reviewed on an annual basis. The Group also provided discretionary bonus, medical insurance, training programs, social security and provident fund to the staff of the Group. Pursuant to the written resolution of the shareholders on 11 October 2011, the Company has adopted a share option scheme (the “**Scheme**”) for the purpose of motivating eligible participants. No share options were granted by the Company since the adoption of the Scheme.

SIGNIFICANT INVESTMENT HELD

Except for disclosed in Business Review and the investment in subsidiaries, during the six months ended 30 June 2024 and as at the date of this announcement, the Group did not hold any significant investment in equity interest in any company.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2024 and up to the date of this announcement, the Group is exploring opportunities for the benefit of its business. Announcement will be made as and when appropriate. Save for disclosed elsewhere in this announcement, the Group does not have material acquisitions and disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

While the Group is currently carrying out sufficient level of operations to support its operation which complies with Rule 13.24, it will continue to exploring ways to improve its financial performance and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing capital assets or extending to other business as long as it is in the interest of the Company and the shareholders as a whole. Meanwhile, the Company does not preclude the possibility that the Company may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development or investments of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise, as the Company has from time to time been approached by investors for potential investment projects. In this regard, the Company will publish announcement as and when appropriate according to applicable rules and regulations.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (2023: nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2024, the Company had complied with the applicable Code Provisions set out in the Code on Corporate Governance Practices contained in Appendix C1 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct (the “**Code of Conduct**”) regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the “**Model Code**”). Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard set out in the Model Code and the Code of Conduct during the six months ended 30 June 2024.

To enhance the corporate governance of the Group as a whole, all relevant employees who are likely to be in possession of unpublished price sensitive information in relation to the Group or securities of the Company are subject to full compliance with written guidelines on no less exacting terms than the Model Code. No incident of non-compliance was noted by the Company during the period under review.

AUDIT COMMITTEE

The Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 and has discussed with the senior management the internal control, risk management and financial reporting matters as well as the accounting principles and practices adopted by the Group in relation to the preparation of the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024.

RESUMPTION OF TRADING

Reference is made to the announcement of the Company dated 30 August 2024 in relation to the delay in publication of Interim Results and dispatch of Interim Report, postponement of board meeting and suspension of trading (the “**30 August 2024 Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as used in the 30 August 2024 Announcement.

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 September 2024 until the announcement in relation to the 2024 Interim Results is published by the Company. The announcement in relation to the 2024 Interim Results has now been published and the Company has made an application to the Stock Exchange for the resumption of trading of the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 16 September 2024.

APPOINTMENT OF AUTHORISED REPRESENTATIVE

The Board is pleased to announce that Mr. Zhang Rujie, an executive Director, has been appointed as an authorised representative of the Company under Rule 3.05 of the Listing Rules with effect from 14 September 2024.

By order of the Board
Momentum Financial Holdings Limited
Zhang Rujie
Executive Director

Hong Kong, 14 September 2024

As at the date of this announcement, the Board comprises one executive Director, Mr. Zhang Rujie and three independent non-executive Directors, namely, Mr. Sin Ka Man, Ms. Liang Lina and Mr. Chen Yifan.