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ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Momentum Financial Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries for the six months ended 30 June 2022. This announcement, containing the full text of the 2022 interim report of the Company, complies with the relevant requirements of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to the information to accompany preliminary announcements of interim results.

The printed version of the Company’s 2022 interim report will be delivered to the shareholders the Company and available for viewing on the websites of Stock Exchange (www.hkexnews.hk) and of the Company (<https://www.1152.com.hk/>) on or before 30 September 2022.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading of the Company’s shares will be suspended with effect from 9:00 a.m. on Thursday, 4 November 2021 pending further notice.

Further announcement will be made by the Company as and when appropriate.

By Order of the Board
Momentum Financial Holdings Limited
Liu Xin Chen
Executive Director

Hong Kong, 30 August 2022

As at the date of this announcement, the Board comprises two executive directors of the Company, namely, Mr. Liu Xin Chen and Mr. Zhang Rujie; and three independent non-executive directors of the Company, namely, Mr. Man Wai Lun, Mr. Zhou Zhencun and Mr. Chen Yongping.

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Corporate Information

BOARD OF DIRECTORS

Executive directors

Mr. Liu Xin Chen
Mr. Zhang Rujie (appointed on 5 May 2022)
Mr. Chu Kin Wang Peleus (resigned on 25 March 2022)

Independent non-executive directors

Mr. Man Wai Lun
Mr. Zhou Zhencun (appointed on 13 July 2022)
Mr. Chen Yongping (appointed on 13 July 2022)
Mr. Wong Lap Wai (resigned on 31 May 2022)
Mr. Li Guang Jian (resigned on 6 June 2022)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA

Room 2408
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Unionway Commercial Centre
283 Queen's Road Central
Hong Kong

COMPANY SECRETARY

Ms. Ngan Wai Kam, Sharon

AUTHORISED REPRESENTATIVES

Ms. Ngan Wai Kam, Sharon
Mr. Liu Xin Chen

BERMUDA RESIDENT REPRESENTATIVE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

MEMBERS OF THE AUDIT COMMITTEE

Mr. Chen Yongping (*Chairman*)
(appointed on 13 July 2022)
Mr. Man Wai Lun
Mr. Zhou Zhencun (appointed on 13 July 2022)
Mr. Wong Lap Wai (*Chairman*)
(resigned on 31 May 2022)
Mr. Li Guang Jian (resigned on 6 June 2022)

MEMBERS OF THE REMUNERATION COMMITTEE

Mr. Man Wai Lun (*Chairman*)
Mr. Zhou Zhencun (appointed on 13 July 2022)
Mr. Chen Yongping (appointed on 13 July 2022)
Mr. Liu Xin Chen
Mr. Wong Lap Wai (resigned on 31 May 2022)
Mr. Li Guang Jian (resigned on 6 June 2022)

MEMBERS OF THE NOMINATION COMMITTEE

Mr. Zhou Zhencun (*Chairman*)
(appointed on 13 July 2022)
Mr. Man Wai Lun
Mr. Chen Yongping (appointed on 13 July 2022)
Mr. Liu Xin Chen
Mr. Li Guang Jian (*Chairman*)
(resigned on 6 June 2022)
Mr. Wong Lap Wai (resigned on 31 May 2022)

Corporate Information *(Continued)*

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor, North Cedar House
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Hamilton HM12
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COMPANY'S WEBSITE

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STOCK CODE

1152

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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North Point
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Dah Sing Bank Limited
33/F., Everbright Centre
108 Gloucester Road
Hong Kong

AUDITOR

McMillan Woods (Hong Kong) CPA Limited
24/F, Siu On Centre
188 Lockhart Road, Wan Chai
Hong Kong

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Revenue	5	74,692	360,959
Cost of sales		(67,450)	(331,862)
Gross profit		7,242	29,097
Other operating income		194	220
Change in fair value of financial asset at fair value through profit or loss ("FVTPL")		(91)	501
Selling and distribution expenses		(269)	(749)
Administrative expenses and other expense		(5,061)	(7,998)
Finance costs	7	(565)	(2,963)
Profit before taxation		1,450	18,108
Income tax expenses	8	(820)	(1,365)
Profit for the period	9	630	16,743
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		(3,234)	4,910
Total comprehensive (expense)/income for the period		(2,604)	21,653
Profit for the year attributable to:			
— the owners of the Company		583	14,686
— non-controlling interests		47	2,057
Total comprehensive (expense)/income for the year attributable to:		630	16,743
— the owners of the Company		(2,492)	19,562
— non-controlling interests		(112)	2,091
Earnings per share (HK cents)		(2,604)	21,653
— Basic	11	0.06	1.50
— Diluted	11	0.06	1.50

Condensed Consolidated Statement of Financial Position

As at 30 June 2022

		At 30 June 2022	At 31 December 2021
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	7,408	8,075
Right-of-use assets		319	364
Interest in a joint venture	13	–	–
Finance lease receivables	14	1,160	5,509
		8,887	13,948
Current assets			
Inventories		9,449	2,307
Trade and other receivables	15	300,567	332,165
Finance lease receivables	14	8,448	9,516
Financial asset at FVTPL	16	240	331
Tax recoverable		1,321	1,382
Bank balances and cash	17	6,369	7,197
		326,394	352,898
Current liabilities			
Trade and other payables	18	107,664	136,859
Loan from the ultimate holding company	20	50,000	50,000
Lease liabilities	19	71	129
Bank borrowings	21	1,758	1,840
Promissory notes	22	24,609	32,285
Convertible bonds	24	42,525	42,525
Corporate bonds	23	10,134	10,340
Tax payables		5,924	5,301
		242,685	279,279
Net current assets		83,709	73,619
Total assets less current liabilities		92,596	87,567

Condensed Consolidated Statement of Financial Position *(Continued)*

As at 30 June 2022

		At 30 June 2022	At 31 December 2021
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current liabilities			
Other payables	18	716	749
Lease liabilities	19	–	10
Promissory notes	22	10,770	3,094
		11,486	3,853
NET ASSETS		81,110	83,714
Capital and reserves			
Share capital	25	4,910	4,910
Reserves		72,782	75,274
		77,692	80,184
Non-controlling interests		3,418	3,530
TOTAL EQUITY		81,110	83,714

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share capital HK\$'000	Share premium HK\$'000	Equity component of convertible bonds HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total reserve HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2021 (Audited)	4,910	190,049	6,640	(4,431)	(134,188)	58,070	2,281	65,261
Profit and total comprehensive income for the period (Unaudited)	-	-	-	4,876	14,686	19,562	2,091	21,653
At 30 June 2021 (Unaudited)	4,910	190,049	6,640	445	(119,502)	77,632	4,372	86,914
At 1 January 2022 (Audited)	4,910	190,049	6,640	(2,855)	(118,560)	75,274	3,530	83,714
Loss and total comprehensive expense for the period (Unaudited)	-	-	-	(3,075)	583	(2,492)	(112)	(2,604)
At 30 June 2022 (Unaudited)	4,910	190,049	6,640	(5,930)	(117,977)	72,782	3,418	81,110

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(948)	(748)
Net cash from investing activities	–	72
Net cash used in financing activities	(134)	–
Net decrease in cash and cash equivalents	(1,082)	(676)
Cash and cash equivalents at 1 January	7,197	11,738
Effect on foreign exchange rates changes	254	168
Cash and cash equivalents at 30 June represented by bank balances and cash	6,369	11,230

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

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 Flat C, 13/F, Unionway Commercial Centre, 283 Queen’s Road Central, 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 2022 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 2021 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 2022. 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 2021. A number of new or amended standards are effective from 1 January 2022 but they do not have a material effect on the Group’s financial statements.

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

3. RESTATEMENT OF COMPARATIVE FIGURE

The Group commenced its online-marketing services in 2021 through a partially owned subsidiary, 喀什智拓信息科技有限公司 (“喀什智拓”), and recorded a turnover amounted to approximately HK\$67,425,000 for the six months ended 30 June 2021 as stated in the Company’s interim report published on 30 August 2021 (“2021 Interim Report”).

In accordance to the relevant accounting standards, net amounts of the sales and costs of sales were recorded as services income in the 2021 Annual Report. Accordingly, the comparative figures for the six months ended 30 June 2021 was restated and the impact to the relevant line items are summarised as below:

Condensed consolidated statement of profit or loss and other comprehensive income

	As previously stated HK\$'000	Impact of presenting net amounts of the online- marketing business HK\$'000	As restated HK\$'000
Revenue	422,374	(61,415)	360,959
Cost of sales	(393,277)	61,415	331,862
Gross profit	29,097	–	29,097
Profit for the period	16,473	–	16,473

In addition, the comparative information disclosed in note 5 “Revenue” and note 6 “Segment Information” are restated accordingly.

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

4. 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 2022:

Financial instruments	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2022	31 December 2021		
	HK\$'000 (unaudited)	HK\$'000 (audited)		
Financial asset at FVTPL — listed equity securities	240	331	Level 1	Quoted price in an active market

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

5. 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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Revenue from contracts with customers recognised at a point in time		
Disaggregated by major products or service line		
— Cross-border business	73,423	352,116
— Online marketing and other consultancy service income	776	6,010
	74,199	358,126
Revenue from other sources		
— Interest income from provision of finance leasing services	493	2,833
	74,692	360,959

6. 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.

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

6. SEGMENT INFORMATION *(Continued)*

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 2022

	Cross-border business HK\$'000 (Unaudited)	Provision of finance leasing and consultancy services HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue	73,423	493	776	74,692
Segment profit/(loss)	5,968	97	(218)	5,847
Unallocated operating income				194
Change in fair value of financial asset at fair value through profit or loss				(91)
Administrative and other expenses				(3,935)
Finance cost				(565)
Profit before taxation				1,450

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the six months ended 30 June 2021

	Cross-border business HK\$'000 (Unaudited) (Restated)	Provision of finance leasing and consultancy services HK\$'000 (Unaudited) (Restated)	Others HK\$'000 (Unaudited) (Restated)	Total HK\$'000 (Unaudited) (Restated)
Revenue	352,116	2,833	6,010	360,959
Segment profit	20,757	1,039	3,741	25,537
Unallocated operating income				62
Change in fair value of financial asset at fair value through profit or loss				501
Administrative and other expenses				(5,029)
Finance cost				(2,963)
Profit before taxation				18,108

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.

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Segment assets		
Cross-border business	270,287	308,370
Finance leasing and consultancy services business	48,935	39,920
Unallocated corporate assets	16,059	18,556
Consolidated assets	335,281	366,846
Segment liabilities		
Cross-border business	85,564	128,601
Finance leasing and consultancy services business	17,236	7,010
Unallocated corporate liabilities	151,371	147,521
Consolidated liabilities	254,171	283,132

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.

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

6. SEGMENT INFORMATION *(Continued)*

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 (Note)	
	At 30 June 2022	At 30 June 2021	At 30 June 2022	At 31 December 2021
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Restated)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
The PRC	1,269	8,843	1,554	8,328
Hong Kong	73,423	352,116	6,173	111
	74,692	360,959	7,727	8,439

Note: Non-current assets excluded financial lease receivables.

7. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Interest expenses on:		
— bank and other borrowings interest	71	56
— convertible bonds	—	2,116
— promissory notes	—	260
— lease liabilities	—	51
— corporate bonds	494	480
	565	2,963

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	820	–
PRC Enterprise Income Tax (“EIT”)	–	1,365
	820	1,365

- (i) The tax rate applicable to the Group’s Hong Kong subsidiaries were 16.5% during the six months ended 30 June 2022 (six months ended 30 June 2021: 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 2022 (six months ended 30 June 2021: 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.

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	269	645
Depreciation of right-of-use assets	29	526
Unrealised loss/(gain) on financial asset at fair value through profit or loss	91	(501)

10. DIVIDEND

No dividend was paid, declared or proposed during the reporting period ended 30 June 2022, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2021: nil).

11. 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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings:		
— Earnings for the period attributable to owners of the Company	583	14,686
Number of shares		
— Weighted average number of ordinary shares for the purpose of basic earnings per share	982,000,000	982,000,000

Diluted earnings per share

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2022 and 2021 in respect of dilution as the effect of outstanding convertible bonds are anti-dilutive.

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

12. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2022, the Group incurred approximately HK\$Nil (six months ended 30 June 2021: 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 2021: approximately HK\$nil).

13. INTEREST IN A JOINT VENTURE

As at 30 June 2022 and 31 December 2021, 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 2022	31 December 2021	
				Hebao (Shenzhen) Information Technology Limited* (荷包(深圳)信息科技有限公司) ("Hebao")	Incorporated	

* English name is for identification purpose.

As at 30 June 2022 and up to the date of this report, no capital was injected to Hebao by the Group.

14. FINANCE LEASE RECEIVABLES

Finance lease receivable represents relevant finance lease agreements entered into by the Group's subsidiary Asia Pacific Kungpeng Finance Leasing (Shenzhen) Co., Ltd. with its lessees. Effective interest rates of the finance lease ranged from 13% to 16%. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

As at 30 June 2022, the outstanding portion of the relevant lease contracts entered into of approximately HK\$37,744,000 (31 December 2021: HK\$43,307,000) were ages within 3–5 years (31 December 2021: 3–5 years).

Finance lease receivables are secured by the leased assets and customer's deposits as at 30 June 2022 (31 December 2021: 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.

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

15. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Trade receivables	265,959	320,916
Less: allowance for impairment losses	(15,878)	(15,878)
	250,081	305,038
Other receivables	51,085	21,805
Less: allowance for impairment losses	(1,364)	(1,429)
	49,721	20,376
Deposits and prepayments (note)	765	6,751
	50,486	27,127
	300,567	332,165

Note: At 30 June 2022, deposits amounted to approximately HK\$1,168,000 (31 December 2021: HK\$1,223,000) represents security deposits placed to Guomao Yingtai Finance Leasing (Xiamen) Company ("Guomao Leasing") for the Company's finance leasing business. Details of which are disclosed in note 26 to the unaudited consolidated financial statements.

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

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
0–30 days	12,098	9,184
31–60 days	17,245	8,082
Over 60 days	220,738	287,772
	250,081	305,038

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

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

15. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
At the beginning of period/year	15,878	2,621
Impairment losses recognised for the period/year	–	13,326
Exchange realignment	–	(69)
At the end of period/year	15,878	15,878

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

The movement in the allowance for impairment for other receivables is set out below:

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
At the beginning of period/year	1,429	1,128
Impairment losses recognised for the period/year	–	279
Exchange realignment	(65)	22
At the end of period/year	1,364	1,429

The impairment loss recognised for other receivables was provided based on credit impaired lifetime ECL. For the remaining balance of other receivables, the directors of the Group consider that it has low risk of default or has not been a significant increase in credit risk since initial recognition of which that are not credit impaired.

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

15. TRADE AND OTHER RECEIVABLES *(Continued)*

The movement in the allowance for impairment for deposits is set out below:

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
At the beginning of period/year	–	724
Impairment losses recognised for the period/year	–	(760)
Exchange realignment	–	36
At the end of period/year	–	–

16. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset at fair value through profit or loss include:

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Financial asset at fair value through profit or loss		
— Equity securities listed in Hong Kong	240	331

17. BANK BALANCES AND CASH

The bank balances and cash amounted to approximately HK\$6,369,000 (31 December 2021: HK\$7,197,000) comprise of cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank balances for the six months ended 30 June 2022 carried interest at the prevailing market rate ranging from 0.001% to 0.4% per annum (six months ended 30 June 2021: 0.001% to 0.4% per annum).

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

18. TRADE AND OTHER PAYABLES

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Non-current		
Security deposit for finance lease receivables	716	749
Current		
Trade payables	79,582	123,447
Other payables	27,511	12,537
Security deposit for finance lease receivables	304	480
Value added tax payables	267	395
	107,664	136,859

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

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
0–30 days	13,388	–
31–60 days	15,575	18,319
Over 60 days	50,619	105,128
	79,582	123,447

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

19. LEASE LIABILITIES

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Unaudited)
Analysed for reporting purposes at:		
Current liability	71	129
Non-current liability	–	10
	71	139

	Minimum lease payments		Present value of minimum lease payments	
	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Unaudited)
Amounts payable under finance lease				
Within one year	71	129	71	129
More than one year but less than two years	–	10	–	10
More than two years but less than five years	–	–	–	–
After five years	–	–	–	–
	71	139	71	139
Less: future finance charges	–	–	N/A	N/A
Present value of obligation under finance lease	71	139	71	139
Less: amount due for settlement within 12 months (shown under current liabilities)			71	129
Amount due for settlement after 12 months			–	10

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

20. LOAN FROM THE ULTIMATE HOLDING COMPANY

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Unsecured:		
Other borrowings payable within one year (Note i)	50,000	50,000

Notes:

- (i) As at 30 June 2022, The fixed interest rate of the loan from the ultimate holding company is 9.5% (31 December 2021: 9.5%) per annum. Pursuant to supplemented loan agreements dated on 29 October 2020 and 18 May 2022, interest charge of loan from the ultimate holding company from May 2018 to 30 June 2022 to be conditionally waived. Further details are disclosed in note 26 to the unaudited consolidated financial statements.
- (ii) As at 30 June 2022, approximately HK\$50,000,000 (31 December 2021: 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.

21. BANK BORROWINGS

As at 30 June 2022, the Group's bank borrowings are denominated in RMB, repayable in one year and bearing a fixed interest of 7.8% per annum.

As at 30 June 2022, the Group's bank borrowings are secured by personal guarantee up to RMB1,500,000, provided by a director of a subsidiary.

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

22. PROMISSORY NOTES

On 12 March 2021, 15 April 2021 and 15 July 2021, the Group issued an unlisted promissory notes with principal amount of HK\$3,000,000, HK\$9,000,000 and HK\$12,000,000 bearing an interest rate of 4%, 3% and 3% per annum respectively. The interests for the period ended 30 June 2022 had been conditionally waived. Further details are disclosed in note 26 to the unaudited consolidated financial statements.

	HK\$'000
At 1 January 2021	10,468
Additions	24,000
Imputed interest charged	911
<hr/>	
At 31 December 2021, 1 January 2022 and 30 June 2022	35,379

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.

23. CORPORATE BONDS

As at 30 June 2022, the issued unlisted Corporate Bonds remains at the balance of HK\$10,000,000 (31 December 2021: HK\$10,000,000), bearing an interest rate of 7% per annum. The corporate bonds will be repayable on the expiry day of the ninetieth month from the date of their issues.

24. CONVERTIBLE BONDS

On 24 June 2019, the Company completed the issuance of convertible bonds with face value of HK\$39,000,000 ("CB") to an independent third party. The holder of CB is entitled to convert the CB into ordinary shares of the Company at the conversion price of HK\$0.2 per ordinary share at any time between the date of issue of the CB and 24 June 2022. The CB bear interest of 5% which will be paid on the maturity date or, if earlier, upon conversion or redemption of the CB. The holder of CB on 15 August 2022 had agreed to extend the CB's maturity date to 24 June 2023.

The interest for the period ended 30 June 2022 had been conditionally waived. Further details are disclosed in note 26 to the unaudited consolidated financial statements.

The directors estimate the fair value of the liability component of the CB at 30 June 2022 approximately to be its fair value which has been calculated by discounting the future cash flows at the market rate (level 2 fair value measurements).

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

25. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.005 each as at 31 December 2021 and 30 June 2022	20,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.005 each as at 31 December 2021 and 30 June 2022	982,000	4,910

There were no changes in the issued capital of the Company during the period from 31 December 2021 to 30 June 2022.

26. CONTINGENT LIABILITIES

Modification of Loan from the ultimate holding company

On 24 April 2018, Triumph and the Company entered into a loan agreement (the "Loan Agreement") pursuant to which Triumph advanced an unsecured loan in principal amount of HK\$80,000,000 (as at 1 January 2020, outstanding principal was HK\$50,000,000), to the Company at 9.5% per annum and repayable on demand (the "Shareholder's Loan"). On 24 April 2018, the Loan Agreement, and all benefits accrued to the Shareholder's Loan, was assigned to Great Wall International Investment XX Limited ("Great Wall").

The Loan Agreement was further supplemented on 29 October 2020 and 18 May 2022 under which all interest payable so accrued on the Shareholder's Loan under the Loan Agreement, up to 31 December 2021 shall be waived by Triumph and Great Wall conditionally if (i) the shares of the Company were not halted or suspended from trading for more than 18 months; and (ii) the Company was not delisted from the Stock Exchange of Hong Kong Limited ("Loan Modification").

As the payment of interest on the Shareholder's Loan is dependent upon if the conditions of the Loan Modification cannot be met and the probability of which cannot be ascertained reliably as at 30 June 2022. Thus, no interest on the Shareholder's Loan had been provided during the period. However, interest of approximately HK\$15,157,836 so accrued on the Shareholder's Loan for the period from May 2018 to 30 June 2022 shall be payable to Great Wall immediately should the conditions of the Loan Modification have not been met.

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

26. CONTINGENT LIABILITIES *(Continued)*

Modification of Loan from the Promissory Notes and Convertible Bonds holders

The Company issued Promissory Notes to (i) Sunshine Flame Development Limited (“Sunshine”) on 6 June 2019 and 15 April 2021 with principal amount of HK\$10,000,000 and HK\$9,000,000 respectively at 3% per annum interests; and (ii) Mr. Zheng Lizhong (“Mr. Zheng”) on 12 March 2021 with principal amount of HK\$3,000,000 at 4% per annum interests and on 15 July 2021 with principal amount of HK\$12,000,000 at 3% per annum interests.

Both of Sunshine and Mr. Zheng had agreed on 12 August 2022 to waive all interest payable from 1 January 2022 to 31 December 2022 conditionally if the Company was not delisted from the Stock Exchange of Hong Kong Limited (“PN Modification”).

Forever Brilliance International Group Co., Limited (“Forever”) is the registered holder of the HK\$39,000,000 (5%) Convertible Bonds. Forever had agreed on 15 August 2022 to waive all interest payable from 1 January 2022 to 31 December 2022 conditionally if the Company was not delisted from the Stock Exchange of Hong Kong Limited (“CB Modification”).

As the payment of interest on the Promissory Notes and Convertible Bonds are dependent upon if the conditions of the PN Modification and CB Modification cannot be met and the probability of which cannot be ascertained reliably as at 30 June 2022. Thus, no interest on the Promissory Notes and Convertible Bonds had been provided during the period ended 30 June 2022 (2021: approximately HK\$2.38 million). However, interest of approximately HK\$2,599,000 so accrued on the Promissory Notes and Convertible Bonds for the period ended 30 June 2022 shall be payable to Sunshine, Mr. Zheng and Forever immediately should the conditions of the PN Modification and CB Modification have not been met.

For the purpose of the preparation of these consolidation financial statements, the management of the Company, based on the current situation of the Company, had carefully assessed and viewed that the probability of failure to meet the conditions of the Loan Modification is remote.

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

27. CAPITAL COMMITMENT

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Capital expenditure in respect of contracted commitments for contribution to the joint venture equivalent to RMB9,800,000	11,484	12,021

28. 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 2022 and 2021 were as follows:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Short-term employee benefits	715	1,060
Post-employment benefits	15	21
	730	1,081

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 2022, there were no other related parties transaction, that had to be disclosed as defined in Chapter 14A of the Listing Rules.

Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

For the six months ended 30 June 2022

29. 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.

30. 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

In view of the market growth in nutritional food products, health care products and beauty products, the Group continue to advance its cross-border trading business (“CBTB”) related to nutritional food products, health care products and beauty products through various co-operation during the six months ended 30 June 2022.

Latest market development

As Covid-19 continues to rampage around the world unchecked and the global economy goes into recession, the cancellation of international flight and lock down measures of foreign countries, especially the United States and European countries, negatively affected the cross-border delivery of products. The Chinese central government has put forward the “dual circulation” strategy to boost the country’s development. China will take the domestic markets and consumption as the mainstay while letting internal and external markets boost each other. Against this backdrop, it is expected that expansion and upgrading of the mainland consumer market will be a major force driving the “dual circulation” model, with cross-border e-commerce (CBEC) retail imports serving as an important link connecting the domestic consumer market with the international supply chain. In early 2020 and 2021 when the coronavirus swept through China, CBEC imports, providing mainland consumers with a fast, convenient and safe source of quality products from all over the world, were extremely popular. Imports and exports of China’s cross-border e-commerce totalled RMB1.98 trillion (US\$311.5 billion) in 2021, up 15% year-on-year. E-commerce exports stood at RMB1.44 trillion, an increase of 24.5 percent on a yearly basis. Cross-border e-commerce is set to play a bigger role in bolstering the development of foreign trade during the 14th Five-Year Plan period (2021–25). In the long term, the outbreak of COVID-19 is not expected to impact the overall development of cross-border e-commerce export B2C industry adversely and severely. The pandemic caused a shift in business from physical stores to the internet, while consumers’ spending more time at home also drove up the number of pageviews of e-commerce platforms. According to a 2021 white paper on the digital growth of emerging brands issued by Ebrun Research Institute, the post-90s and Z generations accounted for almost half of the online sales of health products.

Although big brands are prominent in the mainland CBEC retail imports market, consumer demand for products is becoming more diversified. They can also consider working with CBTB platforms and using government funding to propel growth.

Management Discussion and Analysis *(Continued)*

Hong Kong performs important functions and plays a significant role in the mainland CBEC/CBTB retail imports market. Thanks to its geographical proximity to the mainland and duty free policy on most imported goods, Hong Kong is an ideal location for the storage of these goods before they enter the mainland. Hong Kong's favourable business environment facilitates frequent international trade and goods flows and has made the SAR a leading centre in south China for purchasing imported goods. Under the "dual circulation" economic growth model, the mainland consumer market for imported goods will continue to develop. As the mainland expands and liberalises its markets, Hong Kong is bound to share the benefits of the growing CBEC/CBTB retail imports trade.

Business development of the Company

Riding on the above increase in demand for cross-border import of products for the customers in the PRC, the three tax-bonded warehouses of the Group located in Shenzhen, Yiwu and Nanchang in the PRC, the experience and business network of the Group in the cross-border business, the Group has commenced its cross-border e-commerce business since 2020.

Through the acquisition of the entire equity interests of 深圳越洋供應鏈管理有限公司* (Shenzhen Yueyang Supply Chain Management Company Limited, "Shenzhen Yueyang") in October 2020, the Group possesses a system which is automatic and linked directly to the PRC Custom and Exercise Department for conducting clearance and delivery of shipments enabling the Group to provide considerable full customs clearance. In 2022, the Group has also set up its cross-border e-commerce business with its online store on a major third-party e-commerce platform. By operating the online store on the third-party e-commerce platform, the Group has significantly expanded its customer coverage through marketing of its product portfolio.

The Group sources products from the overseas by becoming authorised distributors for various brands and products, including Australia, Japan, Korea and the US. Utilising the tax-bonded warehouses of the Group in different regions in the PRC, the Group imports such products and deliver to the customers in the PRC through third-party e-commerce platforms.

As such, the Group has become an extensive e-commerce importer and retailer by operating its online store on the third-party e-commerce platform and providing sourcing, custom clearance, warehousing, distribution and delivery services to its customers in the PRC.

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.

For the medical equipment finance leasing business, the Group would also be expanding its medical equipment finance leasing with further financing from banks.

Management Discussion and Analysis *(Continued)*

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 2022, including total outstanding finance lease receivables, maturity profile, interest rates, collaterals and/or guarantee obtained, are set out in note 14 to the Condensed Consolidated Interim Financial Statements.

Management Discussion and Analysis *(Continued)*

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 monitoring of each outstanding finance lease contract, the Team will record 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 2022, the Group recorded revenue of approximately HK\$74.7 million, representing a decrease of approximately HK\$286.3 million or 79.3% as compared with the corresponding period in last year which was mainly due to the resurgence of coronavirus pandemic that led to the implementation of stricter pandemic control and lockdown measures in Hong Kong and various major cities of the People's Republic of China (the "PRC"), disruptions to the supply chain and business activities of many enterprises including the Group and its business partners.

For the six months ended 30 June 2022, the Group recorded a profit of approximately HK\$0.6 million, representing a decrease of approximately HK\$16.1 million or 96.2% as compared with the corresponding period in last year which was mainly due to the resurgence of coronavirus pandemic.

OUTLOOK

Subsequent to the first half of 2022, the Group resumes its normal operation due to the progressive relief of strict pandemic control and lockdown measures in Hong Kong and PRC. As the Group has recorded preliminary success in its cross-border e-commerce business, the Group is confident in further developing the cross-border e-commerce business by (i) expanding its customer coverage by setting up new sales channel through various third-party e-commerce platforms in second half of 2022; and (ii) expanding its product coverage by becoming authorised distributors for more overseas brands and products. As such, the Group considers it will record significant growth in the revenue from its cross-border e-commerce business.

The Group will continue to use its best endeavour to diversify the products, suppliers and funding channels to enhance the source of income and implement cost saving measures to improve the profitability and financial position of the Group.

However, the future execution may be subject to capital investment, human resources constraints, COVID-19 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.

Management Discussion and Analysis *(Continued)*

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2022, the Group recorded total assets of approximately HK\$335,281,000 which were financed by internal resources of approximately HK\$81,110,000 and liabilities of approximately HK\$254,171,000. The Group had total cash and bank balances of approximately HK\$6,369,000. The current ratio (current assets divided by current liabilities) of the Group increased from 1.26 times as at 31 December 2021 to 1.34 times as at 30 June 2022. As at 30 June 2022, 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 2022, the borrowings were mainly denominated in Hong Kong dollars ("HK\$"), while the cash and cash equivalents held by the Group were mainly denominated in HK\$, Renminbi ("RMB") 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 "PN"). The net proceeds of approximately HK\$10 million was intended to be used for working capital. As at 30 June 2022, approximately HK\$10 million was used as working capital as intended and the maturity of the PN had been extended to another 2 years to June 2023.

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\$42.5 million. As at 30 June 2022, no share was converted.

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 proceeds of approximately HK\$3 million was intended to be used for working capital and/or repaying liabilities. As at the date of this report, approximately HK\$3 million was used as intended.

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 proceeds of approximately HK\$9 million was intended to be used for working capital and/or repaying liabilities. As at the date of this report, approximately HK\$9 million was used as intended.

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 proceeds of approximately HK\$12 million was intended to be used for working capital and/or repaying liabilities. As at the date of this report, approximately HK\$12 million was used as intended.

In order to support and expand the finance leasing business and 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.

Management Discussion and Analysis *(Continued)*

CONTINGENT LIABILITIES

Details of contingent liabilities are set out in note 26 to the unaudited consolidated financial statements.

GEARING RATIO

The gearing ratio was 38.5% as at 30 June 2022 (31 December 2021: 38.2%). 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

The Group continued to manage and monitor its interest rate and currency exchange risks exposure to ensure appropriate measures are implemented on timely and effective manner. The major borrowings of the Group carry interest at fixed rates.

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 2022, the Group did not incur addition of property, plant and equipment (six months ended 30 June 2021: Nil).

Management Discussion and Analysis *(Continued)*

CAPITAL COMMITMENTS

As at 30 June 2022, the Group has contracted commitment for capital contribution to investees amounting to approximately HK\$11.5 million (31 December 2021: HK\$12.0 million).

CHARGES ON ASSETS

As at 30 June 2022, save as the HK\$1,168,000 (31 December 2021: HK\$1,223,000) security deposits placed as disclosed in note 15 to the unaudited consolidated financial statements, the Group does not have assets subjected to charges for securing obligations under finance lease (31 December 2021: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2022, the Group has a total workforce of approximately 39 employees (31 December 2021: 40) 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.

Other Disclosures

SIGNIFICANT INVESTMENT HELD

Except for disclosed in Business Review and the investment in subsidiaries, during the six months ended 30 June 2022 and as at the date of this report, 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 2022 and up to the date of this report, 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 report, the Group does not have material acquisitions and disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

To maintain a sufficient level of operations and assets of sufficient value to support its operations, the Group has been 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 2022 (2021: nil).

MATERIAL EVENTS

Reference is made to the announcements of the Company dated 20 December 2019, 3 January 2020, 9 June 2020, 17 June 2020, 28 October 2020, 25 March 2021 and 25 July 2021, relating to the decision of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to suspend the trading of the Company's shares under Rule 6.01(3) as the Company failed to maintain a sufficient level of operations and assets of sufficient value to support its operations under Rule 13.24 (effective from 1 October 2019) to warrant the continued listing of its shares.

Quarterly Updates

On 8 February 2022, 3 May 2022 and 3 August 2022, the Company announced its quarterly updates on recent development.

The Group is carrying on its normal day-to-day operations. Our future business development is in line with our expectation. The Group will continue to review its existing businesses from time to time and strive to improve the business operation and financial position of the Group. It has been the business strategy of the Group to proactively seek potential business and investment opportunities with the aim of broadening its source of income and maximising return to the Shareholders.

The Company is taking appropriate steps to resolve the issues causing its trading suspension and to fully comply with the Listing Rules to the Stock Exchange's satisfaction.

Other Disclosures *(Continued)*

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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

At 30 June 2022, to the best knowledge of the Directors, none of the Directors nor the chief executive of the Company had registered an interest and/or short positions in the share, the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the period ended 30 June 2022 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors, their respective spouses or minor children to acquire such rights in any other body corporate.

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

As at 30 June 2022, the interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long position:

Name of Shareholders	Capacity and nature of interest	Number of ordinary shares held (Note 1)	Percentage of the Company's issued share capital
Triumph Hope Limited (Note 2)	Beneficial owner	501,330,000(L)(S)	51.05
Mr. Chan Chung Shu (Note 2)	Interest in controlled corporation (Note 2)	501,330,000(L)(S)	51.05
Great Wall International Investment XX Limited (Note 2)	Corporation having security interest in shares	501,330,000(L)	51.05

Other Disclosures *(Continued)*

Name of Shareholders	Capacity and nature of interest	Number of ordinary shares held (Note 1)	Percentage of the Company's issued share capital
China Great Wall AMC (International) Holdings Company Limited (Note 2)	Interest in controlled corporation	501,330,000(L)	51.05
China Great Wall Asset Management Co., Ltd. (Note 2)	Interest in controlled corporation	501,330,000(L)	51.05
Shanxi Coking Coal Electrical (Hong Kong) Company Limited (Note 3)	Beneficial interest	58,800,000(L)	5.99
Mr. Ke Xin Hai	Beneficial owner	57,000,000(L)	5.80
Smith Lexi Lucia (Note 4)	Interest in controlled corporation	195,000,000(L)	19.86
Forever Brilliance International Group Co., Limited (Note 4)	Beneficial owner	195,000,000(L)	19.86

Notes:

(1) The letter "L" denotes a long position in interest in the share capital of the Company while the letter "S" denotes a short position in interest in the share capital of the Company.

(2) Mr. Chan Chung Shu, an executive Director and chairman of the Board until 2 July 2019, is deemed to be interested in 501,330,000 shares of the Company held by Triumph Hope Limited by virtue of it being controlled by him. Triumph Hope Limited acquired a total of 501,210,000 shares of the Company on 25 October 2017. On 17 January 2018, Triumph Hope Limited acquired additional 120,000 shares as a result of the close and being received valid acceptances of 120,000 offer shares under an unconditional mandatory cash offer by Triumph Hope Limited for all the issued shares of the Company.

On 24 April 2018, Triumph Hope Limited had pledged 501,330,000 shares of the Company as security for a term loan facility provided to Triumph Hope Limited by Great Wall International Investment XX Limited which was wholly-owned by China Great Wall AMC (International) Holdings Company Limited which was, in turn, wholly-owned by China Great Wall Asset Management Co., Ltd. 中國長城資產管理股份有限公司.

(3) Shanxi Coking Coal Group Company Limited is the beneficial owner of 100% of the issued share capital of Shanxi Coking Coal Electrical (Hong Kong) Company Limited and is deemed to be interested in the 58,800,000 Shares held by Shanxi Coking Coal Electrical (Hong Kong) Company Limited under the SFO.

(4) Forever Brilliance International Group Co., Limited is wholly owned by Smith Lexi Lucia.

Other Disclosures *(Continued)*

Save as disclosed above, as at 30 June 2022, no person had registered an interest or short position in the shares, underlying shares or debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTOR'S INTERESTS IN A COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors and their respective associates (as defined in the Listing Rules) are considered to have any interests in the businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

CHANGES IN INFORMATION OF DIRECTORS

The changes in the information of the Directors of the Company since the publication of the annual report of the Company for the year ended 31 December 2021, which are required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) and Code A.6.6 of Appendix 14 of the Listing Rules are set out below:

1. Mr. Man Wai Lun (an independent non-executive director of the Company) was appointed as an executive director of China Clean Energy Technology Group Limited (stock code: 2379), a company listed on the Main Board of the Stock Exchange, with effect from 13 June 2022.

COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 2 August 2021. Following the resignation of Mr. Yeh Tung Ming as independent non-executive Director, a member of the Audit Committee, a member of the Nomination Committee and the chairman of the Remuneration Committee of the Company on 31 July 2021, the number of independent non-executive Directors and members of the Audit Committee fell below the requirements under Rules 3.10(1) and 3.21 of the Listing Rules respectively. As announced by the Company on 27 August 2021, Mr. Man Wai Lun was appointed as an independent non-executive director, the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee of the Company with effect from 27 August 2021 ("Mr. Man's Appointment"). As at the date of this report, the Board comprises six members, including three executive Directors and three independent non-executive Directors. Following Mr. Man's Appointment, the current number of independent non-executive Directors complies with Rule 3.10(1) of the Listing Rules. The Company also fulfils the requirement of having a minimum of three members on the Audit Committee under Rule 3.21 of the Listing Rules.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2022, the Company had complied with the applicable Code Provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

Other Disclosures *(Continued)*

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 10 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 2022.

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 2022 and 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 2022.

By Order of the Board

Momentum Financial Holdings Limited

Liu Xin Chen

Executive Director

Hong Kong, 30 August 2022