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## **DISCLOSEABLE TRANSACTION IN RELATION TO THE REVOLVING FACTORING MASTER AGREEMENT AND THE FACTORING ASSIGNMENT**

### **THE REVOLVING FACTORING MASTER AGREEMENT AND THE FACTORING ASSIGNMENT**

On 16 March 2020, Zhongmao Leasing and the Customer entered into the Revolving Factoring Master Agreement in relation to the transfer of certain factoring facilities by the Customer to Zhongmao Leasing in consideration of Zhongmao Leasing agreeing to provide factoring facility service to the Customer from time to time and on a case by case basis. Pursuant to the Revolving Factoring Master Agreement, the Customer may apply for revolving factoring facilities in accordance with the terms and conditions as set out in the Revolving Factoring Master Agreement.

On 16 March 2020, pursuant to the Revolving Factoring Master Agreement, the Customer applied to Zhongmao for a factoring facility in the principal amount of RMB15,000,000 (equivalent to approximately HK\$16,612,500) for a term of 6 months being secured by account receivables in the amount of RMB15,000,000 (equivalent to approximately HK\$16,612,500) and a personal guarantee by Ji Hongyan.

### **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios for the transactions contemplated under the Factoring Assignment calculated in accordance with the Listing Rules are more than 5% but less than 25%, the Factoring Assignment and the transactions contemplated thereunder constitute discloseable transactions on the part of the Company under Rule 14.07 of the Listing Rules and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **BACKGROUND**

On 16 March 2020, Zhongmao Leasing and the Customer entered into the Revolving Factoring Master Agreement in relation to the transfer of certain factoring facilities by the Customer to Zhongmao Leasing in consideration of Zhongmao Leasing agreeing to provide

revolving factoring facility service to the Customer from time to time and on a case by case basis. Pursuant to the Revolving Factoring Master Agreement, the Customer may apply for factoring facilities in accordance with the terms and conditions as set out in the Revolving Factoring Master Agreement.

## **THE REVOLVING FACTORING MASTER AGREEMENT**

The principal terms of the Revolving Factoring Master Agreement are set out as follows:

Date of agreement:	16 March 2020
Parties:	Zhongmao Leasing and The Customer
Financing term:	the Customer may apply to transfer its account receivables under certain factoring facilities to Zhongmao Leasing for the provision of loan facilities by Zhongmao Leasing
Principal Amount:	the principal amount of facilities to be provided by Zhongmao Leasing to the Customer depends on the amount of receivables being assigned with discount to be agreed
Interest:	to be agreed on a case by case basis
Expenses:	Zhongmao Leasing may charge the Customer for all expenses incurred due to provision of any facility
Liquidated damages:	the Customer is liable to pay to Zhongmao Leasing any liquidated damages involved
Type of financing:	Revolving with recourse and the Customer remains as the principal debtor to Zhongmao Leasing
Securities:	Subject to the terms and conditions of the Revolving Factoring Master Agreement, the Customer shall assign account receivables to Zhongmao Leasing to be managed in a joint escrow bank account. The Customer shall also provide guarantee and undertake repurchase obligations

Repurchase: under the following circumstances, Zhongmao Leasing may require the Customer to repurchase the whole or part of the receivables being assigned:

- (a) the amount of receivables received by Zhongmao Leasing is insufficient to cover any repayment amount, interest, liquidated damages and expenses; and
- (b) any breach of any terms of the Revolving Factoring Master Agreement and the Factoring Assignment including, but not limited to, default in repayment, breach of representations and warranties, cross-default, seizure of assets by creditors, material adverse changes, material litigations and material disposal of assets.

## **FACTORING ASSIGNMENT**

On 16 March 2020, pursuant to the Revolving Factoring Master Agreement, the Customer applied to Zhongmao Leasing for a factoring facility in the principal amount of RMB15,000,000 (equivalent to approximately HK\$16,612,500) for a term of 6 months being secured by account receivables in the amount of RMB15,000,000 (equivalent to approximately HK\$16,612,500) and a personal guarantee by Ji Hongyan.

The principal terms and conditions of the Factoring Assignment are summarized as follows:

Date of agreement:	16 March 2020
Parties:	Zhongmao Leasing, Ji Hongyan and The Customer
Principal amount:	RMB15,000,000 (equivalent to approximately HK\$16,612,500)
Term:	6 months from the date of signing of the Factoring Assignment (or the date on which the principal amount and expenses are fully settled, whichever is the later)
Interest rate:	12% per annum, subject to adjustment in accordance with applicable benchmark interest rate published by the People's Bank of China
Default interest:	0.05% per each calendar day
Transfer of account receivables:	amount of account receivables RMB15,000,000 (equivalent to approximately HK\$16,612,500) under certain factoring facilities shall be transferred to Zhongmao Leasing to secure repayment.
Nature:	revolving with the principal amount set as above

Guarantee: a personal guarantee executed by Ji Hongyan on the even date who agreed to guarantee the repayment obligations and liabilities of the Customer under the Factoring Assignment in favour of Zhongmao Leasing. As of the date of this Announcement, Ji Hongyan is the legal representative of the Customer.

The Customer is a company incorporated in PRC with limited liability which is principally engaged in the business of leasing services including lease factoring, advisory and other leasing related business. Ji Hongyan is the legal representative of the Customer. To the best knowledge and belief of the Directors, the Customer and Ji Hongyan are Independent Third Parties of the Company.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

Zhongmao Leasing's principal activities are to provide financial leasing, financial leasing related factoring and advisory services to customers in the PRC.

The terms of the Revolving Factoring Master Agreement and the Factoring Assignment (the "Agreements") are agreed after arm's length negotiations between the parties on normal commercial terms. The Directors consider that the entering into of the Agreements is in the ordinary and usual course of business of Zhongmao Leasing and will generate revenue and cash flow stream. In addition, the Revolving Factoring Master Agreement will assist Zhongmao Leasing to establishment a long term business relationship with the Customer. The provision under the Factoring Assignment will be financed by the internal resources of the Group.

Given the Agreements were entered into in the ordinary and usual course of business of the Company on normal commercial terms, the Directors are of the view that the terms of the Agreements are fair and reasonable and are in the best interest of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios for the Factoring Assignment and the transactions contemplated under Factoring Assignment calculated in accordance with the Listing Rules are more than 5% but less than 25%, the Factoring Assignment and the transactions contemplated thereunder constitute disclosable transactions on the part of the Company under Rule 14.07 under the Listing Rules and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Agreements”	the Revolving Factoring Master Agreement and the Factoring Assignment
“Board”	the board of Directors of the Company
“Company”	Momentum Financial Holdings Limited, a limited liability company incorporated in Bermuda with its issued shares being listed on the Main Board of the Stock Exchange
“Customer”	a company established in the PRC with limited liability, which is principally engaged in the business of leasing services including lease factoring, advisory and other leasing related business
“Directors”	the directors of the Company
“Factoring Assignment”	an account receivables assignment agreement entered into between Zhongmao Leasing and the Customer on 16 March 2020, pursuant to which, the Customer applied to Zhongmao Leasing and Zhongmao Leasing agreed to provide a financing of up to RMB15,000,000 (equivalent to approximately HK\$16,612,500) for a term of 6 months to the Customer and the Customer agreed to assigned account receivables in the amount of RMB15,000,000 (equivalent to approximately HK\$16,612,500) to Zhongmao Leasing
“Independent Third Party (ies)”	any person or company who is not a connected persons (as defined under the Listing Rules) of the Company, and is independent from and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Group”	the Company and its subsidiaries as at the date of this announcement
“HK\$”	the Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan

“Revolving Factoring Master Agreement”	a master facility agreement entered into between Zhongmao Leasing and the Customer on 16 March 2020, pursuant to which, the Customer may apply to Zhongmao Leasing for revolving factoring facilities with the assignment of account receivables, personal guarantee and repurchase obligations as securities for repayment
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) with nominal value of HK\$0.005 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongmao Leasing”	深圳市前海中茂商業保理有限公司 (Shenzhen Qianhai Zhongmao Commercial Factoring Company Limited*), a company incorporated in the PRC as a wholly foreign-owned enterprise and an indirect wholly-owned subsidiary of the Company

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.1075. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 16 March 2020

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