



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

MOMENTUM FINANCIAL HOLDINGS LIMITED

(formerly known as Infinity Financial Group (Holdings) Limited)
(Incorporated in Bermuda with limited liability)
Stock Code : 1152



2020 INTERIM REPORT



CONTENTS

Corporate Information	02
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	04
Condensed Consolidated Statement of Financial Position	05
Condensed Consolidated Statement of Changes in Equity	07
Condensed Consolidated Statement of Cash Flows	08
Notes to the Condensed Consolidated Interim Financial Statements	09
Management Discussion and Analysis	28
Other Disclosures	34

Corporate Information

BOARD OF DIRECTORS

Executive directors

Mr. Ng Hoi
Mr. Huang Jian
Mr. Liu Xin Chen
Mr. Chan Chun Man

Non-executive director

Mr. Chong Yu Keung

Independent non-executive directors

Mr. Wong Lap Wai
Mr. Yeh Tung Ming
Mr. Zhang Hua (retired on 29 June 2020)
Mr. Li Guang Jian (appointed on 29 June 2020)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2407, 24/F
China Resources Building
26 Harbour Road
Wan Chai
Hong Kong

COMPANY SECRETARY

Ms. Ngan Wai Kam, Sharon

AUTHORISED REPRESENTATIVES

Mr. Ng Hoi
Ms. Ngan Wai Kam, Sharon

BERMUDA RESIDENT REPRESENTATIVE

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

MEMBERS OF THE AUDIT COMMITTEE

Mr. Wong Lap Wai (*Chairman*)
Mr. Yeh Tung Ming
Mr. Zhang Hua (retired on 29 June 2020)
Mr. Li Guang Jian (appointed on 29 June 2020)

MEMBERS OF THE REMUNERATION COMMITTEE

Mr. Yeh Tung Ming (*Chairman*)
Mr. Wong Lap Wai
Mr. Zhang Hua (retired on 29 June 2020)
Mr. Liu Xin Chen (appointed on 5 May 2020)
Mr. Li Guang Jian (appointed on 29 June 2020)

MEMBERS OF THE NOMINATION COMMITTEE

Mr. Zhang Hua (*Chairman*) (retired on 29 June 2020)
Mr. Li Guang Jian (*Chairman*)
(appointed on 29 June 2020)
Mr. Wong Lap Wai
Mr. Yeh Tung Ming
Mr. Liu Xin Chen (appointed on 5 May 2020)

Corporate Information *(Continued)*

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor, North Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

COMPANY'S WEBSITE

www.1152.com.hk

STOCK CODE

1152

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
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
3rd Floor, Winbase Centre
208 Queen's Road Central
Hong Kong

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020	2019
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	103,374	53,050
Cost of sales		(95,894)	(48,620)
Gross profit		7,480	4,430
Other operating income/(expenses)		469	(241)
Change in fair value of financial asset at fair value through profit or loss ("FVTPL")		(103)	(102)
Selling and distribution expenses		(139)	(744)
Administrative expenses and other expense		(10,601)	(10,954)
Finance costs	6	(5,083)	(3,567)
Loss before taxation		(7,977)	(11,178)
Income tax expenses	7	(132)	(443)
Loss for the period	8	(8,109)	(11,621)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		(1,882)	1,578
Loss and total comprehensive expense for the period		(9,991)	(10,043)
Loss per share: (HK cents)			
Basic and diluted	10	(0.83)	(1.18)

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	8,094	8,733
Right-of-use assets		3,853	2,445
Interest in a joint venture	12	–	–
Finance lease receivables	13	24,920	35,545
		36,867	46,723
Current assets			
Trade and other receivables	14	121,057	139,533
Finance lease receivables	13	21,108	21,520
Financial asset at fair value through profit or loss	15	114	217
Tax recoverable		1,236	1,260
Bank balances and cash	16	41,735	43,915
		185,250	206,445
Current liabilities			
Trade and other payables	17	66,269	87,300
Loan from the ultimate holding company	19	50,000	50,000
Lease liabilities	18	4,535	4,413
Tax payables		460	463
		121,264	142,176
Net current assets		63,986	64,269
Total assets less current liabilities		100,853	110,992

Condensed Consolidated Statement of Financial Position *(Continued)*

As at 30 June 2020

			At 30 June 2020	At 31 December 2019
	Notes		HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current liabilities				
Other payables	17		3,616	3,685
Convertible bonds	21		34,239	34,239
Promissory notes			10,167	10,167
Corporate bonds	20		8,897	9,129
Lease liabilities	18		1,739	1,586
			58,658	58,806
			42,195	52,186
Capital and reserves				
Share capital	22		4,910	4,910
Reserves			37,285	47,276
			42,195	52,186

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Share capital HK\$'000	Share premium HK\$'000	Equity component of convertible bonds HK\$'000	Other reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total reserve HK\$'000	Total HK\$'000
At 1 January 2019 (Audited)	4,910	190,049	-	9,943	(10,885)	(126,543)	62,564	67,474
Loss and total comprehensive expense for the period (Unaudited)	-	-	-	-	1,578	(11,621)	(10,043)	(10,043)
Issue of convertible bonds (Unaudited)	-	-	6,640	-	-	-	6,640	6,640
At 30 June 2019 (Unaudited)	4,910	190,049	6,640	9,943	(9,307)	(138,164)	59,161	64,071
At 1 January 2020 (Audited)	4,910	190,049	6,640	-	(10,714)	(138,699)	47,276	52,186
Loss and total comprehensive expense for the period (Unaudited)	-	-	-	-	(1,882)	(8,109)	(9,991)	(9,991)
At 30 June 2020 (Unaudited)	4,910	190,049	6,640	-	(12,596)	(146,808)	37,285	42,195

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	893	(60,684)
Net cash from/(used in) investing activities	14	(1,470)
Net cash (used in)/from financing activities	(2,878)	28,612
Net decrease in cash and cash equivalents	(1,971)	(33,542)
Cash and cash equivalents at 1 January	43,915	72,305
Effect on foreign exchange rates changes	(209)	2,723
Cash and cash equivalents at 30 June, represented by bank balances and cash	41,735	41,486

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

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 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 Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are the provision of finance leasing and consultancy services and cross-border trading business of 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 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 2020 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 2019 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 2020. 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.

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

For the six months ended 30 June 2020

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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 2019. A number of new or amended standards are effective from 1 January 2020 but they do not have a material effect on the Group's financial statements.

3. FAIR VALUE MEASUREMENTS

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

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

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

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

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

Disclosures of level in fair value hierarchy at 30 June 2020:

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2020	31 December 2019		
Financial instruments	HK\$'000 (unaudited)	HK\$'000 (audited)		
Financial asset at FVTPL — listed equity securities	114	217	Level 1	Quoted price in an active market

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

For the six months ended 30 June 2020

4. REVENUE

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

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Revenue from contracts with customers recognised at a point in time		
Disaggregated by major products or service line		
— Cross-border trading of nutrition food and health care products	100,887	50,229
Revenue from other sources		
— Interest income from provision of finance leasing services	2,487	2,821
	103,374	53,050

5. SEGMENT INFORMATION

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

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

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

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 2020

5. 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 2020

		Cross-border trading business — nutritional food and health care products HK\$'000	Provision of finance leasing and consultancy services HK\$'000	Total HK\$'000
Revenue	7524.67	100,887	2,487	103,374
Segment profit	6824.87	4,888	495	5,383
Unallocated operating income	5724.76			8
Change in fair value of financial asset at fair value through profit or loss	8744.69			(103)
Administrative and other expenses	9548.87			(8,182)
Finance cost	124.61			(5,083)
Loss before taxation	8705.07			(7,977)

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

For the six months ended 30 June 2020

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the six months ended 30 June 2019

	Cross-border trading business — nutritional food and health care products HK\$'000	Provision of finance leasing and consultancy services HK\$'000	Total HK\$'000
Revenue	50,229	2,821	53,050
Segment profit/(loss)	772	368 (391)	381
Unallocated operating expenses			(10)
Change in fair value of financial asset at fair value through profit or loss			(102)
Loss on disposals of property, plant and equipment			(285)
Administrative and other expenses			(7,595)
Finance cost			(3,567)
Loss before taxation			(11,178)

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 2020

5. 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 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Segment assets		
Cross-border trading business of nutritional food and healthcare products	101,320	134,237
Finance leasing and consultancy services business	46,028	59,298
Unallocated corporate assets	74,769	59,633
Consolidated assets	222,117	253,168
Segment liabilities		
Cross-border trading business of nutritional food and healthcare products	55,536	81,061
Finance leasing and consultancy services business	3,619	3,689
Unallocated corporate liabilities	120,767	116,232
Consolidated liabilities	179,922	200,982

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 2020

5. 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 2020 HK\$'000 (Unaudited)	At 30 June 2019 HK\$'000 (Unaudited)	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
The PRC	2,487	2,821	11,571	10,677
Hong Kong	100,887	50,229	376	501
	103,374	53,050	11,947	11,178

Note: Non-current assets excluded financial lease receivables.

6. FINANCE COSTS

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest expenses on:		
— loan from the ultimate holding company	2,368	2,821
— obligation under finance leases	—	52
— convertible bonds	1,895	69
— promissory notes	150	21
— lease liabilities	202	147
— corporate bonds	468	457
	5,083	3,567

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

For the six months ended 30 June 2020

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax (“EIT”)	132	443
	132	443

- (i) The tax rate applicable to the Group’s Hong Kong subsidiaries were 16.5% during the six months ended 30 June 2020 (six months ended 30 June 2019: 16.5%).

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 the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Following the Bill enacted, 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 2020 (six months ended 30 June 2019: 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 2020

8. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	483	593
Depreciation of right-of-use assets	1,570	1,787
Unrealised loss on financial asset at fair value through profit or loss	103	102
Loss on disposals of property, plant and equipment	–	285

9. DIVIDEND

No dividend was paid, declared or proposed during the reporting period ended 30 June 2020, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2019: nil).

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.

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss:		
— Loss for the period attributable to owners of the Company	8,109	11,621
Number of shares		
— Weighted average number of ordinary shares for the purpose of basic loss per share	982,000,000	982,000,000

Diluted loss per share

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2020 and 2019 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 2020

11. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2020, the Group incurred approximately HK\$nil (six months ended 30 June 2019: approximately HK\$314,000) 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 2019: approximately HK\$1,485,000).

12. INTEREST IN A JOINT VENTURE

As at 30 June 2020 and 31 December 2019, 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 2020	31 December 2019	
Hebao (Shenzhen) Information Technology Limited* (荷包(深圳)信息科技有限公司)	Incorporated	The PRC	Ordinary, RMB20,000,000	49%	49%	Inactive

* English name is for identification purpose.

As at 30 June 2020 and up to the date of this report, no capital was injected to the joint venture by the Group.

13. FINANCE LEASE RECEIVABLES

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

As at 30 June 2020, the outstanding portion of the relevant lease contracts entered into of approximately HK\$46,617,000 (31 December 2019: HK\$57,654,000) were ages within 3–5 years (31 December 2019: 3–5 years).

Finance lease receivables are secured by the leased assets and customer's deposits as at 30 June 2020 (31 December 2019: 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 2020

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Trade receivables	102,456	111,592
Less: allowance for impairment losses	(1,136)	(1,136)
	101,320	110,456
Other receivables	4,948	6,475
Less: allowance for impairment losses	(1,096)	(1,096)
	3,852	5,379
Deposits	15,818	23,543
Less: allowance for impairment losses	(407)	(415)
	15,411	23,128
Prepayments	474	570
	121,057	139,533

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

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
0–30 days	29,918	72,206
31–60 days	13,806	–
Over 60 days	57,596	38,250
	101,320	110,456

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 2020

14. 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 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
At the beginning of period/year	1,136	–
Impairment losses recognised for the year	–	1,136
At the end of period/year	1,136	1,136

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

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

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
At the beginning of period/year	1,096	1,096
Impairment losses recognised for the year	–	–
At the end of period/year	1,096	1,096

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 2020

14. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
At the beginning of period/year	415	–
Impairment losses recognised for the year	–	415
Exchange realignment	(8)	–
At the end of period/year	407	415

15. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset at fair value through profit or loss include:

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Financial asset at fair value through profit or loss		
— Equity securities listed in Hong Kong	114	217

16. BANK BALANCES AND CASH

The bank balances and cash 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 2020 carried interest at the prevailing market rate ranging from 0.001% to 0.4% per annum (six months ended 30 June 2019: 0.001% to 0.4% per annum).

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2020

17. TRADE AND OTHER PAYABLES

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Non-current		
Security deposit for finance lease receivables	3,616	3,685
Current		
Trade payables	55,536	80,476
Other payables	1,625	2,127
Interest payable	8,417	4,004
Value added tax payables	691	693
	66,269	87,300

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

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
0–30 days	12,966	45,034
31–60 days	14,819	32,563
61–90 days	14,394	12,879
Over 90 days	13,357	212,879
	55,536	80,476

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

For the six months ended 30 June 2020

18. LEASE LIABILITIES

	At 30 June 2020		At 31 December 2019	
	HK\$'000		HK\$'000	
	(Unaudited)		(Audited)	
Analysed for reporting purposes at:				
Current liability	4,535			4,413
Non-current liability	1,739			1,586
	6,274			5,999
	Present value of minimum lease payments			
	Minimum lease payments		Present value of minimum lease payments	
	At 30 June 2020	At 31 December 2019	At 30 June 2020	At 31 December 2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable under finance lease				
Within one year	4,726	4,608	4,535	4,413
More than one year but less than two years	1,351	1,611	1,299	1,586
More than two years but less than five years	446	–	440	–
After five years	–	–	–	–
	6,523	6,219	6,274	5,999
Less: future finance charges	(249)	(220)	N/A	N/A
Present value of obligation under finance lease	6,274	5,999	6,274	5,999
Less: amount due for settlement within 12 months (shown under current liabilities)			(4,535)	(4,413)
Amount due for settlement after 12 months			1,739	1,586

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

For the six months ended 30 June 2020

19. LOAN FROM THE ULTIMATE HOLDING COMPANY

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Unsecured:		
Other borrowings payable within one year (Note i)	50,000	50,000

Notes:

- (i) As at 30 June 2020, other borrowings of HK\$50,000,000 (as at 31 December 2019: HK\$50,000,000) raised from a shareholder's loan payable in one year, carried an interest rate at 9.5% per annum. The amount is unsecured.
- (ii) The other borrowings of the Group were denominated in HK\$ which is not the functional currency of the relevant group entity as at 30 June 2020 and 31 December 2019.

20. CORPORATE BONDS

As at 30 June 2020, the issued unlisted Corporate Bonds remains at the balance of HK\$10,000,000 (31 December 2019: 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.

21. 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 interest charged is calculated by applying an effective interest rate of 11.49% to the liability component of the CB.

The directors estimate the fair value of the liability component of the CB at 30 June 2020 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 2020

22. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.005 each as at 31 December 2019 and 30 June 2020	20,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.005 each as at 31 December 2019 and 30 June 2020	982,000	4,910

There were no changes in the issued capital of the Company during the period from 31 December 2019 to 30 June 2020.

23. CAPITAL COMMITMENT

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Capital expenditure in respect of contracted commitments for contribution to the joint venture equivalent to RMB9,800,000	10,955	10,955

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

For the six months ended 30 June 2020

24. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

The remuneration of key management personnel during the two periods ended 30 June 2020 and 2019 were as follows:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Short-term employee benefits	882	1,221
Post-employment benefits	27	18
	909	1,239

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 2020, 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 2020

25. SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted pursuant to the written resolutions of all the shareholders of the Company passed on 11 October 2011. The Scheme operates for the purpose of providing incentives and rewards to eligible participants who make contributions to the Group's operations and profitability. The Company and any of its associates do not grant/exercise any share option since the date of the Listing, 28 October 2011. The total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not, in aggregate, exceed 30% of the Shares in issue from time to time. The total number of Shares available for issue under options which may be granted under the Scheme and any other share option schemes must not, in aggregate, exceed 10% of the issued share capital of the Company (the "Scheme Mandate Limit") unless approved by the shareholders of the Company. The Scheme Mandate Limit may be refreshed by the shareholders of the Company in general meeting from time to time provided that the Scheme Mandate Limit so refreshed must not exceed 10% of the issued share capital of the Company at the date of the approval of the refreshment by the shareholders of the Company in general meeting. No options may be granted under any scheme of the Company (including the Scheme) if this will result in the said 30% limit being exceeded. No options may be granted to any eligible participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such eligible participant under the Scheme (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of such new grant. Any grant of further share options above this limit shall be subject to certain requirements provided under the Listing Rules. Subject to certain restrictions contained in the Scheme, an option may be exercised in accordance with the terms of the Scheme and the terms of grant thereof at any time during the applicable option period, which shall not be more than 10 years from the date of grant of option.

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.

26. EVENT AFTER REPORTING PERIOD

The Group is exploring opportunities for deeper cooperation and/or investing in Shenzhen Yueyang Supply Chain Management Company Limited for the benefit 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

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

In view of the market growth in nutritional food products and health care products, the Group started to engage in trading activities related to nutritional food products and health care 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 expand the product portfolio and suppliers 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 Hong Kong and the PRC domestic markets, 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. Since 2019, in Hong Kong, there were less tourists from the PRC visiting Hong Kong and the social distancing measures during the Coronavirus outbreak, 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 target on 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, the Group is adapting 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 and health care products directly to the end customers in the PRC, hence the Group commenced cross-border trading of nutritional products and health care products since June 2019. The cross-border trading contributed significantly to the Group's revenue in the second half year of 2019 that the revenue of trading segment in the second half year of 2019 increased by approximately HK\$180 million (or approximately 280%) compared with that in the second half year of 2018. The cross-border trading also contributed an increase of approximately HK\$51 million (or approximately 100.9%) to the revenue of the segment of trading business — nutritional food and health care products of the first half year of 2020 as compared with that of corresponding period in 2019.

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.

Management Discussion and Analysis *(Continued)*

The Group is currently working with the online platform. It is anticipated that the trading business of the Group will extend to 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 entry into 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 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 Group is exploring opportunities for deeper cooperation and/or investing in Shenzhen Yueyang for the benefit of the cross-border trading business. Announcement will be made as and when appropriate.

The Group will source the products from more import agencies and distributors of nutritional food products and health care products in Hong Kong or overseas 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.

Management Discussion and Analysis *(Continued)*

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 entry into of such framework agreements 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, for example, factoring lease receivables from financial institutions for enhancing the source of income.

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.

Management Discussion and Analysis *(Continued)*

Financial Performance

For the six months ended 30 June 2020, the principal businesses of the Group recorded a revenue of approximately HK\$103,374,000, showing an increase of approximately 94.9% as compared with the corresponding period in last year which was mainly contributed by the cross-border trading — nutrition food and health care products.

For the six months ended 30 June 2020, the Cross-Border trading business — nutrition food and health care products segment recorded a segment profit of approximately HK\$4,888,000, showing an increase of approximately 533.2% as compared with the corresponding period in last year. The increase in revenue of cross-border trading business — nutrition food and health care products segment was mainly due to the Group commenced cross-border trading of nutritional products and health care products since June 2019.

For the six months ended 30 June 2020, the finance leasing segment recorded a segment profit of approximately HK\$495,000 in contrast with segment loss of approximately HK\$391,000 in last corresponding period showing a significant increase as compared with the corresponding period in last year. This was mainly due to the result of the successful positive effect of the strategy of the Group to focus on the financial leasing market of medical equipment for Hospitals in PRC in order to capture the potential growth in demand for medical care arising from continuous ageing of general population in PRC.

OUTLOOK

In the first half year of 2020, the Group has improved revenue, gross profit and reduced the net loss for the period as compared with that of 2019 despite of the hit of COVID-19 and the economic downturn. 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, trading industry and e-commerce industry, rules and regulations, and the economic and political environment of Hong Kong.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2020, the Group recorded total assets of approximately HK\$222,117,000 which were financed by internal resources of approximately HK\$42,195,000 and liabilities of approximately HK\$179,922,000. The Group had total cash and bank balances of approximately HK\$41,735,000. The current ratio (current assets divided by current liabilities) of the Group increased from 1.45 times as at 31 December 2019 to 1.53 times as at 30 June 2020. As at 30 June 2020, 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 2020, 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.

Management Discussion and Analysis *(Continued)*

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. As at 30 June 2020, approximately HK\$2 million was used as working capital as intended.

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 30 June 2020, HK\$15,000,000 of the net proceeds was utilised for repayment of part of the shareholder's loan owing to Triumph Hope Limited according to the intention previously disclosed in the announcement dated 17 June 2019. The remaining balance of the net proceeds of approximately HK\$23,700,000 will be used for repayment of the outstanding amount of the shareholder's loan. As at 30 June 2020, no share was converted.

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, for example, credit facilities from financial institutions.

CONTINGENT LIABILITIES

As at 30 June 2020 and 31 December 2019, the Group did not have any significant contingent liabilities.

GEARING RATIO

The gearing ratio was 46.5% as at 30 June 2020 (31 December 2019: 40.9%). The gearing ratio is arrived at by dividing the total external financing debt by total assets at the end of the corresponding period. The increase in gearing ratio was mainly due to decrease in finance lease receivables by approximately HK\$11,037,000 and decrease in trade and other receivables by approximately HK\$18,476,000.

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.

Management Discussion and Analysis *(Continued)*

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 2020, the Group did not incur addition of property, plant and equipment (six months ended 30 June 2019: approximately HK\$314,000).

CAPITAL COMMITMENTS

As at 30 June 2020, the Group has contracted commitment for capital contribution to investees amounting to approximately HK\$11.0 million (31 December 2019: HK\$11.0 million).

CHARGES ON ASSETS

As at 30 June 2020, the Group does not have assets subjected to charges for securing obligations under finance lease (31 December 2019: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2020, the Group has a total workforce of approximately 15 employees (31 December 2019: 17) 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. For the six months ended 30 June 2020, no share options were granted by the Company since the adoption of the Scheme.

Other Disclosures

SIGNIFICANT INVESTMENT HELD

Except for investment in subsidiaries, during the six months ended 30 June 2020 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 2020 and up to the date of this report, the Group is exploring opportunities for deeper cooperation and/or investing in Shenzhen Yueyang for the benefit of the cross border trading 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

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").

The Company requested to review the Decision by the Listing Committee ("Review"). The hearing of the Review has taken place on 26 May 2020. On 9 June 2020, the Company received a letter from the Listing Committee informing the Company that the Listing Committee decided to uphold the Decision ("LC Decision").

On 17 June 2020, the Company has lodged a request to refer the LC Decision to the Listing Review Committee for a further and final review. The Company will submit a written submission to the Listing Review Committee by 28 August 2020 (if not extended) as directed by the Listing Review Committee.

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 2020 (2019: nil).

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

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

Other Disclosures *(Continued)*

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 2020, 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 2020 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.

Other Disclosures *(Continued)*

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

As at 30 June 2020, 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
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
Sun Dianying (Note 4)	Interest in controlled corporation	195,000,000(L)	19.86
Great River Capital Limited (Note 4)	Beneficial owner	195,000,000(L)	19.86

Other Disclosures *(Continued)*

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) Great River Capital Limited is wholly owned by Sun Dianying.

Save as disclosed above, as at 30 June 2020, 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.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2020, the Company had complied with the applicable Code Provisions set out in the Code on Corporate Governance Practices (the "CG Code") 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. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard set out in the Code of Conduct during the six months ended 30 June 2020.

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 2020 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 2020.

Hong Kong, 27 August 2020

By Order of the Board

Momentum Financial Holdings Limited

Liu Xin Chen

Executive Director