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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1152)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Momentum Financial Holdings Limited (the "**Company**") would like to announce the consolidated final results of the Company and its subsidiaries (collectively refer to as the "**Group**") for the year ended 31 December 2023 (the "**Annual Results**"), together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	**2023** *HK$'000*	2022 *HK$'000*
Revenue	*4*	**761,781**	327,721
Cost of sales		**(711,584)**	(304,579)
Gross profit		**50,197**	23,142
Other operating income	*6*	**8,143**	363
Change in fair value of financial asset at fair value through profit or loss ("**FVTPL**")		**(68)**	(137)
Administrative and other expenses		**(12,275)**	(9,210)
Selling and distribution expenses		**(39)**	(19)
Loss on disposals of subsidiaries		**–**	(24)
Reversal of impairment loss on finance lease receivables		**146**	765
(Impairment loss)/reversal of impairment loss on trade receivables		**(6,472)**	3,192
Impairment loss on other receivables and deposits		**(5,742)**	(782)
Profit from operation		**33,890**	17,290
Finance costs	*7*	**(8,523)**	(870)

	Note	2023 HK$'000	2022 HK$'000
Profit before tax		**25,367**	16,420
Income tax expense	*8*	**(5,822)**	(1,239)
Profit for the year	*9*	**19,545**	15,181
Other comprehensive income for the year, net of tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(2,581)**	(8,636)
		(2,581)	(8,636)
Total comprehensive income for the year		**16,964**	6,545
Profit for the year attributable to:			
— the owners of the Company		**20,346**	15,297
— non-controlling interests		**(801)**	(116)
		19,545	15,181
Total comprehensive income for the year attributable to:			
— the owners of the Company		**17,847**	6,928
— non-controlling interests		**(883)**	(383)
		16,964	6,545
Earnings per share (HK cents)	*10*		
Basic		**2.07**	1.56
Diluted		**2.07**	1.56

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2023

	Note	**2023** **HK$'000**	2022 HK$'000
Non-current assets			
Property, plant and equipment		**6,188**	6,857
Right-of-use assets		**679**	1,352
Interest in a joint venture		**–**	–
Finance lease receivables	*12*	**–**	581
		6,867	8,790
Current assets			
Inventories		**25,712**	26,991
Trade and other receivables	*13*	**355,905**	301,781
Finance lease receivables	*12*	**553**	5,224
Financial assets at FVTPL		**126**	194
Tax recoverables		**1,243**	1,276
Bank balances and cash		**24,335**	8,188
		407,874	343,654
Current liabilities			
Trade and other payables	*14*	**145,477**	92,544
Contract liabilities		**–**	10,134
Loan from the ultimate holding company		**50,000**	50,000
Lease liabilities		**497**	642
Bank and other borrowings		**17,818**	13,026
Promissory notes		**–**	35,379
Convertible bonds		**–**	42,525
Corporate bonds		**9,380**	10,900
Tax payables		**8,082**	6,299
		231,254	261,449
Net current assets		**176,620**	82,205
Total assets less current liabilities		**183,487**	90,995
Non-current liabilities			
Other payables	*14*	**41,858**	239
Lease liabilities		**–**	497
Promissory notes		**33,755**	–
		75,613	736
NET ASSETS		**107,874**	90,259
Capital and reserves			
Share capital		**4,910**	4,910
Reserves		**100,049**	82,202
		104,959	87,112
Non-controlling interests		**2,915**	3,147
TOTAL EQUITY		**107,874**	90,259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

Momentum Financial Holdings Limited (the "**Company**") is incorporated in 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 and principal place of business of the Company are disclosed in the corporate information of the annual report.

The principal activities of the Group are the provision of finance leasing and consultancy services and cross-border business.

The functional currency of the Company is Renminbi ("**RMB**"). These consolidated financial statements are presented in Hong Kong dollars ("**HK$**") as the directors of the Company consider that HK$ is appropriate presentation currency for the users of the Group's consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which in collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on Main Board of the Stock Exchange (the "**Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are discussed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) New and amendments to standards adopted by the Group

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

Amendments to HKSA 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
HKFRS 17	Insurance Contracts

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior year and/or the disclosures set out in this announcement.

(b) Change in accounting policy

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("**MPF**") — Long Service Payment ("**LSP**") offsetting mechanism in Hong Kong.

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month 's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

(c) New Standard, Amendments to Standards and Interpretations Not Yet Effective

The Group has not applied any amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2023. The amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1 Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16 — Lease Liability in a sales and leaseback	1 January 2024
Amendments to Hong Kong Interpretation 5 (revised) presentation of financial statements-classification by borrower of a term loan that contains a repayment on demand clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 Supplier finance arrangements	1 January 2024
Amendments to HKAS 21 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 Sale or contribution of assets between an investor and its associate or joint venture	*To be determined by the HKICPA*

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. The directors of the Company hence concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
— Cross-border business	**761,305**	326,130
— Consultancy and other service income	**199**	742
Revenue from other sources	**761,504**	326,872
— Interest income from provision of finance leasing service	**277**	849
	761,781	327,721

5. SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Directors have chosen to organise the Group around differences in products and services.

Specifically, the Group's reportable segments are as follows:

(i) Provision of finance leasing and consultancy service in finance leasing business (earning interest income, handling fee and consultancy fee) and purchasing of leased assets

(ii) Cross-border business

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the year ended 31 December 2023

	Provision of finance leasing and consultancy service *HK$'000*	**Cross-border business** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenue	**277**	**761,305**	**199**	**761,781**
Segment profit/(loss)	**(828)**	**41,600**	**(4,487)**	**36,285**
Unallocated other operating income				**7,336**
Change in fair value of financial asset at FVTPL				**(68)**
Unallocated expenses				**(9,663)**
Finance costs				**(8,523)**
Profit before taxation				**25,367**

For the year ended 31 December 2022

	Provision of finance leasing and consultancy service *HK$'000*	Cross-border business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue	849	326,130	742	327,721
Segment profit/(loss)	1,107	27,935	(4,610)	24,432
Unallocated other operating income				143
Loss on disposals of subsidiaries				(24)
Change in fair value of financial asset at FVTPL				(137)
Unallocated expenses				(7,271)
Finance costs				(723)
Profit before taxation				16,420

Segment profit represents the profit earned by each segment without allocation of change in fair value of financial asset at FVTPL, gain on modification of loan from the ultimate holding company, gains on disposal of subsidiaries, certain selling and distribution expenses, central administrative costs, directors' salaries, certain other operating income and finance costs. This is the measure reported to the chief executive officer for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2023	2022
	HK$'000	*HK$'000*
Segment assets		
Cross-border business	**391,059**	294,355
Finance leasing business	**3,585**	25,295
Others	**9,848**	16,139
Total segment assets	**404,492**	335,789
Unallocated corporate assets	**10,249**	16,655
Total assets	**414,741**	352,444

	2023	2022
	HK$'000	*HK$'000*
Segment liabilities		
Cross-border business	**103,705**	79,653
Finance leasing business	**409**	1,139
Others	**10,976**	13,191
Total segment liabilities	**115,090**	93,983
Unallocated corporate liabilities	**196,777**	168,202
Total liabilities	**311,867**	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 FVTPL, income tax recoverable and other assets for corporate use including certain plant and equipment, 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, loan from the ultimate holding company, bank and other borrowings, convertible bonds, promissory notes, lease liabilities, income tax payables and corporate bonds which were managed in a centralised manner.

6. OTHER OPERATING INCOME

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**17**	15
Exchange gain, net	**309**	–
Gain on modification of promissory notes	**2,272**	–
Gain on modification of convertible bonds	**1,665**	–
Others	**3,880**	348
	8,143	363

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interests on:		
— bank and other borrowings	**1,311**	147
— loan from ultimate holding company	**4,750**	–
Effective interest expenses on:		
— corporate bonds	**760**	700
— lease liabilities	**56**	23
— other payables	**998**	–
— promissory notes	**648**	–
	8,523	870

8. INCOME TAX EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
— Provision for the year	**6,071**	2,039
— Overprovision in prior years	**–**	(963)
	6,071	1,076
PRC EIT		
— Provision for the year	**24**	163
— Over provision in prior years	**(273)**	–
	(249)	163
	5,822	1,239

Under the two-tiered Profits Tax Regime, one of the Company's Hong Kong subsidiaries is subjected to Hong Kong Profits Tax at the rate of 8.25% for the first HK$2 million of its estimated assessable profits and at 16.5% on its estimated assessable profits above HK$2 million. Other Hong Kong subsidiaries not qualifying for the two-tiered Profit Tax Regime are subjected to Hong Kong Profits Tax at the rate of 16.5% for the year ended 31 December 2023.

The tax rate applicable to the Group's PRC subsidiaries were 25% (2022: 25%) during the year.

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	2023 ***HK$'000***	2022 *HK$'000*
Directors' and chief executive's emoluments	**912**	1,017
Salaries and other allowances (excluding directors' and chief executive's emoluments)	**2,748**	2,789
Retirement benefit scheme contributions (excluding directors' and chief executive's emoluments)	**226**	129
Total staff costs	**3,886**	3,935
Auditor's remuneration	**750**	700
Amount of inventories recognised as an expense	**711,311**	304,576
Depreciation of property, plant and equipment	**492**	622
Depreciation of right-of-use assets	**666**	261
Exchange (gain)/loss, net (included in administrative and other expenses)	**(309)**	100
Loss on disposals of subsidiaries	**–**	24
Gain on modification on promissory notes	**2,272**	–
Gain on modification on convertible bonds	**1,665**	–
Impairment loss/(reversal of impairment loss) on trade receivables	**6,472**	(3,192)
Reversal of impairment loss on finance lease receivables	**(146)**	(765)
Impairment loss on other receivables and deposits	**5,742**	782
Lease payments in respect of short-term operating lease for rented premises	**498**	160

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 data:

	2023 ***HK$'000***	2022 *HK$'000*
Earnings		
Earnings for the year attributable to the owners of the Company for the purpose of basic earnings per shares	**20,346**	15,297

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number ordinary shares for the purpose of basic and diluted earnings per share	**982,000**	982,000

Diluted earnings per share were the same as the basic earnings per share for the years ended 31 December 2023 and 2022 as the computation of diluted earnings per share did not assume the conversion of the Company's outstanding convertible bonds since the exercise price of the convertible bonds is higher than the average market price of the ordinary share for the years ended 31 December 2023 and 2022.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

12. FINANCE LEASE RECEIVABLES

Amounts receivable under finance leases based on repayment schedule is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**591**	5,637
In the second year	**–**	607
In the third year	**–**	–
Undiscounted lease payments	**591**	6,244
Less: unearned finance income	**(26)**	(277)
Present value of minimum lease payments	**565**	5,967
Impairment loss as recognised	**(12)**	(162)
Net investment in lease	**553**	5,805

Certain machinery of the Group are leased out under finance leases. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

During the year, the decrease in net investment in lease mainly represent recovery of finance lease receivables in according to the finance lease agreements.

Movements of impairment loss as recognised is as follows:

	2023	2022
	HK$'000	*HK$'000*
At beginning of year	**162**	981
Impairment loss reversed for the year	**(146)**	(765)
Exchange realignment	**(4)**	(54)
At end of the year	**12**	162

The following table represents the amounts included in profit or loss:

	2023	2022
	HK$'000	*HK$'000*
Finance income on the net investment in finance leases	**277**	849

The effective interest rates of the above finance leases of 11% (2022: 11% to 13%) per annum. The relevant lease contracts entered into of approximately HK$3,320,000 (2022: HK$36,484,000) was aged within 5 years (2022: 3–5 years) at the end of the reporting period.

As at 31 December 2023 and 2022, all the finance lease receivables were secured by the leased assets and customers' deposits (2022: leased assets and customers' deposits). The title of the leased assets will be transferred to the customers with minimal consideration at the end of the term of leases.

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements that needed to be recorded as at the end of the reporting period.

Deposits of approximately HK$232,000 (2022: HK$692,000) have been received by the Group to secure certain finance lease receivables and classified into non-current liabilities based on the final lease instalment due date stipulated in the finance lease agreements. The deposits are non-interest bearing. In addition, the finance lease receivables are secured over the leased assets, mainly machinery leased, as at 31 December 2023 and 2022. The Group is not permitted to sell, or repledge the collateral of the finance lease receivables without consent from the lessee in the absence of default by the lessee.

All finance leasing arrangement are denominated in RMB, which is the functional currency of the Group's entity which engages in the finance leasing business and accordingly, the Group is not exposed to foreign currency risk.

13. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Receivables at amortised cost comprise:		
Trade receivables	**360,993**	222,205
Less: allowance for impairment losses	**(18,980)**	(12,630)
	342,013	209,575
Other receivables	**11,894**	39,152
Less: allowance for impairment losses	**(7,745)**	(2,080)
	4,149	37,072
Deposits and prepayments	**1,393**	55,134
	1,393	55,134
	347,555	301,781

The Group generally allows an average credit period of 60–180 days (2022: 60–180 days) to its trade customers. Set out below the ageing analysis of the Group's trade receivables, net of impairment losses and based on invoice date, at the end of reporting period.

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**20,918**	48,069
31–60 days	**24,680**	46,039
Over 60 days	**296,415**	115,467
	342,013	209,575

14. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Non-current		
Other payables	**41,858**	239
Current		
Trade payables	**77,837**	51,780
Other payables	**67,214**	40,018
Security deposit for finance lease receivables	**232**	453
Value added tax payables	**194**	293
	145,477	92,544

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**33,764**	12,195
31–60 days	**19,721**	19,448
Over 60 days	**24,802**	20,137
	77,837	51,780

The average credit period on purchases of goods is 60 days (2022: 60 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15. CAPITAL COMMITMENT

	2023	2022
	HK$'000	*HK$'000*
Capital expenditure in respect of contracted commitments for capital contribution to investees	**10,810**	11,100

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

The Group commenced its cross-border business since 2017, and expand its cross-border business under the S2B2C and B2C model. The S2B2C model is to provide value-added service to e-commerce distributors and/or end consumers in the PRC by (i) securing a cross-border e-commerce platform that integrates overseas direct procurement, import and export supply chain management; and (ii) leasing of several bonded warehouses, which allow the Group to efficiently import products into the PRC and maintain inventory to respond to customer orders in a swift manner, while providing custom clearance, warehouse storage and logistics assistance to its customers to strengthen its competitive edge.

The B2C model allows the Group to directly advertise and offer its products to end-consumers. The Group believed that 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'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 31 December 2023, including total outstanding finance lease receivables, maturity profile, interest rates, collaterals and/or guarantee obtained, are set out in note 12 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 monitory 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.

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 2023 amounted to HK$12,000 (2022: HK$162,000) 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 the requirements of HKFRS 9 Financial Instruments. Movements of the accumulated impairment losses on finance lease receivables during the year ended 31 December 2023 represent the net of: (1) decrease in outstanding finance lease receivables as compared to 31 December 2022; and (2) certain delays in repayments were recorded during the year ended 31 December 2023 (which were fully-recovered during the year ended 31 December 2023), 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.

In summary, during the year ended 31 December 2023, the Group had made strategic tailor-made arrangements to support the Group's position as follows: (i) it introduced new customers and suppliers; (ii) it strengthened product lines and platform for products; (iii) it improved operations and reducing operating costs; and (iv) it solicited new financing facilities in the market to support and strengthen the businesses and operations of the Group.

Financial Review

Revenue

For the Year, cross-border business segment recorded a segment revenue of approximately HK$761.3 million (2022: HK$326.1 million), showing an increase of 133.5% comparing with last year. Finance leasing business segment recorded a segment revenue of approximately HK$0.3 million (2022: HK$0.8 million), showing a decrease of 62.5% comparing with last year.

The increase was mainly due to the Group's refinement of its S2B2C model and reoptimization of its product offerings.

Cost of Sales and Gross Profit

The Group's cost of sales during the Reporting Period increase by 133.6% to approximately HK$711.6 million compared to the year ended 31 December 2022 (the "**Corresponding Period**") which was driven by the increase in revenue.

The gross profit margin of the Group decreased from approximately 7.0% for the Corresponding Period to approximately 6.6% for the Reporting Period. The gross profit had increased by 117.3% to approximately HK$50.2 million compared to the Corresponding Period due to the increase in revenue. The decrease in gross profit margin was mainly due to the Group offer more competitive prices to the customers under the current intense market competition.

Expenses

The administrative and other expenses accounted for the largest portion of the operating cost. The administrative and other expenses increased by 33.7% to approximately HK$12.3 million when compared to the Corresponding Period, which is mainly because of the increase of revenue and relevant operating cost.

Tax

Under the two-tiered Profits Tax Regime, one of the Company's Hong Kong subsidiaries is subjected to Hong Kong Profits Tax at the rate of 8.25% for the first HK$2 million of its estimated assessable profits and at 16.5% on its estimated assessable profits above HK$2 million. Other Hong Kong subsidiaries not qualifying for the two-tiered Profit Tax Regime are subjected to Hong Kong Profits Tax at the rate of 16.5% for the Year.

The tax rate applicable to the Group's PRC subsidiaries was 25% (2022: 25%) during the Year.

Profit for the Year

The Group recorded a profit for the Year of approximately HK$19.5 million (2022: HK$15.2 million) for the Reporting Period. The significant increase in revenue leading to corresponding increase in profits.

Liquidity, Financial Resources and Capital Structure

The Group had total cash and bank balances of approximately HK$24.3 million as at 31 December 2023 (2022: HK$8.2 million). The current ratio (defined as current assets divided by current liabilities) of the Group as at 31 December 2023 and 31 December 2022 was 1.76 times and 1.31 times respectively. As at 31 December 2023, the cash and cash equivalents held by the Group were mainly denominated in Hong Kong dollars ("**HK$**"), Renminbi ("**RMB**") and United States dollars ("**US$**").

At 31 December 2023, the total borrowings of the Group were approximately HK$111.5 million (2022: HK$152.9 million) which comprised (i) loan from the ultimate holding company of HK$50 million (2022: HK$50 million); (ii) bank and other borrowings of HK$17.8 million (2022: HK$13.0 million); (iii) convertible bonds of HK$nil (2022:HK$42.5 million); (iv) promissory note of HK$33.8 million (2022: HK$35.4 million); (v) corporate bonds of HK$9.4 million (2022: HK$10.9 million); and (vi) lease liabilities of HK$0.5 million (2022: HK$1.1 million) respectively.

The loan from the ultimate holding company is carried at fixed interest rate of 9.5% (2022: 9.5%) per annum and repayable within one year.

The Group's bank borrowings are denominated in RMB, repayable in one year and bearing a fixed interest of 9% (2022: 8.40%) per annum.

The convertible bonds are convertible into ordinary shares of the Company at any time between the date of issue of the bonds and 24 June 2023. The bonds are convertible to an aggregated of 195,000,000 ordinary shares of the Company at HK$0.2 per share. If the bonds are not converted, they will be redeemed at par on 24 June 2023. Interest of 5% per annum will be accrued and settled with the outstanding principal of the convertible bonds at the maturity date. The Company and the bondholder had mutually agreed to extend the maturity date to 24 June 2025.

The Group's corporate bonds were unsecured and bearing an interest rate of 7% per annum, payable annually. The corporate bonds will be repayable on the expiry day of the ninetieth-month period from issuance of the relevant bonds.

Apart from the borrowings of approximately HK$1.7 million (2022: HK$1.7 million) which were secured personal guarantee provided by certain director of a subsidiary and corporate guarantee provided by a subsidiary, others were unsecured. Short-term borrowings amounted to approximately HK$77.7 million (2022: HK$152.4 million), while others were long-term borrowings due after one year.

In order to support and expand the cross-border business, the Group will strive to diversify its financing sources and explore fund raising opportunities.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2023.

Gearing Ratio

The gearing ratio was 37.0% as at 31 December 2023 (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 year.

Pledge of Assets

As at 31 December 2023, assets in the net book value of HK$220,000 (held under finance lease arrangement) of the Group had been pledged (2022: HK$281,000).

Capital Expenditure

For the Year, the Group incurred approximately HK$Nil (2022: HK$Nil) on the acquisition of property, plant and equipment.

Capital Commitments

As at 31 December 2023, the Group has contracted commitment for capital contribution to investees amounting to approximately HK$10.8 million (2022: HK$11.1 million).

Foreign Exchange Exposure

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 leasing 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.

Final Dividend

The Board has resolved not to declare any final dividend for the year ended 31 December 2023 (2022: Nil).

Compliance With Relevant Laws And Regulations

During the Year, as far as the Group is aware, there was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of our Group.

Employee and Remuneration Policy

As at 31 December 2023, the Group has a total workforce of approximately 29 employees (2022: 48) in Hong Kong and the PRC.

Remuneration policies of the Group are determined with reference to performance, qualification and experience of the staff as well as the operating results of the Group and the current market condition with salaries and wages being reviewed on an annual basis. The Group also provides discretionary bonus, medical insurance, social security and provident fund to the staff of the Group.

Material Events

Trading in the Shares of the Company on the Stock Exchange has been suspended since 4 November 2021.

Reference is made to the announcement of the Company dated 23 June 2023, since the Resumption Guidance has been fulfilled, the trading of Shares of the Company on the Stock Exchange was 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 year ended 31 December 2023.

Events After the End of the Reporting Period

Subsequent to the end of the financial year ended 31 December 2023 and up to the date of this announcement, there is no significant or important event that affects the business of the Group.

Future Plans for Material Investments

To maintain a sufficient level of operations and assets of sufficient value to support its operations, the Group has been exploring ways to improve its financial performance and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in 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 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 these regards, the Company will publish announcement as and when appropriate according to applicable rules and regulations.

Outlook and Prospect

According to the third-party research studies, the global B2C cross-border e-commerce market is reported to be valued at about HKD 6,123 billion in 2021, and the number is expected to rocket to about HKD 61.62 trillion by 2030. Research studies found out that China is the world's No.1 e-commerce market in 2021, accounting for 52.1% of global retail e-commerce sales share.

As an international business hub with a booming market, Hong Kong is no exception in witnessing rocketing ecommerce development. Hong Kong performs important functions and plays a significant role in the mainland cross-border retail and imports market. Due to the geographical proximity of Hong Kong to the mainland and duty-free policy on most of the imported products, Hong Kong is an ideal location for conducting cross-border business in the PRC.

Hong Kong's favourable business environment facilitates frequent international trade and goods flows and has made itself as a leading centre for purchasing imported products in the PRC. Under the "dual circulation" economic growth model, the mainland consumer market for imported products will continue to develop. As the mainland expands and liberalises its markets, Hong Kong is bound to share the benefits of the growing cross-border business.

As such, with the increasing number active users in the growing number of online e-commerce platforms, the Company believes that (i) mobile shopping has become the dominant form of online retail in the PRC, as consumers increasingly use their fragmented time to browse and shop anywhere and anytime on their preferring online e-commerce platforms; and (ii) the extensive logistics infrastructure and wide adoption of mobile payment have made mobile shopping increasingly efficient and convenient.

In light of above, the Company believes that the abovementioned trends are driving the continued growth of the e-commerce industry of the PRC, which provides an opportunity for expanding and enriching the scope of the cross-border business of the Company.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had complied throughout the year ended 31 December 2023 with the code provisions set out in the CG Code contained in Appendix C1 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code regarding securities transactions by the directors during the year ended 31 December 2023.

SCOPE OF WORK OF MCMILLAN WOOD (HONG KONG) CPA LIMITED

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2023 have been compared by the Company's auditor, McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"), to the amounts set out in the Group's financial statements for the year and the amounts were found to be in agreement. The work performed by McMillan Woods in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditor on this preliminary announcement of results.

AUDIT COMMITTEE

The Company established audit committee of the Company (the "**Audit Committee**") on 11 October 2011 which is primarily responsible for overseeing the relationship between the Company and its external auditor in relation to the matters coming within the scope of the Group's audit; reviewing the Group's financial reporting process, adequacy and effectiveness of the Group's internal control system and risk management system. The terms of reference of the Audit Committee which describe the authorities and duties of the Audit Committee were prepared and adopted with reference to "A Guide for the Formation of an Audit Committee" published by the HKICPA and were posted on the Company's website.

The Audit Committee comprises three independent non-executive directors, namely, Mr. Man Wai Lun, Mr. Zhou Zhencun and Mr. Chen Yongping; and is chaired by Mr. Chen Yongping.

The Audit Committee has reviewed and has agreed with the auditor of the Company on the annual results of the Group for the year ended 31 December 2023.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

According to the Listing Rules, the 2023 Annual Report of the Company shall contain all information as required by the Listing Rules and will be published on the Company's website at www.1152.com.hk and the Stock Exchange's website at www.hkexnews.hk in due course.

On behalf of the Board
Momentum Financial Holdings Limited
Mr. Liu Xin Chen
Executive Director

Hong Kong, 27 March 2024

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