MOMENTUM FINANCIAL HOLDINGS LIMITED
正乾金融控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1152)

ANNOUNCEMENT OF UNAUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "Board") of directors (the "Directors") of Momentum Financial Holdings Limited (the "Company") would like to announce the unaudited consolidated results of the Company and its subsidiaries (collectively refer to as the "Group") for the year ended 31 December 2019 (the "Annual Results"), together with the audited comparative figures for the previous year, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Revenue	*4*	**299,525**	137,647
Cost of sales		**(281,665)**	(130,451)
Gross profit		**17,860**	7,196
Other operating income	*6*	**2,578**	911
Loss on disposals of subsidiaries		**(931)**	—
Change in fair value of financial asset at fair value through profit or loss (FVTPL)		**(160)**	(479)
Selling and distribution expenses		**(1,450)**	(467)
Administrative and other expenses		**(27,781)**	(21,805)
Finance costs	*7*	**(8,578)**	(6,878)
Loss before tax		**(18,462)**	(21,522)
Income tax expense	*8*	**(187)**	(486)
Loss for the year attributable to the owners of the Company	*9*	**(18,649)**	(22,008)
Other comprehensive (expense)/income for the year, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(1,413)**	(3,473)
Reclassification of exchange reserve to profit or loss on disposals of subsidiaries		**1,550**	—
		137	(3,473)
Total comprehensive expense for the year attributable to the owners of the Company		**(18,512)**	(25,481)
Loss per share (HK cents)	*10*		
Basic and diluted		**(1.90)**	(2.24)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**8,733**	11,136
Right-of-use assets		**5,813**	—
Interest in a joint venture		**—**	—
Finance lease receivables	*12*	**35,545**	43,181
		50,091	54,317
Current assets			
Inventories		**—**	—
Finance lease receivables	*12*	**21,520**	13,739
Trade and other receivables	*13*	**139,533**	18,930
Financial asset at fair value through profit or loss		**217**	376
Income tax recoverable		**1,260**	844
Bank balances and cash		**43,915**	72,305
		206,445	106,194
Current liabilities			
Trade and other payables	*14*	**87,299**	14,502
Loan from the ultimate holding company		**50,000**	65,000
Obligation under finance lease		**—**	278
Lease liabilities		**5,999**	—
Income tax payables		**414**	1,176
		143,712	80,956
Net current assets		**62,733**	25,238
Total assets less current liabilities		**112,824**	79,555
Non-current liabilities			
Other payable	*14*	**3,686**	2,215
Convertible bonds		**34,239**	—
Promissory notes		**10,167**	—
Corporate bonds		**9,129**	8,908
Obligation under finance lease		**—**	930
		57,221	12,053
Net assets		**55,603**	67,502
Capital and reserves			
Share capital		**4,910**	4,910
Reserves		**50,693**	62,592
Total equity		**55,603**	67,502

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

The Company is incorporated in 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 principal place of business of the Company is Room 2407, 24/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.

The principal activities of the Group are the provision of finance leasing and consultancy services and cross-border trading business — nutrition food and health care products.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") as the Directors consider that HK$ is appropriate presentation currency for the users of the Group's consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which in collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are discussed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

The HKICPA has issued a new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, HK(IFRIC) 4 Determining whether an Arrangement contains a Lease, HK(SIC) 15 Operating Leases — Incentives and HK(SIC) 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact or leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in a similar economic environment. Specifically, discount rate for certain leases of leasehold lands and properties was determined on a portfolio basis;

(ii) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

(iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(iv) relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	HK$'000 **(unaudited)**
Operating lease commitments disclosed as at 31 December 2018	**6,243**
Less: commitments relating to lease exempt from capitalisation:	
— short-term leases and leases of low-value assets	**(2,524)**
	3,719
Less: total future interest expenses	**(290)**
Present value of remaining lease payments, discounted using the incremental borrowing rate and Lease liabilities recognised as at 1 January 2019	**3,429**
Of which are:	
— Current lease liability	**1,895**
— Non-current lease liabilities	**1,534**
	3,429

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of consolidated financial position at 31 December 2018.

(c) Impact of the financial results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element. These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16 *HK$'000* **(unaudited)**	**Add back: HKFRS 16 depreciation and interest expense** *HK$'000* **(unaudited)**	**Deduct: Estimated amounts related to operating lease as if under HKAS 17** *(note 1)* *HK$'000* **(unaudited)**	**Hypothetical amounts for 2019 as if under HKAS 17** *HK$'000* **(unaudited)**	Compared to amounts reported for 2018 under HKAS 17 *HK$'000* (audited)
Financial result for the year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Loss from operation	**(9,884)**	**4,622**	**(4,808)**	**(10,070)**	(14,644)
Finance costs	**(8,578)**	**344**	**—**	**(8,234)**	(6,878)
Loss before tax	**(18,462)**	**4,966**	**(4,808)**	**(18,304)**	(21,522)
Loss for the year	**(18,649)**	**4,966**	**(4,808)**	**(18,491)**	(22,008)

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no difference between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "Finance leases payables", these amounts are included within "Lease liabilities", and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

The following table summaries the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16	Carrying amount as at 31 December 2018	Reclassification	Recognition of leases	Carrying amount as at 1 January 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(unaudited)	(unaudited)	(unaudited)
Assets				
Right-of-use assets	–	1,603	3,401	5,004
Property, plant and equipment	11,136	(1,603)	–	9,533
Liabilities				
Lease liabilities	–	1,208	3,429	4,637
Obligation under finance lease	1,208	(1,208)	–	–

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform	1 January 2020

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

Revenue represents revenue arising on provision of finance leasing and consultancy service and cross-border trading business — nutrition food and health care products for the year. An analysis of the Group's revenue for the year is as follows:

	2019	2018*
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service line		
— Cross-border trading of nutrition food and health care products	**294,292**	133,487
— Consultancy service income	**—**	3,130
Revenue from other sources	**294,292**	136,617
— Interest income from provision of finance leasing services	**5,233**	1,030
	299,525	137,647

5. SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Directors have chosen to organise the Group around differences in products and services.

Specifically, the Group's reportable segments are as follows:

(i) Provision of finance leasing and consultancy service in finance leasing business (earning interest income, handling fee and consultancy fee) and purchasing of leased assets

(ii) Cross-border trading business — nutrition food and health care products

Segment revenues and results

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

For the year ended 31 December 2019 (unaudited)

	Provision of finance leasing and consultancy service *HK$'000* **(unaudited)**	**Cross-border trading business — nutrition food and health care products** *HK$'000* **(unaudited)**	**Total** *HK$'000* **(unaudited)**
Segment revenue	**5,233**	**294,292**	**299,525**
Segment profit/(loss)	**(354)**	**11,787**	**11,433**
Unallocated other operating income			**1,840**
Loss on disposals of subsidiaries			**(931)**
Change in fair value of financial asset at FVTPL			**(160)**
Unallocated expenses			**(22,066)**
Finance costs			**(8,578)**
Loss before tax			**(18,462)**

For the year ended 31 December 2018 (audited)

	Provision of finance leasing and consultancy service *HK$'000* (audited)	Cross-border trading business — nutrition food products *HK$'000* (audited)	Total *HK$'000* (audited)
Segment revenue	4,160	133,487	137,647
Segment profit	1,158	2,637	3,795
Unallocated other operating income			180
Change in fair value of financial asset at FVTPL			(479)
Unallocated expenses			(18,140)
Finance costs			(6,878)
Loss before tax			(21,522)

Segment profit represents the profit earned by each segment without allocation of change in fair value of financial asset at FVTPL, gains on disposal of subsidiaries, certain selling and distribution expenses, central administrative costs, directors' salaries, certain other operating income 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:

Segment assets

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Cross-border trading business — nutrition food and health care products	**134,237**	15,480
Finance leasing business	**59,298**	67,130
Total segment assets	**193,535**	82,610
Unallocated corporate assets	**63,001**	77,901
Total assets	**256,536**	160,511

Segment liabilities

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Cross-border trading business — nutrition food and health care products	**81,061**	5,171
Finance leasing business	**3,689**	7,160
Total segment liabilities	**84,750**	12,331
Unallocated corporate liabilities	**116,183**	80,678
Total liabilities	**200,933**	93,009

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 FVTPL, income tax recoverable and other assets for corporate use including certain plant and equipment, 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, loan from the ultimate holding company, other borrowing, obligation under finance lease, convertible bonds, promissory notes, lease liabilities, income tax payables and corporate bonds which were managed in a centralised manner.

6. OTHER OPERATING INCOME

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Finance lease handling income	**592**	535
Finance lease penalty income	**8**	196
Bank interest income	**55**	180
Gain on disposals of property, plant and equipment	**190**	—
Refund of value-added tax	**1,590**	—
Others	**143**	—
	2,578	911

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Interest on:		
— other borrowing	**—**	1,667
— loan from the ultimate holding company	**5,215**	4,263
— obligation under finance lease	**—**	48
Effective interest expenses on:		
— convertible bonds	**1,879**	—
— corporate bonds	**921**	900
— promissory notes	**167**	—
— lease liabilities	**396**	—
	8,578	6,878

8. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Current tax:		
Hong Kong Profits Tax		
— Provision for the year	**36**	198
PRC Enterprise Income Tax		
— Provision for the year	**—**	288
— Under-provision of prior years	**151**	–
	151	288
	187	486

(i) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the years ended 31 December 2019 and 2018, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 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. No provision for PRC EIT is required as the Group's PRC subsidiaries did not generate any assessable profit for the year (2018: calculated at 25%).

9. LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Loss for the year has been arrived at after charging/(crediting):		
Directors' and chief executive's emoluments	**2,425**	2,402
Salaries and other allowances (excluding Directors' and chief executive's emoluments)	**6,990**	5,639
Retirement benefit scheme contributions (excluding Directors' and chief executive's emoluments)	**508**	332
Total staff costs	**9,923**	8,373
Auditor's remuneration	**700**	800
Amount of inventories recognised as an expense	**281,665**	130,451
Depreciation		
— owned assets	**1,043**	1,929
— right-of-use assets	**4,690**	–
Loss on written-off/disposal of property, plant and equipment/leased assets	**285**	5
Gain on disposals of property, plant and equipment/leased assets	**(190)**	–
Exchange loss, net (included in administrative and other expenses)	**199**	118
Allowance for trade receivables	**1,136**	–
Allowance for finance lease receivables	**596**	–
Allowance for other receivables	**–**	701
Allowance for deposits and prepayments	**420**	–
Minimum lease payments in respect of operating lease for rented premises	**–**	5,197

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Loss		
Loss for the year attributable to the owners of the Company for the purposes of basic and diluted loss per share	**(18,649)**	(22,008)

	2019	2018
	'000	*'000*
	(unaudited)	(audited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**982,000**	982,000

Diluted loss per share was the same as the basic loss per share for the year ended 31 December 2019 as the computation of diluted loss per share did not assume the conversion if the Company's outstanding convertible bonds since their exercise would result in a decrease in loss per share.

Diluted loss per share was the same as the basic loss per share for the year ended 31 December 2018 as there were no dilutive potential ordinary shares.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: Nil).

12. FINANCE LEASE RECEIVABLES

Certain of the machineries of the Group are leased out under finance leases. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	Minimum lease payments		**Present value of minimum lease payments**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Finance lease receivables comprises:				
— Within one year	**24,273**	18,096	**21,520**	13,739
— After one year but within two years	**21,658**	18,504	**19,201**	15,403
— After two years but within five years	**18,436**	30,150	**16,344**	27,778
	64,637	66,750	**57,065**	56,920
Less: unearned finance income	**(7,302)**	(9,830)	**N/A**	N/A
Present value of minimum lease payment receivables	**57,065**	56,920	**57,065**	56,920
Analysed for reporting purposes as:				
Current assets			**21,520**	13,739
Non-current assets			**35,545**	43,181
			57,065	56,920

The effective interest rates of the above finance lease range from approximately 9% to 15% (2018: 9% to 13%) per annum.

The relevant lease contracts entered into of approximately HK$57,065,000 (2018: HK$56,920,000) were aged within 3–5 years at the end of the reporting period.

As at 31 December 2019 and 2018, all the finance lease receivables were secured by the leased assets and customers' deposits. The title of the leased assets will be transferred to the customers with minimal consideration at the end of the term of leases.

13. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Receivables at amortised cost comprise:		
Trade receivables	**111,592**	15,452
Less: allowance for impairment losses	**(1,136)**	—
	110,456	15,452
Other receivables	**6,475**	3,701
Less: allowance for impairment losses	**(1,096)**	(1,096)
	5,379	2,605
Deposits and prepayments	**24,113**	873
Less: allowance for impairment losses	**(415)**	—
	23,698	873
	139,533	18,930

The Group generally allows an average credit period of 0–30 days (2018: 0–30 days) to its trade customers. The following is an ageing analysis of trade receivables presented based on the date of acknowledgement of receipt of goods by customers, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0–30 days	**45,663**	9,852
31–60 days	**26,705**	5,600
Over 60 days	**38,088**	–
	110,456	15,452

14. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Non-current		
Security deposits for finance lease receivables	**3,686**	2,215
Current		
Trade payables	**80,476**	5,171
Other payables	**2,126**	6,552
Interest payables	**4,004**	1,876
Value added tax payables	**693**	903
	87,299	14,502

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0–30 days	**45,034**	5,171
31–60 days	**32,563**	—
Over 60 days	**2,879**	—
	80,476	5,171

The average credit period on purchases of goods is 30 days (2018: 30 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15. CAPITAL COMMITMENT

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Capital expenditure in respect of contracted commitments for capital contribution to investees	**10,955**	11,618

16. 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 years ended 31 December 2019 and 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

1. ***Cross-Border trading business — nutrition food and health care products***

   In view of the market growth in nutritional food products in the PRC and to cater for customers' demands thereof, during the second half year of 2017, the Group started to engage in trading activities related to nutritional food products in connection with the Group's trading business.

   Our major suppliers are import agencies and distributors of nutritional food products. The import agencies and distributors covered several reputable and major foreign brands of nutritional food products and their products are all supplied by official channels of the brands. In addition, some of them have obtained the authorisation from the foreign brands to use the brand directly for brand promotion. The import agencies and distributors offer several nutritional food products for the Group to choose as its product portfolio. The Group will from time to time review its product portfolio and consider to expand the product portfolio if necessary and when opportunities arise.

   Our major customers are local trading companies and providers of import/export services. To the best of the Group's knowledge, those local trading companies mainly sell the products to the domestic in Hong Kong and the PRC market, and most of their target customers are tourists from the PRC.

   The Company adjusts its business strategy of the trading business from time to time according to different market circumstances. During the year ended 31 December 2019, in Hong Kong, there were less tourists from the PRC visiting Hong Kong, the Company therefore devoted more resources on its cross-border e-commerce trading and sales to satisfy demand in the PRC. The expansion of cross-border e-commerce trading allows the Group to not only limit customers to local trading companies and providers of import/export services, but to also expand its customer base to customers in the PRC. To manage against the drop in orders placed by customers in Hong Kong and to follow the trend in the growth in e-commerce, coupled with the joining of the new management members during the year, the Board was of the view that there is an opportunity for the Group to change its sales strategy from passively relying on local trading companies and providers of import/export services to sell to end customers to actively offer the nutritional products to the end customers in the PRC, hence the Group commenced cross-border trading of nutritional products since June 2019.

   With the assistance of the new management of the Group who are experienced in cross-border e-commerce and have in depth knowledge of the PRC market, the Group has entered into a cooperation service agreement with an online shopping platform in the PRC for the sale of nutritional food products through the online platform.

In the PRC, online shopping is gaining popularity expeditiously due to the high traffic on the online shopping platforms and will become an important shopping channel for both local and overseas customers in the future. Coupled with the current situation in Hong Kong, the Board is of the view that it is a good time to capture the opportunity to enter into the PRC market directly through cross-border online trading.

The Group is currently working with the online platform. It is anticipated that the trading business of the Group will extend to all parts of the PRC through the online platform.

In order to tap into the growing internet retailing, the Group has entered into a cooperation service agreement (the "Cooperation Service Agreement") with 深圳七號洋行電子商務有限公司* (Shenzhen No. 7 Yanghang E-commerce Company Limited, the "No. 7") on 2 July 2019 and became a merchant client to have its products listed on No. 7's platform for sale. No. 7 is a shopping platform dedicated to provide a fast and worry-free shopping experience for overseas products. No. 7 is a cross-border e-commerce company integrating overseas direct procurement, import and export supply chain management, commodities promotion & distribution, (B2B) Integrated service provider.

Pursuant to the Cooperation Service Agreement, the online platform will promote and publish information and retail prices of the products specified by the Group on No. 7's website or other channels provided by No.7 and provide customer service and accept orders from customers on behalf of the Group. When an order for the Group's products has been placed, the online platform will collect the sales proceeds from the customers, deduct the corresponding service fee and other related expenses and remit the balance to a designated bank account of the Group. The Group will then, through the services provided by Shenzhen Yueyang (as define below) under the Supply Chain Agreement (as defined below), arrange for delivery of the ordered products to the customer in accordance with the information provided by the online platform. Given the nutritional food products will be sold directly to end customers, the profit margin derived from the trading business is expected to increase.

The Group has already entered into a supply chain agreement with 深圳越洋供應鏈管理有限公司* (Shenzhen Yueyang Supply Chain Management Company Limited, "Shenzhen Yueyang") on 13 June 2019 (the "Supply Chain Agreement"), pursuant to which Shenzhen Yueyang has agreed to provide the Group with one-stop service for import of bonded goods, including but not limited to overseas pick-up and customs clearance, transport between PRC and Hong Kong, bonded customs declaration and inspection, bonded warehousing, order sorting, customs clearance for goods entering into the PRC border and delivery of goods in PRC. With this supply chain network in place, the Group will be able to sell its nutritional food products to customers in the PRC via various import agency companies. The entering of the Supply Chain Agreement is mainly for the logistic purpose, inter alia, the custom clearance for goods in the e-commerce business.

The entering of the Cooperation Service Agreement is for launching the online sales distribution platform of the goods for the Group which helps expand the sales channel of the Group and tap into the PRC market.

The Group will source the products from import agencies and distributors of nutritional food products in Hong Kong and deliver the products directly to the bonded warehouse, which will then be sold to customers both in Hong Kong and the PRC through the online platform. A bonded warehouse is a building or secured area in a special customs supervision area in China in which dutiable goods are stored before payment of duties.

To support its cross-border trading development, the Group has signed framework agreements with its major suppliers to establish a long term business relationship and maintain reliable and stable supply of products. Exemplifying this is a framework agreement signed with a Japanese company in relation to the provision of beauty products and other products of daily use. In view of the growing demand for overseas products in the PRC, the Directors consider that the variety of imported products to be traded through the online platform will diversify the trading business.

The entering of the Framework Agreement enables the Group to secure and diversify the supply of different types of products from different suppliers. Details of price, payment and delivery terms will be contained in individual purchase orders and invoices.

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 Business mainly includes (i) direct finance leasing; and (ii) sale and leaseback.

(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 installments. 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 installments. 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.

Financial Review

Revenue

For the year ended 31 December 2019, Cross-Border trading business — nutrition food and health care products segment recorded a segment revenue of approximately HK$294.3 million, showing an increase of 120.5% comparing with last year.

The increase was mainly due to the effort of the Group to expand the customer base, means of trading and product portfolio during the year.

For the year ended 31 December 2019, finance leasing business segment recorded a segment revenue of approximately HK$5.2 million, showing an increase of 25.8% comparing with last year.

The increase was mainly due to the result of the successful implementation of the strategy of the Group to focus on the financial leasing market of medical equipment for hospitals in the PRC in order to capture the potential growth in demand for medical care arising from continuous ageing of general population in the PRC.

Cost of Sales and Gross Profit

The Group's cost of sales during the year ended 31 December 2019 (the "Reporting Period") increased by 115.9% to approximately HK$281.7 million compared to the year ended 31 December 2018 (the "Corresponding Period") which was driven by the increase in revenue.

The gross profit margin of the Group increased from approximately 5.2% for the Corresponding Period to approximately 6.0% for the Reporting Period. The gross profit had increased by 148.2% to approximately HK$17.9 million compared to the Corresponding Period due to the increase in revenue. The increase in gross profit margin was mainly attributable to the significant increase in the revenue from cross border trading business — nutrition food and health care products segment.

Expenses

The administrative and other expenses accounted for the largest portion of the operating cost. The administrative and other expenses increased by 27.4% to approximately HK$27.8 million compared to the Corresponding Period mainly because the recognition of depreciation of rights of use assets during the Reporting Period.

Tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the years ended 31 December 2019 and 2018, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

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. No provision for PRC EIT is required as the Group's PRC subsidiaries did not generate any assessable profit for the year (2018: calculated at 25%).

Loss for the year

The Group recorded a loss for the year of approximately HK$18.7 million for the Reporting Period (2018: loss for the year of approximately HK$22.0 million). The decrease in loss for the year was mainly due to increase in the revenue and gross profit.

Liquidity, Financial Resources and Capital Structure

The Group had total cash and bank balances of approximately HK$43.9 million as at 31 December 2019 (31 December 2018: HK$72.4 million). The current ratio (current assets divided by current liabilities) of the Group increased from 1.3 times as at 31 December 2018 to 1.4 times as at 31 December 2019. As at 31 December 2019, the cash and cash equivalents held by the Group were mainly denominated in Hong Kong dollars ("HK$"), Renminbi ("RMB") and United States dollars ("US$").

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 net proceeds of approximately HK$10 million was intended to be used for working capital.

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. As at 31 December 2019, no share was converted.

Due to the capital-intensive nature of the finance leasing business, the finance leasing business is largely driven by the capital base of the Group. In order to support and expand the finance leasing business and the cross-border trading business, the Group will strive to diversify its financing sources and explore fund raising opportunities.

Contingent Liabilities

As at 31 December 2019 and 31 December 2018, our Group had no significant contingent liabilities.

Gearing Ratio

The gearing ratio was 40.4% as at 31 December 2019 (31 December 2018: 46.8%). The gearing ratio is arrived at by dividing the total external financing debt by total assets at the end of the corresponding year. The decrease in gearing ratio is mainly due to the increase in trade and other receivables and finance lease receivables outweighed the increase in convertible bond and promissory note. The current ratio (current assets divided by current liabilities) increased from 1.3 to 1.4 was mainly due to an increase in trade and other receivables and decrease in loan from the ultimate holding company during the year.

Pledge of Assets

As at 31 December 2019, no assets of the Group had been pledged (2018: motor vehicles held under finance lease with carrying amount of approximately HK$1.6 million).

Capital Expenditure

For the year ended 31 December 2019, the Group incurred approximately HK$117,000 (2018: approximately HK$2.4 million) on the acquisition of property, plant and equipment.

Capital Commitments

As at 31 December 2019, the Group has contracted commitment for capital contribution to investees amounting to approximately HK$11.0 million (2018: HK$11.6 million).

Foreign Exchange Exposure

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.

Final Dividend

The Board has resolved not to declare any final dividend for the year ended 31 December 2019 (2018: Nil).

Compliance with Relevant Laws and Regulations

During the year, as far as the Group is aware, there was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of our Group.

Employee and Remuneration Policy

As at 31 December 2019, the Group has a workforce of approximately 17 employees (31 December 2018: 27) in Hong Kong and the PRC.

Remuneration policies of the Group are determined with reference to performance, qualification and experience of the staff as well as the operating results of the Group and the current market condition with salaries and wages being reviewed on an annual basis. The Group also provides discretionary bonus, medical insurance, social security and provident fund to the staff of the Group. Pursuant to the written resolution of the Shareholders on 11 October 2011, the Group has adopted a share option scheme (the "Scheme") for the purpose of motivating eligible participants. For the year ended 31 December 2019, no share options were granted by the Group since the adoption of the Scheme.

Future Plans for Material Investments and Capital Assets

On 20 December 2019, the Company received a letter from The Stock Exchange of Hong Kong Limited notifying the Company of its decision that the Company has failed to maintain a sufficient level of operations and assets of sufficient value to support its operations under Rule 13.24 of the Listing Rule (effective from 1 October 2019) to warrant the continued listing of its shares (the "Decision"). As at the date of this announcement, the Decision is pending for a review by the Listing Committee of The Stock Exchange of Hong Kong Limited.

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 in 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 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 these regards, the Company will publish announcement as and when appropriate according to applicable rules and regulations.

Significant Investment Held

Except for investment in subsidiaries, the Group did not hold significant investment for the year ended 31 December 2019.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

The Group did not have any material acquisition and disposals of subsidiaries and affiliated companies for the year ended 31 December 2019.

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 year ended 31 December 2019.

Events after the balance sheet date

In January 2020 , the epidemic caused by the novel coronavirus began to spread in China. Considering the severity of the accelerating spread of the epidemic, the Group implemented the PRC government's decisive measures and plans to secure victory in the battle of epidemic prevention and control. In adherence to the guidelines of the China Government and to protect our employees from infection, the Group has adopted preventive and control measures against the epidemic. The Group gradually resumed limited operation in March 2020 following the temporary suspension of operation after Chinese New Year holiday. The Group will pay close attention to the development of this disease and evaluate its impact on the financial position and operating results of the Group.

Relationships with Stakeholders

The Group recognizes that employees are our valuable assets. Thus our Group provides competitive remuneration package to attract and motivate the employees. Our Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

Our Group also understands that it is important to maintain good relationship with business partners and financial institutions to achieve its long-term goals. Accordingly, our senior management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year, there was no material and significant dispute between our Group and its business partners or financial institutions.

Key Risks and Uncertainties

Our Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. The followings are the key risks and uncertainties identified by our Group. There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material now but could turn out to be material in the future.

Market Risks

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market prices, like foreign exchange rates, interest rates and equity prices. The management of our Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign Exchange Rates Risk

As our Group's assets and liabilities were mainly denominated in HK$, US$ and RMB, in view of the potential RMB exchange rate fluctuations, our Group will continue to closely monitor the exposure and take any actions when appropriate.

Interest Rate Risk

For interest-sensitive products and investments, our Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through variety of means.

Liquidity Risk

Liquidity risk is the potential that our Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, our Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels.

Key functions in our Group are guided by their standard operating procedures, limits of authority and reporting framework. Our management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Investment Risk

Investment risk can be defined as the likelihood of occurrence of losses relative to the expected return on any particular investment. Key concern of investment framework will be balancing risk and return across different investments, and thus risk assessment is a core aspect of the investment decision process.

Proper authorization system has been set up and detailed analysis will be made before approving investments. Regular updates on the progress of the investments of our Group would be submitted to the Board.

Manpower and Retention Risk

Our Group may face the risk of not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which would meet the business objectives of our Group. Our Group will provide attractive remuneration package to suitable candidates and personnel.

Outlook and Prospect

The recent outbreak of the novel coronavirus ("COVID-19") has created both challenges and opportunities for the Group. It is believed that COVID-19 will lead to significant increase in demand of medical equipment, the Group will continue to put the best effort to expand its finance leasing business towards this sector. At the same time, with the ageing population in PRC, senior citizen is expected to increase gradually and leading to increase in demand in medical care equipment. As intended, the Group focus at the grass-roots level and secondary public hospitals customers in Shandong Province and Henan Province, where the GDP is in high ranking and large number of hospitals and community heal centers. Apart from these province, the Group will continue to look for any new opportunity in financial leasing market in order to enhance the profitability of the Group.

Trading business continues to provide a stable source of revenue to the Group but competitive with a thin profit margin. To maintain the competitive edge and improve the Group's sales coverage, the Group has continuously been developing and expanding the Group's sales network. With the COVID-19, online shopping is gaining popularity expeditiously due to the implementation of various emergency measure by PRC government to combat the spread of the coronavirus which will be favourable to the cross-border online trading of the Group. Also, against the recent environment, it is expected that the demand for nutrition food and health care products will increase and provide opportunities to the Group. The Group is still constantly looking for opportunity to diversify the products and spectrum of trading business including but not limited to the business collaboration opportunities with other distributors and suppliers of other products such as skin care, body care, cosmetic products and fragrances with the aim to diversify and strengthen its existing product mix and portfolio, offering a wider variety of products to its customers and thereby increases the revenue of the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had complied throughout the year ended 31 December 2019 with the code provisions set out in the Code on Corporate Governance Practices (the "Corporate Governance Code") contained in Appendix 14 of the Listing Rules, except for the following deviations.

Code Provision A.6.7 of the CG Code stipulates that independent non-executive directors and non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to conflicting business schedules, Mr. Ho Man (being resigned on 2 July 2019), Mr. Yeh Tung Ming and Mr. Zhang Hua, were unable to attend the annual general meeting of the Company held on 27 June 2019.

Code Provision E.1.2 of the CG Code stipulates that chairmen of the audit, remuneration, nomination committees should be available to answer questions at the annual general meeting. Due to conflicting business schedules, Mr. Ho Man (the then chairman of audit committee), Mr. Yeh Tung Ming (the chairman of the remuneration committee) and Mr. Zhang Hua (the chairman of the nomination committee), were unable to attend the annual general meeting of the Company held on 27 June 2019.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code regarding securities transactions by the directors during the year ended 31 December 2019.

REVIEW OF UNAUDITED ANNUAL RESULTS

Due to the recent epidemic of the COVID-19 and the curbing and quarantine policies adopted and/or implemented by the Chinese government, McMillan Woods (Hong Kong) CPA Limited, the auditor of the Company, encountered significant practical difficulties in compiling its report. Accordingly, it was unable to complete the audit of the Group's annual results for the year ended 31 December 2019 by 31 March 2020 in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The unaudited annual results contained herein have not yet been agreed with the Company's auditors.

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein, (ii) the proposed date on which the forthcoming annual general meeting will be held, and (iii) the period during which the register of members holding ordinary shares will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting (and the proposed arrangements relating to dividend payment, if any). In addition, the Company will despatch the annual report according to the Listing Rule and, in any event, not later than mid of May 2020.

AUDIT COMMITTEE

The Company established audit committee of the Company (the "Audit Committee") on 11 October 2011 which is primarily responsible for overseeing the relationship between the Company and its external auditor in relation to the matters coming within the scope of the Group's audit; reviewing the Group's financial reporting process, adequacy and effectiveness of the Group's internal control system and risk management system. The terms of reference of the Audit Committee which describe the authorities and duties of the Audit Committee were prepared and adopted with reference to "A Guide for the Formation of an Audit Committee" published by the HKICPA and were posted on the Company's website.

The Audit Committee comprises three independent non-executive directors, namely, Mr. Wong Lap Wai, Mr. Yeh Tung Ming and Mr. Zhang Hua; and is chaired by Mr. Wong Lap Wai.

The Audit Committee has reviewed the unaudited financial statements of the Group for the year ended 31 December 2019.

On behalf of the Board
Momentum Financial Holdings Limited
Mr. Liu Xin Chen
Executive Director

Hong Kong, 27 March 2020

As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely, Mr. Ng Hoi, Mr. Huang Jian, Mr. Liu Xin Chen and Mr. Chan Chun Man; one non-executive director, namely, Mr. Chong Yu Keung; and three independent non-executive directors, namely, Mr. Yeh Tung Ming, Mr. Zhang Hua and Mr. Wong Lap Wai.