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## **SUPPLEMENTARY ANNOUNCEMENT IN RELATION TO DISCLOSEABLE TRANSACTION MASTER COOPERATION AGREEMENT**

Reference is made to the announcement of Momentum Financial Holdings Limited (the “**Company**”) dated 13 January 2021 (the “**Announcement**”) on a discloseable transaction in relation to the Master Cooperation Agreement and the Supplemental Agreement. Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated.

This announcement is made to provide supplemental information of the Master Cooperation Agreement and the Supplemental Agreement (collectively, “**Agreements**”).

### **THE MASTER COOPERATION AGREEMENT AND THE SUPPLEMENTAL AGREEMENT**

#### **Additional Information for Provisions of Security Deposits, Surety and Guarantees**

Shenzhen Rongzheng is held as to 51% by an indirect wholly-owned subsidiary of the Company and 49% by SZ Rongda. Rongyi is the immediate holding company of SZ Rongda and provides guarantee to Guomao Leasing with the Company and the Individual Guarantors. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save as in relation to the Agreements and Shenzhen Rongzheng, each of Rongyi and the Individual Guarantors does not have any past or present relationships (formal or informal, business or otherwise, implied or explicit) with the Company or its connected persons.

As disclosed in the Announcement, as part of the securities for the liabilities and obligations of the Customers under the Leasing Contract(s), the Charge over the PRC Property shall be created by a wholly-owned subsidiary of Rongyi in favour of Guomao Leasing. The PRC Property, being a commercial property located at Unit 2215, Main Building of Golden Central Tower, Futian District, Shenzhen City, PRC with a gross floor area of around 123.82 square meters, has an estimated market value of approximately RMB6 million.

Rongyi, the owner of the PRC Property and the Individual Guarantors will not charge any fee and receive any return in connection with the provision of securities in favour of Guomao Leasing.

## **Additional Information in relation to Ownership of the Leased Automobiles**

According to the Master Cooperation Agreement, Shenzhen Rongzheng is responsible for completion of registration of the Leased Automobile including furnishing all information and documents in order to obtain the motor vehicle register certificate, purchase of insurance policy and daily management of the Leased Automobile. Guomao Leasing as the financier of the Leased Automobile is not the registered owner, instead it has entrusted the registration and management of the Leased Automobile to Shenzhen Rongzheng. However, Guomao Leasing, by way of charge which is also registered on the Leased Automobile, may exercise its rights on the Leased Automobile as a chargee according to the PRC laws. By registration, the legal ownership, right of disposal and right of legal action of the Leased Automobile are vested in Shenzhen Rongzheng which facilitate Shenzhen Rongzheng to carry out daily management of the Leased Automobile including but not limited to, installing and monitoring GPS and real-time vehicle positioning system, reporting to police or government bureau, maintenance, repair and supervision as well as enforcing detention, seizure and taking legal action in case of default of leased payments to Guomao Leasing, accidents or disputes in relation to the Leased Automobile.

## **Business Model under the Agreements and Accounting Treatments**

The business model under the Agreements is that Shenzhen Rongzheng acts as sourcing agent, guarantor and after-sales service provider to Guomao Leasing upon each finance lease arrangement in relation to automobiles entered into between Guomao Leasing and the Customers in return of rental payment to Guomao Leasing by the Customers and service fee income to Shenzhen Rongzheng by Guomao Leasing.

After concluding each finance lease arrangement, including the execution of the Leasing Contracts, automobile sale and purchase agreement, automobile registration arrangement agreement for appointing Shenzhen Rongzheng as a registered owner of the Leased Automobile, charge on the Leased Automobile and other related documents, the Leased Automobile is handed over to a Customer by Shenzhen Rongzheng after due registration. Upon physical delivery of the Leased Automobile to the Customer, the risks of damage, destruction and loss to the Leased Automobiles are passed to the Customer. In case of default of leased payments by the Customer, Guomao Leasing bears the risks associated with it, and Shenzhen Rongzheng will not be entitled to the service fee thereof as it depends on the leased payment collected. To mitigate the risks in relation to the Leased Automobile, during the course of the Leasing Contracts, Customers are obliged to purchase insurance policies arranged by Shenzhen Rongzheng on behalf of Guomao Leasing over the Leased Automobile naming Guomao Leasing as the primary beneficiary and thus Guomao Leasing enjoys the right of subrogation over the Leased Automobile.

In addition, in case of default of leased payments by the Customer under the finance lease arrangement, Guomao Leasing may rely on the Leasing Contracts and the charge on the Leased Automobile to take actions against the Customer including termination of the Leasing Contracts, seizure of the Leased Automobile, claim for damages, or realization of the asset value of the Leased Automobile. Moreover, Shenzhen Rongzheng is entitled to assist Guomao Leasing in collection of outstanding leased payments from Customers under such circumstances, via follow-up actions such as issuing letter of demand, claim for outstanding payments and taking physical possession of the Leased Automobile.

In respect of the charge on the Leased Automobile created by a Customer in favour of Guomao Leasing, Guomao Leasing is entitled to enforce the charge as a chargee against the Customer under certain circumstances, including but not limited to, breach of terms of the Leasing Contracts, unauthorized acts being carried out on the Leased Automobile, default of payment of rents, fees or damages. In case of any default or breach of contractual obligations by a Customer, Guomao Leasing as a chargee has priority to take possession of the Leased Automobile to offset any claims and is entitled to satisfy its claims by sale of the Leased Automobile. If Guomao Leasing decides to take physical possession of the Leased Automobile for breach of the terms of the charge, Shenzhen Rongzheng, being a party to the automobile registration arrangement agreement, is entitled to assist Guomao Leasing to take all appropriate actions including physical possession of the Leased Automobile with the consent of Guomao Leasing.

Under such finance lease arrangement by way of the Leasing Contract, the legal title of a Leased Automobile which is being purchased is registered and retained by Shenzhen Rongzheng as collateral of its services and financial guarantee provided while the physical ownership and control of which are vested in a Customer. Shenzhen Rongzheng as a guarantor to the Customers and a registered owner of the Leased Automobile under the finance lease arrangement of Guomao Leasing may only exercise its rights of physical possession and disposal of Leased Automobile upon an event of default of the Customers. As such, the Directors are of the view that the legal title of the Leased Automobile serves only as a collateral under the finance lease arrangement and the actual risks and rewards as an owner of the Leased Automobile are vested in the Customer, and therefore not recognising the Leased Automobile as the Company's owned assets. Accordingly, the Leased Automobile will not be recognized in the statement of financial position of the Company and therefore no amortization/depreciation is concerned with. In addition, no carrying amount of Leased Automobile will be presented in financial statements of the Company as the legal title retained by Shenzhen Rongzheng serves as collateral for the service and guarantee provided whilst the Customer is the physical and beneficial owner of the Leased Automobile.

Shenzhen Rongzheng will recognize the service fee income received or receivable from Guomao Leasing on a straight-line basis over the life of the Leasing Contract while the ownership of a Leased Automobile shall be accounted to the Customers under the accounting principle of substance over form. Moreover, Shenzhen Rongzheng is required to account for the financial guarantee being provided to Customers on each finance lease arrangement in accordance with HKFRS 9. The Customers of the Company may not necessarily be limited corporate entities, i.e. may be individuals, as such they may not prepare financial statements and the Company may only comment the accounting treatment under HKFRS if a Customer is a company and it actually prepares a set of financial statements. Under HKFRS 16, the Customers, in case of companies, should recognize right-of-use assets and corresponding lease liabilities regardless of the lease arrangement is a finance lease or an operating lease.

For provision of customer sourcing service to Guomao Leasing, Shenzhen Rongzheng is responsible for checking the background, credibility, financial strength and other information of any potential Customers by conducting due diligence including but not limited to, requesting background information, conducting background search, credit search,

litigation search, online search, face to face interviews and home visit. As the same time, Shenzhen Rongzheng would also assess the independency of such potential Customers to ensure each Customer is not a connected person of the Company.

Upon completion of assessment, Shenzhen Rongzheng will pass the information and assessment result of a potential Customer to the Company for verification and confirmation before it refers the potential Customer to Guomao Leasing. In addition, Shenzhen Rongzheng would request potential Customers to sign a confirmation letter to confirm that they are Independent Third Parties and they do not have any direct or indirect interest in the business, securities, or assets of the Company. Shenzhen Rongzheng would also remain mindful through the course of the transaction of the importance of any Customer being and remaining an Independent Third Party. If Shenzhen Rongzheng has any doubt on the independence of any Customer during the course of a Leasing Contract, Shenzhen Rongzheng would make further enquiries of such Customer, including conducting interviews, further searches and requesting further document proof from such Customer. In case a Customer becomes a connected person, the Company will comply with the announcement and reporting requirements, and the shareholders' approval requirements as applicable under Chapter 14A of the Listing Rules so long as the circumstances warrant such obligations on the Company to exist.

## **ADDITIONAL INFORMATION OF GUOMAO LEASING**

### **Shareholding Information of Guomao Leasing**

As regard to the shareholding structure of Guomao Leasing, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the ultimate beneficial owners of the remaining 25% equity interest in Guomao Leasing is directly owned by Hong Kong Sindanol Ltd. a wholly-owned subsidiary of Xiamen Xindeco Ltd. a company listed on the Shenzhen Stock Exchange (stock code: 000701) which is owned as to approximately 29.18% by Xiamen ITG Holding Group Co., Ltd. a wholly-owned subsidiary of Xiamen SASAC, and as to approximately 70.82% by public and other shareholders with no one holding more than 5% of its shares.

The ultimate beneficial owners of the remaining 1.33% equity interest in Xiamen Xindeco ITG Automobile Group Co., Ltd. are 2 PRC citizens, Chen Shu Jian and Huang Ai Pan, both of which are Independent Third Parties.

Xiamen ITG Group Corp., Ltd. is a company listed on Shanghai stock exchange (stock code: 600755). The ultimate beneficial owners of the remaining approximately 61.23% shares in Xiamen ITG Group Corp., Ltd. are public and other shareholders without any shareholder holding more than 5% of its shares.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, except for the Agreements, each of Guomao Leasing and its equity holders at different levels as set out above, including the ultimate beneficial owners, does not have any past or present relationships (formal or informal, business or otherwise, implied or explicit) with the Company or its connected persons.

## ADDITIONAL INFORMATION ON IMPLICATIONS UNDER THE LISTING RULES

Shenzhen Rongzheng is an insignificant subsidiary as its total assets, profits and revenue compared to that of the Group are less than 5% for the latest financial year under Rule 14A.09. As such, SZ Rongda, Rongyi, the owner of the PRC property and the Individual Guarantors are not regarded as connected persons under Rule 14A.07 of the Listing Rules.

## DEFINITIONS

In this supplemental announcement, unless the context requires otherwise, the following terms shall have the meanings as set out below:

|                         |  |
|-------------------------|--|
| “Charge”                | charge of the PRC Property to be created by a wholly-owned subsidiary of Rongyi in favour of Guomao Leasing to secure liabilities of Customers under the Leasing Contracts |
| “Guarantees”            | the guarantees provided by Rongyi and the Individual Guarantors to Guomao Leasing in respect of the liabilities of Customers under the Leasing Contracts                   |
| “Individual Guarantors” | Individual PRC citizens, namely Mr. Huang Shao Shan, Mr. Siu Chong Lam, and Mr. Zhou Sheng Peng, procured by Rongyi to provide personal guarantees to Guomao Leasing       |
| “Mr. Huang Shao Shan”   | the legal representative and general manager of Rongyi   |
| “Mr. Siu Chong Lam”     | the ultimate beneficial owner of Rongyi  |
| “Mr. Zhou Sheng Peng”   | the chief business manager of Rongzheng  |
| “SZ Rongda”             | 深圳融達汽車服務有限公司 (Shenzhen Rongda Automobile Service Co., Ltd.*), a company incorporated in the PRC with limited liability and the 49% equity holder of Shenzhen Rongzheng     |
| “Xiamen SASAC”          | 廈門市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Xiamen Government*)  |

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

Hong Kong, 4 February 2021

*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.*

*\* For identification purposes only*