



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

MOMENTUM FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code : 1152



2023
INTERIM REPORT

CONTENTS

Corporate Information	2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Statement of Cash Flows	8
Notes to Condensed Consolidated Interim Financial Statements	9
Management Discussion and Analysis	28
Other Disclosures	33



Corporate Information

BOARD OF DIRECTORS

Executive directors

Mr. Liu Xin Chen
Mr. Zhang Rujie

Independent non-executive directors

Mr. Man Wai Lun
Mr. Zhou Zhencun
Mr. Chen Yongping

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA

Room 2408
Rongchao Economic and Trade Center
No. 4028, Jintian Road
Fuzhong Community, Lianhua Street
Futian District, Shenzhen, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat C, 13/F
Unionway Commercial Centre
283 Queen's Road Central
Hong Kong

COMPANY SECRETARY

Ms. Ngan Wai Kam, Sharon

AUTHORISED REPRESENTATIVES

Ms. Ngan Wai Kam, Sharon
Mr. Liu Xin Chen

BERMUDA RESIDENT REPRESENTATIVE

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

MEMBERS OF THE AUDIT COMMITTEE

Mr. Chen Yongping (*Chairman*)
Mr. Man Wai Lun
Mr. Zhou Zhencun

MEMBERS OF THE REMUNERATION COMMITTEE

Mr. Man Wai Lun (*Chairman*)
Mr. Zhou Zhencun
Mr. Chen Yongping
Mr. Liu Xin Chen

MEMBERS OF THE NOMINATION COMMITTEE

Mr. Zhou Zhencun (*Chairman*)
Mr. Man Wai Lun
Mr. Chen Yongping
Mr. Liu Xin Chen

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
24/F, Siu On Centre
188 Lockhart Road, Wan Chai
Hong Kong

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4	375,853	74,692
Cost of sales		(349,235)	(67,450)
Gross profit		26,618	7,242
Other operating income		138	194
Reversal of impairment loss on finance lease receivables		72	–
Change in fair value of financial asset at fair value through profit or loss (“FVTPL”)		(23)	(91)
Selling and distribution expenses		(29)	(269)
Administrative expenses and other expense		(5,771)	(5,061)
Finance costs	6	(440)	(565)
Profit before taxation		20,565	1,450
Income tax expenses	7	(3,975)	(820)
Profit for the period	8	16,590	630
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		(1,842)	(3,234)
Total comprehensive income/(expense) for the period		14,748	(2,604)
Profit for the year attributable to:			
— the owners of the Company		16,634	583
— non-controlling interests		(44)	47
Total comprehensive income/(expense) for the period attributable to:		16,590	630
— the owners of the Company		14,936	(2,492)
— non-controlling interests		(188)	(112)
Earnings per share (HK cents)		14,748	(2,604)
— Basic	10	1.69	0.06
— Diluted	10	1.69	0.06

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

		At 30 June 2023	At 31 December 2022
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	6,307	6,857
Right-of-use assets		1,007	1,352
Interest in a joint venture	12	–	–
Finance lease receivables	13	179	581
		7,493	8,790
Current assets			
Inventories		86,772	26,991
Trade and other receivables	14	285,072	301,781
Finance lease receivables	13	1,216	5,224
Financial asset at FVTPL	15	171	194
Tax recoverable		1,217	1,276
Bank balances and cash		14,886	8,188
		389,334	343,654
Current liabilities			
Trade and other payables	16	129,970	92,544
Contract liabilities		–	10,134
Loan from the ultimate holding company	18	50,000	50,000
Lease liabilities	17	649	642
Bank and other borrowings	19	12,425	13,026
Promissory notes	20	–	35,379
Convertible bonds	22	–	42,525
Corporate bonds	21	11,250	10,900
Tax payables		9,226	6,299
		213,520	261,449
Net current assets		175,814	82,205
Total assets less current liabilities		183,307	90,995

Condensed Consolidated Statement of Financial Position *(Continued)*

As at 30 June 2023

		At 30 June 2023	At 31 December 2022
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current liabilities			
Other payables	16	228	239
Lease liabilities	17	168	497
Convertible bonds	22	42,525	–
Promissory notes	20	35,379	–
		78,300	736
NET ASSETS		105,007	90,259
Capital and reserves			
Share capital	23	4,910	4,910
Reserves		97,138	82,202
		102,048	87,112
Non-controlling interests		2,959	3,147
TOTAL EQUITY		105,007	90,259

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Share capital HK\$'000	Share premium HK\$'000	Equity component of convertible bonds HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total reserve HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2022 (Audited)	4,910	190,049	6,640	(2,855)	(118,560)	75,274	3,530	83,714
Loss and total comprehensive expense for the period (Unaudited)	-	-	-	(3,075)	583	(2,492)	(112)	(2,604)
At 30 June 2022 (Unaudited)	4,910	190,049	6,640	(5,930)	(117,977)	72,782	3,418	81,110
At 1 January 2023 (Audited)	4,910	190,049	6,640	(11,224)	(103,263)	82,202	3,147	90,259
Loss and total comprehensive expense for the period (Unaudited)	-	-	-	(1,698)	16,634	14,936	(188)	14,748
At 30 June 2023 (Unaudited)	4,910	190,049	6,640	(12,922)	(86,629)	97,138	2,959	105,007

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from/(used in) operating activities	7,508	(948)
Net cash from investing activities	–	–
Net cash used in financing activities	(412)	(134)
Net increase/(decrease) in cash and cash equivalents	7,096	(1,082)
Cash and cash equivalents at 1 January	8,188	7,197
Effect on foreign exchange rates changes	(398)	254
Cash and cash equivalents at 30 June represented by bank balances and cash	14,886	6,369

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

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 the headquarters in the People’s Republic of China (“PRC”) is Room 2408, Rongchao Economic and Trade Center, No. 4028 Jintian Road, Fuzhong Community, Lianhua Street, Futian District, Shenzhen, PRC. The principal place of business of the Company in Hong Kong is Flat C, 13/F, Unionway Commercial Centre, 283 Queen’s Road Central, 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 business.

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 2023 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 2022 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 2023. 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.

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 2022. A number of new or amended standards are effective from 1 January 2023 but they do not have a material effect on the Group’s financial statements.

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

For the six months ended 30 June 2023

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 2023:

Financial instruments	Fair value as at		Fair value hierarchy	Valuation technique and key input
	30 June 2023	31 December 2022		
	HK\$'000 (unaudited)	HK\$'000 (audited)		
Financial asset at FVTPL — listed equity securities	171	194	Level 1	Quoted price in an active market

4. REVENUE

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

	Six months ended 30 June	
	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue from contracts with customers recognised at a point in time		
Disaggregated by major products or service line		
— Cross-border business	375,468	73,423
— Online marketing and other consultancy service income	112	776
	375,580	74,199
Revenue from other sources		
— Interest income from provision of finance leasing services	273	493
	375,853	74,692

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

For the six months ended 30 June 2023

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 business.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group.

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 2023

	Cross-border business HK\$'000 (Unaudited)	Provision of finance leasing and consultancy services HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue	375,468	273	112	375,853
Segment profit/(loss)	25,436	(56)	(190)	25,190
Unallocated operating income				9
Change in fair value of financial asset at fair value through profit or loss				(23)
Administrative and other expenses				(4,234)
Finance cost				(377)
Profit before taxation				20,565

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

For the six months ended 30 June 2023

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the six months ended 30 June 2022

	Cross-border business HK\$'000 (Unaudited)	Provision of finance leasing and consultancy services HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue	73,423	493	776	74,692
Segment profit/(loss)	5,968	97	(218)	5,847
Unallocated operating income				194
Change in fair value of financial asset at fair value through profit or loss				(91)
Administrative and other expenses				(3,935)
Finance cost				(565)
Profit before taxation				1,450

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 2023

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 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Segment assets		
Cross-border business	341,949	294,355
Finance leasing and consultancy services business	32,174	41,434
Unallocated corporate assets	22,704	16,655
Consolidated assets	396,827	352,444
Segment liabilities		
Cross-border business	106,069	79,653
Finance leasing and consultancy services business	11,720	14,330
Unallocated corporate liabilities	174,031	168,202
Consolidated liabilities	291,820	262,185

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 2023

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 2023 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
The PRC	50,583	1,269	6,549	7,137
Hong Kong	325,270	73,423	765	1,072
	375,853	74,692	7,314	8,209

Note: Non-current assets excluded financial lease receivables.

6. FINANCE COSTS

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest expenses on:		
— bank and other borrowings interest	63	71
— lease liabilities	27	–
— corporate bonds	350	494
	440	565

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

For the six months ended 30 June 2023

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	3,949	820
PRC Enterprise Income Tax ("EIT")	26	–
	3,975	820

- (i) The tax rate applicable to the Group's Hong Kong subsidiaries were 16.5% during the six months ended 30 June 2023 (six months ended 30 June 2022: 16.5%).

Under the two-tiered Profits Tax Regime, 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 2023 (six months ended 30 June 2022: 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.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	245	269
Depreciation of right-of-use assets	334	29
Reversal impairment loss on finance lease receivables	(72)	–
Unrealised loss on financial asset at fair value through profit or loss	23	91

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

For the six months ended 30 June 2023

9. DIVIDEND

No dividend was paid, declared or proposed during the reporting period ended 30 June 2023, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2022: nil).

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following.

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings:		
— Earnings for the period attributable to owners of the Company	16,634	583
Number of shares		
— Weighted average number of ordinary shares for the purpose of basic earnings per share	982,000,000	982,000,000

Diluted earnings per share

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2023 and 2022 in respect of dilution as the effect of outstanding convertible bonds are anti-dilutive.

11. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2023, the Group incurred approximately HK\$Nil (six months ended 30 June 2022: approximately HK\$nil) 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 2022: approximately HK\$nil).

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

For the six months ended 30 June 2023

12. INTEREST IN A JOINT VENTURE

As at 30 June 2023 and 31 December 2022, 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 2023	31 December 2022	
Hebao (Shenzhen) Information Technology Limited* (荷包(深圳)信息科技有限公司) ("Hebao")	Incorporated	The PRC	Ordinary, RMB20,000,000	49%	49%	Inactive

* English name is for identification purpose.

As at 30 June 2023 and up to the date of this report, no capital was injected to Hebao by the Group.

13. FINANCE LEASE RECEIVABLES

Finance lease receivable represents relevant finance lease agreements entered into by the Group's subsidiary Asia Pacific Kungpeng Finance Leasing (Shenzhen) Co., Ltd. with its lessees. Effective interest rates of the finance lease ranged from 11% to 13%. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

As at 30 June 2023, the outstanding portion of the relevant lease contracts entered into of approximately HK\$8,870,000 (31 December 2022: HK\$36,484,000) were ages within 3–5 years (31 December 2022: 3–5 years).

Finance lease receivables are secured by the leased assets and customer's deposits as at 30 June 2023 (31 December 2022: 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 2023

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Trade receivables	256,237	222,205
Less: allowance for impairment losses	(12,429)	(12,630)
	243,808	209,575
Other receivables	34,788	92,639
Less: allowance for impairment losses	(1,984)	(2,080)
	32,804	90,559
Deposits and prepayments	8,460	1,647
	8,460	1,647
	285,072	301,781

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

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
0–30 days	66,582	48,069
31–60 days	78,190	46,039
Over 60 days	99,036	115,467
	243,808	209,575

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 2023

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 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
At the beginning of period/year	12,630	15,878
Impairment losses recognised for the period/year	–	(3,192)
Exchange realignment	(201)	(56)
At the end of period/year	12,429	12,630

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

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

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
At the beginning of period/year	2,080	1,429
Impairment losses recognised for the period/year	–	782
Exchange realignment	(96)	(131)
At the end of period/year	1,984	2,080

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 2023

15. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset at fair value through profit or loss include:

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Financial asset at fair value through profit or loss		
— Equity securities listed in Hong Kong	171	194

16. TRADE AND OTHER PAYABLES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Non-current		
Security deposit for finance lease receivables	228	239
Current		
Trade payables	74,577	51,780
Other payables	54,749	40,018
Security deposit for finance lease receivables	432	453
Value added tax payables	212	293
	129,970	92,544

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

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
0–30 days	54,530	12,195
31–60 days	10,673	19,448
Over 60 days	9,374	20,137
	74,577	51,780

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

For the six months ended 30 June 2023

17. LEASE LIABILITIES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Analysed for reporting purposes at:		
Current liability	649	642
Non-current liability	168	497
	817	1,139

	Minimum lease payments		Present value of minimum lease payments	
	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Amounts payable under finance lease				
Within one year	678	688	649	642
More than one year but less than two years	169	508	168	497
More than two years but less than five years	–	–	–	–
After five years	–	–	–	–
	847	1,196	817	1,139
Less: future finance charges	(30)	(57)	N/A	N/A
Present value of obligation under finance lease	817	1,139	817	1,139
Less: amount due for settlement within 12 months (shown under current liabilities)			649	642
Amount due for settlement after 12 months			168	497

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

For the six months ended 30 June 2023

18. LOAN FROM THE ULTIMATE HOLDING COMPANY

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Unsecured:		
Other borrowings payable within one year (Note i)	50,000	50,000

Notes:

- (i) As at 30 June 2023, The fixed interest rate of the loan from the ultimate holding company is 9.5% (31 December 2022: 9.5%) per annum. Pursuant to supplemented loan agreements dated on 29 October 2020, 18 May 2022 and 22 March 2023, interest charge of loan from the ultimate holding company from May 2018 to 30 June 2023 to be conditionally waived. Further details are disclosed in note 24 to the unaudited consolidated financial statements.
- (ii) As at 30 June 2023, approximately HK\$50,000,000 (31 December 2022: HK\$50,000,000) of loan from the ultimate holding company was denominated in HK\$ which is not the functional currency of the relevant Group entity and exposed the Group to foreign currency risk.

19. BANK AND OTHER BORROWINGS

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Bank loan	1,621	1,699
Other loan	10,804	11,327
	12,425	13,026
Less: current portion	(12,425)	(13,026)
Non-current portion	–	–
Analysis into:		
The carrying amounts of the above borrowings are repayable		
Within one year or on demand	12,425	13,026
In the second year to fifth years, inclusive	–	–
	12,425	13,026

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

For the six months ended 30 June 2023

19. BANK AND OTHER BORROWINGS *(Continued)*

As at 30 June 2023, the Group's bank borrowings are denominated in RMB, repayable in one year and bearing a fixed interest of 9% (31 December 2022: 8.4%) per annum.

As at 30 June 2023, the Group's bank borrowings are secured by personal guarantee up to RMB1,500,000, provided by a director of a subsidiary (31 December 2022: personal guarantee provided by a director of a subsidiary).

As at 30 June 2023, the Group's other loan are denominated in RMB, unsecured, interest at 8% (31 December 2022: 8%) per annum and repayable on 7 November 2023.

20. PROMISSORY NOTES

On 12 March 2021, 15 April 2021 and 15 July 2021, the Group issued an unlisted promissory notes with principal amount of HK\$3,000,000, HK\$9,000,000 and HK\$12,000,000 bearing an interest rate of 4%, 3% and 3% per annum respectively. The interests for the period ended 30 June 2023 had been conditionally waived. Further details are disclosed in note 24 to the unaudited consolidated financial statements.

	HK\$'000
At 1 January 2021	10,468
Additions	24,000
Imputed interest charged	91
<hr/>	
At 31 December 2021, 1 January 2022, 30 June 2022 and 30 June 2023	35,379

The Group's promissory notes were unsecured, denominated in HK\$ which is not the functional currency of the relevant Group entity and exposed the Group to foreign currency risk.

21. CORPORATE BONDS

As at 30 June 2023, the issued unlisted Corporate Bonds remains at the balance of HK\$10,000,000 (31 December 2022: 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.

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

For the six months ended 30 June 2023

22. 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 holder of CB had agreed to extend the CB's maturity date to 24 June 2025.

The interest for the period ended 30 June 2023 had been conditionally waived. Further details are disclosed in note 24 to the unaudited consolidated financial statements.

The directors estimate the fair value of the liability component of the CB at 30 June 2023 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).

23. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.005 each as at 31 December 2022 and 30 June 2023	20,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.005 each as at 31 December 2022 and 30 June 2023	982,000	4,910

There were no changes in the issued capital of the Company during the period from 31 December 2022 to 30 June 2023.

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

For the six months ended 30 June 2023

24. CONTINGENT LIABILITIES

Modification of Loan from the ultimate holding company, promissory notes and convertible bonds

On 24 April 2018, Triumph and the Company entered into a loan agreement (the “Loan Agreement”) pursuant to which Triumph advanced an unsecured loan in principal amount of HK\$80,000,000 (as at 1 January 2020, outstanding principal was HK\$50,000,000), to the Company at 9.5% per annum and repayable on demand (the “Shareholder’s Loan”). On 24 April 2018, the Loan Agreement, and all benefits accrued to the Shareholder’s Loan, was assigned to Great Wall International Investment XX Limited (“Great Wall”).

The Loan Agreement was further supplemented on 29 October 2020, 18 May 2022 and 22 March 2023 under which all interest payable so accrued on the Shareholder’s Loan under the Loan Agreement, up to 30 June 2023 shall be waived by Triumph and Great Wall conditionally if (i) the trading of the shares of the Company on Hong Kong Stock Exchange is not restored or resumed or approved on or before 4 November 2023; and/or (ii) the Company is delisted from Hong Kong Stock Exchange (“Loan Modification”).

As the payment of interest on the Shareholder’s Loan is dependent upon if the conditions of the Loan Modification cannot be met and the probability of which cannot be ascertained reliably as at 30 June 2023. Thus, no interest on the Shareholder’s Loan had been provided during the period ended 30 June 2023. However, interest of approximately HK\$19,853,000 so accrued on the Shareholder’s Loan for the period from May 2018 to 30 June 2023 shall be payable to Great Wall immediately should the conditions of the Loan Modification have not been met.

The Company issued Promissory Notes to (i) Sunshine Flame Development Limited (“Sunshine”) on 6 June 2019 and 15 April 2021 with principal amount of HK\$10,000,000 and HK\$9,000,000 respectively at 3% per annum interests; and (ii) Mr. Zheng Lizhong (“Mr. Zheng”) on 12 March 2021 with principal amount of HK\$3,000,000 at 4% per annum interests and on 15 July 2021 with principal amount of HK\$12,000,000 at 3% per annum interests.

Both of Sunshine and Mr. Zheng had agreed on 12 August 2022 to waive all interest payable from 1 January 2022 to 31 December 2024 conditionally if the Company was not delisted from the Stock Exchange of Hong Kong Limited (“PN Modification”).

Forever Brilliance International Group Co., Limited (“Forever”) is the registered holder of the HK\$39,000,000 (5%) Convertible Bonds. Forever had agreed on 15 August 2022 to waive all interest payable from 1 January 2022 to 24 June 2025 conditionally if the Company was not delisted from the Stock Exchange of Hong Kong Limited (“CB Modification”).

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

For the six months ended 30 June 2023

24. CONTINGENT LIABILITIES *(Continued)*

Modification of Loan from the ultimate holding company, promissory notes and convertible bonds *(Continued)*

As the payment of interest on the Promissory Notes and Convertible Bonds are dependent upon if the conditions of the PN Modification and CB Modification cannot be met and the probability of which cannot be ascertained reliably as at 30 June 2023. Thus, no interest on the Promissory Notes and Convertible Bonds had been provided during the period ended 30 June 2023 (31 December 2022: Nil). However, interest of approximately HK\$6,208,000 so accrued on the Promissory Notes and Convertible Bonds for the period ended 30 June 2023 shall be payable to Sunshine, Mr. Zheng and Forever immediately should the conditions of the PN Modification and CB Modification have not been met.

For the purpose of the preparation of these consolidation financial statements, the management of the Company, based on the current situation of the Company, had carefully assessed and viewed that the probability of failure to meet the conditions of the Loan, PN and CB Modifications are remote.

25. CAPITAL COMMITMENT

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Capital expenditure in respect of contracted commitments for contribution to the joint venture equivalent to RMB9,800,000	10,588	11,100

26. 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 2023 and 2022 were as follows:

	Six months ended 30 June 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short-term employee benefits	576	715
Post-employment benefits	15	15
	591	730

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

For the six months ended 30 June 2023

26. RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel *(Continued)*

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 2023, there were no other related parties transaction, that had to be disclosed as defined in Chapter 14A of the Listing Rules.

27. SHARE OPTION SCHEME

Pursuant to the written resolution of the shareholders of the Company on 11 October 2011, the Company has adopted a Share Option Scheme (the "Scheme") for the purpose of motivating eligible participants to optimise their performance and efficiency for the benefit of the Group. The Board of directors shall be entitled at any time on a business day within 10 years commencing on the effective date of the Scheme to offer the grant of option to any eligible participants.

Eligible participants of the Scheme include (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds interest or a subsidiary of such company ("Affiliate"); or (ii) the trustee of any trust the beneficiary of which or discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficiary owned by any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate.

Any grant of options to a director, chief executive or substantial shareholder of the Company, or any of their respective associates representing in aggregate over 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of each grant) in excess of HK\$5,000,000 in such person in any 12-months period up to and including the date of each grant must be approved by the independent non-executive directors, but excluding any independent non-executive director who is a proposed grantee and any further grant of options must be approved by the shareholders of the Company.

No share options are granted since the adoption of the Scheme and during the interim period. The Scheme was expired on 18 October 2021.

28. EVENT AFTER REPORTING PERIOD

The Group is exploring opportunities for expanding and enriching the scope 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

The Group is principally engaged in the provision of cross-border business and provision of finance leasing and consultancy service.

1. Cross-border business

As the e-commerce industry becomes more and more convenient, coupled with the outbreak of COVID-19 in early 2020, e-commerce became a reliable and dominant method for consumers to source various products in the PRC with a premium shopping experience, particularly for imported products.

Meanwhile, due to the anticipated increase in the demand in South Korean and Japanese cosmetics products, driven by the increasing popularity of South Korean and Japanese culture and more emphasis put on skin care among consumers, the Group expanded its cross-border business under the S2B2C model to provide value-added service to merchant customers and/or end consumers in the PRC.

Under the S2B2C model, the businesses (B), being the merchant customers on online e-commerce platforms offering the end consumers (C) various types of overseas imported products, relies on the Group, being the suppliers (S), to provide value-added services and supports such as logistics arrangement, custom clearance and warehouse storage.

Leveraging on the comprehensive and valuable value added services provided by the Company under the S2B2C model, the merchant customers and end consumers could source the same type of imported products with less time and less cost with a convenient online shopping experience.

From the perspective of the brand owners or overseas suppliers, the Group offers a wide and effective sales channel of their products in the PRC through merchant customers or end consumers via the online shopping platforms. As such, under the S2B2C model, the Group can help its suppliers to efficiently introduce their products into the PRC market and promote their merchandise to the Chinese end consumers.

Furthermore, to supplement the S2B2C model, the Company has commenced the establishment of its own B2C sales channel by opening several online stores on a number of dominated and reputable online e-commerce platforms in the PRC. The online stores operated by the Group directly advertise and offer imported products directly to the end consumers. The Group believes the B2C model could diversify the source of income generated from its cross-border business segment.

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 the medical equipment finance leasing business, the Group would also be expanding its medical equipment finance leasing with further financing from banks.

Management Discussion and Analysis *(Continued)*

The Group's finance leasing and consultancy service are mainly conducted in the following ways:

(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 instalments. 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 instalments. 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.

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 30 June 2023, including total outstanding finance lease receivables, maturity profile, interest rates, collaterals and/or guarantee obtained, are set out in note 13 to the Condensed Consolidated Interim 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 records 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.

Management Discussion and Analysis *(Continued)*

Financial Performance

For the six months ended 30 June 2023, the Group recorded revenue of approximately HK\$375.9 million, representing an increase of approximately HK\$301.2 million or 403.2% as compared with the corresponding period in last year which was mainly due to the optimised S2B2C business model has started to take effect after the pandemic.

For the six months ended 30 June 2023, the Group recorded a profit of approximately HK\$16.6 million, representing an increase of approximately HK\$16.0 million or 2,533.3% as compared with the corresponding period in last year which was mainly due to the Group successfully maintain similar operating expenses while achieving revenue and gross profit growth.

OUTLOOK

With the substantial expansion and operation of the cross-border business under the S2B2C model and B2C model, the Company takes advantage of its own imported products supply chain, which includes suppliers, bonded warehouses, warehouse management system, one-stop custom clearance procurement and logistics system, to provide integrated services of delivery for the imported products to the end consumers.

By providing the comprehensive valued added services under the S2B2C and B2C model, the operation of cross-border business of the Group continues to grow with expanding customer and supplier base, including both e-commerce distributors and merchant customers.

However, the future execution may be subject to capital investment, human resources constraints 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, cross-border import 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 2023, the Group recorded total assets of approximately HK\$396.8 million which were financed by internal resources of approximately HK\$105.0 million and liabilities of approximately HK\$291.8 million. The Group had total cash and bank balances of approximately HK\$14.9 million. The current ratio (current assets divided by current liabilities) of the Group increased from 1.31 times as at 31 December 2022 to 1.82 times as at 30 June 2023. As at 30 June 2023, 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 2023, the borrowings were mainly denominated in Hong Kong dollars ("HK\$") and Renminbi ("RMB"), while the cash and cash equivalents held by the Group were mainly denominated in HK\$, Renminbi and United States dollars ("US\$"). All of the company's borrowings are on a fixed rate basis.

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 "PN10M"). The net proceeds of approximately HK\$10 million was intended to be used for working capital. As at 30 June 2023, approximately HK\$10 million was used as working capital as intended and the maturity of the PN10M had been extended to June 2025.

Management Discussion and Analysis *(Continued)*

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 2023, no share was converted and the maturity of the Convertible Bonds had been extended to June 2025.

In March 2021, the Company issued a promissory note in principal amount of HK\$3,000,000 with an interest rate of 4% per annum and a maturity of 2 years to an independent third party (the "PN3M"). The proceeds of approximately HK\$3 million was intended to be used for working capital and/or repaying liabilities. As at the date of this report, approximately HK\$3 million was used as intended and the maturity of the PN3M had been extended to March 2025.

In April 2021, the Company issued a promissory note in principal amount of HK\$9,000,000 with an interest rate of 3% per annum and a maturity of 1 year which can be extended to another 1 year with mutual written consent to an independent third party (the "PN9M"). The proceeds of approximately HK\$9 million was intended to be used for working capital and/or repaying liabilities. As at the date of this report, approximately HK\$9 million was used as intended and the maturity of the PN9M had been extended to April 2025.

In July 2021, the Company issued a promissory note in principal amount of HK\$12,000,000 with an interest rate of 3% per annum and a maturity of 1 year which can be extended to another 1 year with mutual written consent to an independent third party (the "PN12M"). The proceeds of approximately HK\$12 million was intended to be used for working capital and/or repaying liabilities. As at the date of this report, approximately HK\$12 million was used as intended and the maturity of the PN12M had been extended to July 2025.

In order to support and expand the cross-border business, the Group will strive to diversify its financing sources and explore fund raising opportunities, for example, credit facilities from financial institutions.

CONTINGENT LIABILITIES

Details of contingent liabilities are set out in note 24 to the unaudited consolidated financial statements.

GEARING RATIO

The gearing ratio was 38.4% as at 30 June 2023 (31 December 2022: 43.4%). The gearing ratio is arrived at by dividing the total external financing debt by total assets at the end of the corresponding period.

Management Discussion and Analysis *(Continued)*

FOREIGN EXCHANGE EXPOSURE AND INTEREST RATE RISK

In respect of the cross-border business, the Group is mainly exposed to the currency risk of HK\$/US\$/RMB, the Group considers its exposure to foreign currency risk is primarily in the fluctuation of RMB against HK\$/US\$ and HK\$ against RMB.

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.

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 2023, the Group did not incur addition of property, plant and equipment (six months ended 30 June 2022: Nil).

CAPITAL COMMITMENTS

As at 30 June 2023, the Group has contracted for capital contribution to investees amounting to approximately HK\$Nil (31 December 2022: HK\$11.1 million).

CHARGES ON ASSETS

As at 30 June 2023, the Group does not have assets subjected to charges for securing obligations under finance lease (31 December 2022: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group has a total workforce of approximately 43 employees (31 December 2022: 48) 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. No share options were granted by the Company since the adoption of the Scheme.

Other Disclosures

SIGNIFICANT INVESTMENT HELD

Except for disclosed in Business Review and the investment in subsidiaries, during the six months ended 30 June 2023 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 2023 and up to the date of this report, the Group is exploring opportunities for the benefit of its 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

While the Group is currently carrying out sufficient level of operations to support its operation which complies with Rule 13.24, it will continue to 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 2023 (2022: nil).

MATERIAL EVENTS

Reference is made to the announcements of the Company dated 19 November 2021, 6 April 2022, 8 June 2022 and 23 June 2023, the Company has fulfilled the Resumption Guidance to the satisfaction of the Stock Exchange, the trading in the Shares of the Company on the Stock Exchange has been resumed from 26 June 2023.

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.

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 2023, 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").

Other Disclosures *(Continued)*

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the period ended 30 June 2023 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.

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

As at 30 June 2023, 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

Other Disclosures *(Continued)*

Name of Shareholders	Capacity and nature of interest	Number of ordinary shares held (Note 1)	Percentage of the Company's issued share capital
Smith Lexi Lucia (Note 4)	Interest in controlled corporation	195,000,000 (L)	19.86
Forever Brilliance International Group Co., Limited (Note 4)	Beneficial owner	195,000,000 (L)	19.86

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) Forever Brilliance International Group Co., Limited is wholly owned by Smith Lexi Lucia.

Save as disclosed above, as at 30 June 2023, 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.

Other Disclosures *(Continued)*

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2023, the Company had complied with the applicable Code Provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

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 (the “Model Code”). Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard set out in the Model Code and the Code of Conduct during the six months ended 30 June 2023.

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 2023 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 2023.

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

Hong Kong, 30 August 2023