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## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT 2021**

Reference is made to the annual report of Momentum Financial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021 (the “**Annual Report 2021**”) dated 27 May 2022. Unless otherwise defined, terms used herein shall bear the same meanings as defined in the Annual Report 2021.

In addition to the information provided in the Annual Report 2021, the Board of the Company would like to provide further information to the Management Discussion and Analysis therein in relation to the Group’s finance lease business.

### **THE FINANCE LEASE BUSINESS**

The Group’s principal business includes the provision of finance leasing and consultancy services in finance lease business (earning interest income, handling fee and consultancy fee).

The Group’s finance leasing and consultancy service team (the “**Team**”), with solid experience in finance lease and medical equipment sector, obtains information regarding upcoming potential pipeline projects from manufacturers, distributors, banks and other financial institutions. Upon obtaining such information, the Team will approach the potential customers for discussions and conduct due diligence for potential finance leasing cooperation, by ways of direct finance leasing or sales and leaseback.

Details for major terms of finance leasing as at 31 December 2021, including total outstanding finance lease receivables, maturity profile, interest rates, collaterals and/or guarantee obtained, are set out in note 19 to the Consolidated Financial Statements. Details for finance lease receivables’ concentration of credit risk are set out in note 6(b) to the Consolidated Financial Statements.

The Team will perform (i) background assessment; (ii) financial capability and repayment ability assessment; (iii) credit assessment; (iv) guarantor background assessment; (v) subject matter assessment; and (vi) industry assessment, in the assessment of the credit risks of customers. The Group's approval process includes due diligence, feasibility study, verification and credit risk assessment. For the monitoring of each outstanding finance lease contract, the Team will record the ledger, issue payment reminders, closely follow up instalments, maintain communication with customers to follow up overdue instalments (if any), and commence appropriate proceedings to recover outstanding instalments.

Due to the stringent procedures adopted by the Group in taking new customers on board, there was no default in repayment since the commencement of the Group's finance leasing business. The accumulated impairment losses on finance lease receivables as at 31 December 2021 amounted to HK\$981,000 (2020: HK\$1,094,000) was provided by reference to the historical repayment pattern of the Group's finance lease debtors and certain other factors, including forward-looking elements, as to comply with the requirements of HKFRS 9 Financial Instruments. Movements of the accumulated impairment losses on finance lease receivables during the year ended 31 December 2021 represent the net of: (1) decrease in outstanding finance lease receivables as compared to 31 December 2020; and (2) certain delays in repayments were recorded during the year ended 31 December 2021 (which were fully-recovered during the year ended 31 December 2021), which impacted the calculation of expected credit loss. The directors are of the view that the fact that no default in repayment has been recorded in respect of the finance lease business of the Group demonstrates that the internal control procedures for taking new customers/projects on board and the monitoring procedures are sound and effective.

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

Hong Kong, 18 July 2022

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