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DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE

FORMATION OF JOINT VENTURE

The Board is pleased to announce that on 24 September 2020, Shenzhen Zhengyuan, an indirect wholly owned subsidiary of the Company and Shenzhen Rongda entered into the Cooperation Agreement in relation to the formation of the Joint Venture. Pursuant to the Cooperation Agreement, the registered capital of the Joint Venture is RMB10 million, of which Shenzhen Zhengyuan has committed to contribute RMB5.1 million, accounting for 51% of the total registered capital of the Joint Venture; and Shenzhen Rongda has committed to contribute RMB4.9 million, accounting for 49% of the total registered capital of the Joint Venture. The Joint Venture will become a subsidiary of the Group upon establishment and the financial performance of the Joint Venture will be consolidated to the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the formation of the Joint Venture under the Cooperation Agreement are more than 5% but are less than 25%, the Cooperation Agreement and the transaction contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 24 September 2020, Shenzhen Zhengyuan, an indirect wholly owned subsidiary of the Company and Shenzhen Rongda entered into the Cooperation Agreement in relation to the formation of the Joint Venture. Pursuant to the Cooperation Agreement, the registered capital of the Joint Venture is RMB10 million, of which Shenzhen Zhengyuan has committed to contribute RMB5.1 million, accounting for 51% of the total registered capital of the Joint Venture; and Shenzhen Rongda has committed to contribute RMB4.1 million, accounting for 49% of the total registered capital of the Joint Venture. The Joint Venture will become a subsidiary of the Group upon

establishment and the financial performance of the Joint Venture will be consolidated to the Group's consolidated financial statements. The terms and conditions of the Cooperation Agreement are described in more detail below.

SUMMARY OF THE TERMS OF THE COOPERATION AGREEMENT

Date

24 September 2020

Parties

1. Shenzhen Zhengyuan
2. Shenzhen Rongda

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Shenzhen Rongda and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Registered capital and capital contribution

Pursuant to the Cooperation Agreement, the registered capital of the Joint Venture is RMB10 million, of which Shenzhen Zhengyuan has committed to contribute RMB5.1 million, accounting for 51% of the total registered capital of the Joint Venture; and Shenzhen Rongda has committed to contribute RMB4.9 million, accounting for 49% of the total registered capital of the Joint Venture. The Joint Venture will become a subsidiary of the Group upon establishment and the financial performance of the Joint Venture will be consolidated to the Group's consolidated financial statements.

The amount of the capital contributions under the Cooperation Agreement was determined after arm's length negotiations among the parties, taking into account various factors, including the nature of the business, the demand for working capital and future development plans of the Joint Venture. Shenzhen Zhengyuan and Shenzhen Rongda shall make capital contribution in cash in the amount of RMB2.55 million and RMB2.45 million, respectively, which is in proportion to their respective equity interest in the Joint Venture before 30 November 2020. It is expected that the capital contribution to be made by Shenzhen Zhengyuan will be funded from internal resources of the Group. If either Shenzhen Zhengyuan or Shenzhen Rongda shall fail to pay their respective capital contribution in accordance with the terms of the Cooperation Agreement, in addition to its continuing obligation to pay its respective capital contribution to the Joint Venture, it shall also be subject to payment of liquidated damages equivalent to 0.1% of its respective capital contribution calculated on a daily basis to the non-defaulting party.

Purpose of the Joint Venture

The Joint Venture, when established, will become the holding platform for the strategic cooperation between Shenzhen Zhengyuan and Shenzhen Rongda and will be primarily engaged in second-hand automobiles finance leasing services business in the PRC.

Board composition and management of the Joint Venture

The board of directors of the Joint Venture shall comprise of three members, two of whom will be nominated by Shenzhen Zhengyuan, and the remaining one director will be nominated by Shenzhen Rongda. The supervisor and finance officer of the Joint Venture shall be nominated by Shenzhen Zhengyuan and the general manager, who shall also act as the legal representative of the Joint Venture, shall be nominated by Shenzhen Rongda.

Unless otherwise stipulated in the articles of association of the Joint Venture, Shenzhen Zhengyuan and Shenzhen Rongda shall exercise their voting rights in accordance with the proportion of their respective capital contributions. The following matters, however, shall not be approved except with the unanimous consent of Shenzhen Zhengyuan and Shenzhen Rongda:

- (1) approval of business direction and investment plans of the Joint Venture;
- (2) any investment or financing decision not associated with the principal business of the Joint Venture involving an amount exceeding RMB500,000;
- (3) provision of guarantee by the Joint Venture for shareholders, other companies or individuals;
- (4) the giving of guarantee by Shenzhen Zhengyuan or Shenzhen Rongda by creation of security interest over their respective equity interest in the Joint Venture;
- (5) addition of shareholders to the Joint Venture;
- (6) amendment of articles of association; increase or reduction of registered capital; merger, demerger or dissolution, or changing the organization;
- (7) replacement of directors and supervisors; and
- (8) other matters which requires the unanimous consent of the shareholders as stipulated in the PRC companies law.

Upon establishment of the Joint Venture, Shenzhen Rongda shall be responsible for setting up an operation team and provide human resources support for the Joint Venture to promote the business and operation of the Joint Venture and be responsible for arranging a financing credit of no less than RMB20 million (equivalent to approximately HK\$22.74 million) to the Joint Venture to support the Joint Venture's business.

Distribution of dividends

The Joint Venture shall distribute dividends to its shareholders in proportion to their respective percentage of registered capital in the Joint Venture. The annual cash distribution shall be no less than 10% of the net profit generated by the Joint Venture for the financial year and shall be distributed within 30 days of the end of the financial year. If the Joint Venture incurs a loss for the financial year, the shareholders to the Joint Venture shall bear the loss in proportion to their respective percentage of registered capital in the Joint Venture.

Operating period

30 years from the date of issue of the business license of the Joint Venture.

Restrictions on transfers

Each of Shenzhen Zhengyuan or Shenzhen Rongda shall be prohibited from disposing or transferring their respective equity interest in the Joint Venture within one year from the date of obtaining the business license.

Any transfer of equity interests in the Joint Venture shall be subject to the unanimous consent of all the shareholders of the Joint Venture. The non-selling shareholder of the Joint Venture shall have a pre-emptive right to acquire the equity interests proposed to be transferred on the same terms and conditions.

Termination of the Cooperation Agreement

If either Shenzhen Zhengyuan or Shenzhen Rongda resolves to terminate the Cooperation Agreement prior to the establishment of the Joint Venture, the terminating party shall give 10 days prior written notice to the other party to the Cooperation Agreement and be subject to payment of a penalty of not less than RMB10,000 to the observant party.

INFORMATION ON SHENZHEN ZHENGYUAN AND SHENZHEN RONGDA

Shenzhen Zhengyuan is an indirect wholly owned subsidiary of the Company which is principally engaged in trading of health care products, supply chain management, domestic trading and importing and exporting.

Shenzhen Rongda is a company established in the PRC which is principally engaged in automobile retail and wholesale, second-hand automobile sales, automobile information consultation, automobile spare parts retail and wholesale, motor vehicle maintenance, sales agent of insurance products, other mechanical equipment and electronics product wholesale and car leasing.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Shenzhen Rongda and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR AND THE BENEFITS OF THE COOPERATION AGREEMENT

The Group is principally engaged in the (i) provision of finance leasing and consultancy services in finance leasing business (earning interest income, handling fee and consultancy fee) and purchasing of leased assets; and (ii) cross-border trading business of nutritional food and health care products in Hong Kong and the PRC.

It has been the business strategy of the Group to consider promising business and investment opportunities from time to time in order to increase the value of the Company. The Joint Venture, when established, will become the holding platform for the strategic cooperation between Shenzhen Zhengyuan and Shenzhen Rongda to jointly operate the second-hand automobiles finance leasing services business in the PRC. The Group is expected to benefit through the combination of its experience in the finance leasing services business together

with Shenzhen Rongda's background and expertise in second-hand automobile retail in the PRC. The Joint Venture is expected to expand and promote the growth of the Group's existing finance leasing services business.

The Directors consider that the terms of the Cooperation Agreement are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the formation of the Joint Venture under the Cooperation Agreement are more than 5% but are less than 25%, the Cooperation Agreement and the transaction contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“Board”	the board of Directors
“Company”	Momentum Financial Holdings Limited (正乾金融控股有限公司), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning set forth in the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 24 September 2020 entered into between Shenzhen Zhengyuan and Shenzhen Rongda in relation to the formation of the Joint Venture
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture”	a company proposed to be established in the PRC pursuant to the terms of the Cooperation Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administration of the PRC and Taiwan)

“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen Rongda”	Shenzhen Rongda Automobile Service Co., Ltd.* (深圳融達汽車服務有限公司), a limited liability company established in PRC
“Shenzhen Zhengyuan”	Shenzhen Zhengyuan Supply Chain Co., Ltd.* (深圳市正原供應鏈有限公司), a limited liability company established in PRC and an indirect wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 24 September 2020

The English names of the PRC entities mentioned in this announcement marked “” are translations from their Chinese names. If there is any inconsistency, the Chinese name shall prevail.*

For the purposes of this announcement and illustration only, conversions of RMB into HK\$ are based on the approximate exchange rate of HK\$1 to RMB0.8797. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or at any other rates.

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