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**ANNOUNCEMENT OF AUDITED FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the announcement of Momentum Financial Holdings Limited (the “Company”) dated 27 March 2020 in relation to the annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2019 (the “Unaudited Annual Results Announcement”). Capitalized terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

AUDITOR'S AGREEMENT ON THE 2019 ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of the Company hereby announces, the Company has obtained the agreement from the Company's auditor, McMillan Woods (Hong Kong) CPA Limited, on the annual results for the year ended 31 December 2019 (the "2019 Annual Results") (including the financial figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position and the related notes thereto) as set out in this announcement. The consolidated results of the Group for the year ended 31 December 2019 together with comparative figures for the previous year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	4	299,525	137,647
Cost of sales		(281,665)	(130,451)
Gross profit		17,860	7,196
Other operating income	6	798	911
Loss on disposals of subsidiaries		(931)	–
Change in fair value of financial asset at fair value through profit or loss ("FVTPL")		(159)	(479)
Selling and distribution expenses		(1,450)	(467)
Administrative and other expenses		(27,592)	(21,805)
Loss from operation		(11,474)	(14,644)
Finance costs	7	(8,578)	(6,878)
Loss before tax		(20,052)	(21,522)
Income tax credit/(expense)	8	1,354	(486)
Loss for the year attributable to the owners of the Company	9	(18,698)	(22,008)
Other comprehensive (expense)/income for the year, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		(1,379)	(3,473)
Release of exchange reserve upon disposals of subsidiaries		1,550	–
		171	(3,473)
Total comprehensive loss for the year attributable to the owners of the Company		(18,527)	(25,481)
Loss per share (HK cents)	<i>10</i>		
Basic and diluted		(1.90)	(2.24)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		8,733	11,136
Right-of-use assets		2,445	–
Interest in a joint venture		–	–
Finance lease receivables	<i>12</i>	35,545	43,181
		46,723	54,317
Current assets			
Finance lease receivables	<i>12</i>	21,520	13,739
Trade and other receivables	<i>13</i>	139,533	18,930
Financial asset at FVTPL		217	376
Income tax recoverable		1,260	844
Bank balances and cash		43,915	72,305
		206,445	106,194
Current liabilities			
Trade and other payables	<i>14</i>	87,300	14,502
Loan from the ultimate holding company		50,000	65,000
Obligation under finance lease		–	278
Lease liabilities		4,413	–
Income tax payables		463	1,176
		142,176	80,956
Net current assets		64,269	25,238
Total assets less current liabilities		110,992	79,555
Non-current liabilities			
Other payable	<i>14</i>	3,685	2,215
Lease liabilities		1,586	–
Convertible bonds		34,239	–
Promissory notes		10,167	–
Corporate bonds		9,129	8,908
Obligation under finance lease		–	930
		58,806	12,053
Net assets		52,186	67,502
Capital and reserves			
Share capital		4,910	4,910
Reserves		47,276	62,592
Total equity		52,186	67,502

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

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 is Clarendon House 2 Church Street Hamilton HM 11 Bermuda and principal place of business of the Company is Room 2407, 24/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.

The principal activities of the Group are the provision of finance leasing and consultancy services and cross-border trading business — nutrition food and health care products.

The functional currency of the Company is Renminbi (“RMB”). The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) as the Directors 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 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) Application of new and revised HKFRSs

The HKICPA has issued a new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, HK(IFRIC) 4 Determining whether an Arrangement contains a Lease, HK(SIC) 15 Operating Leases — Incentives and HK(SIC) 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in a similar economic environment. Specifically, discount rate for certain leases of leasehold lands and properties was determined on a portfolio basis;
- (ii) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;
- (iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

- (iv) relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	<i>HK\$'000</i>
Operating lease commitments as at 31 December 2018 as disclosed in note 34 to the consolidated financial statements	6,243
Less: commitments relating to lease exempt from capitalisation:	
— short-term leases and leases of low-value assets	<u>(2,619)</u>
	3,624
Less: total future interest expenses	<u>(195)</u>
Present value of remaining lease payments, discounted using the incremental borrowing rate as at 1 January 2019	3,429
Add: finance lease liabilities recognised as at 31 December 2018	<u>1,208</u>
Lease liabilities recognised as at 1 January 2019	<u><u>4,637</u></u>
Of which:	
Current lease liabilities	2,173
Non-current lease liabilities	<u>2,464</u>
	<u><u>4,637</u></u>

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

The following table summaries the impacts of the adoption of HKFRSs16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRSs16	note	Effect of adoption of HKFRS 16				
		Carrying amount as at 31 December 2018	Reclassification	Recognition of leases	Impairment leases recognised on right-of-use assets	Carrying amounts as at 1 January 2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets						
Property, plant and equipment	(i)	11,136	(1,485)	–	–	9,651
Right-of-use assets		–	1,485	3,401	(3,401)	1,485
Liabilities						
Lease liabilities		–	1,208	3,429	–	4,637
Obligation under finance lease	(ii)	1,208	(1,208)	–	–	–
Equity						
Accumulated losses		126,515	–	28	3,401	129,944

Note:

- (i) In relation to assets previously under finance lease, the Group recategorises the carrying amount of the relevant assets which were still leased as at 1 January 2019 amounting to HK\$1,485,000 as right-of-use assets.
- (ii) The Group reclassified two obligation under finance lease of HK\$278,000 and HK\$930,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.
- (c) *Impact of the financial results and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element. These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019			2018	
	Amounts reported under HKFRS 16 <i>HK\$'000</i>	Add back: HKFRS 16 depreciation and interest expense <i>HK\$'000</i>	Deduct: Estimated amounts related to operating lease as if under HKAS 17 <i>(note 1)</i> <i>HK\$'000</i>	Hypothetical amounts for 2019 as if under HKAS 17 <i>HK\$'000</i>	Compared to amounts reported for 2018 under HKAS 17 <i>HK\$'000</i>
Financial result for the year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Loss from operation	(11,474)	4,622	(4,808)	(11,660)	(14,644)
Finance costs	(8,578)	396	(52)	(8,234)	(6,878)
Loss before tax	(20,052)	5,018	(4,808)	(19,842)	(21,522)
Loss for the year	(18,698)	5,018	(4,808)	(18,488)	(22,008)

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no difference between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	1 January 2020
Interest Rate Benchmark Reform	

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. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

Revenue represents revenue arising on provision of finance leasing and consultancy service and cross-border trading business — nutrition food and health care products for the year. An analysis of the Group's revenue for the year is as follows:

	2019 <i>HK\$'000</i>	2018* <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service line		
— Cross-border trading of nutrition food and health care products	294,292	133,487
— Consultancy service income	—	3,130
	<hr/>	<hr/>
Revenue from other sources	294,292	136,617
— Interest income from provision of finance leasing services	5,233	1,030
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	299,525	137,647
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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 trading business — nutrition food and health care products.

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 2019

	Provision of finance leasing and consultancy service <i>HK\$'000</i>	Cross-border trading business — nutrition food and health care products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>5,233</u>	<u>294,292</u>	<u>299,525</u>
Segment profit/(loss)	<u>(354)</u>	<u>11,787</u>	11,433
Unallocated other operating income			60
Loss on disposals of subsidiaries			(931)
Change in fair value of financial asset at FVTPL			(159)
Unallocated expenses			(21,877)
Finance costs			<u>(8,578)</u>
Loss before tax			<u>(20,052)</u>

For the year ended 31 December 2018

	Provision of finance leasing and consultancy service <i>HK\$'000</i>	Cross-border trading business — nutrition food products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>4,160</u>	<u>133,487</u>	<u>137,647</u>
Segment profit	<u>1,158</u>	<u>2,637</u>	3,795
Unallocated other operating income			180
Change in fair value of financial asset at FVTPL			(479)
Unallocated expenses			(18,140)
Finance costs			<u>(6,878)</u>
Loss before tax			<u>(21,522)</u>

Segment profit represents the profit earned by each segment without allocation of change in fair value of financial asset at FVTPL, 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:

Segment assets

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Cross-border trading business — nutrition food and health care products	134,237	15,480
Finance leasing business	<u>59,298</u>	<u>67,130</u>
Total segment assets	193,535	82,610
Unallocated corporate assets	<u>59,633</u>	<u>77,901</u>
Total assets	<u><u>253,168</u></u>	<u><u>160,511</u></u>

Segment liabilities

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Cross-border trading business — nutrition food and health care products	81,061	5,171
Finance leasing business	<u>3,689</u>	<u>7,160</u>
Total segment liabilities	84,750	12,331
Unallocated corporate liabilities	<u>116,232</u>	<u>80,678</u>
Total liabilities	<u><u>200,982</u></u>	<u><u>93,009</u></u>

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, other borrowing, obligation under finance lease, convertible bonds, promissory notes, lease liabilities, income tax payables and corporate bonds which were managed in a centralised manner.

6. OTHER OPERATING INCOME

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Finance lease handling income	592	535
Finance lease penalty income	8	196
Bank interest income	55	180
Others	143	–
	<u>798</u>	<u>911</u>

7. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest on:		
— other borrowing	–	1,667
— loan from the ultimate holding company	5,215	4,263
— obligation under finance lease	–	48
Effective interest expenses on:		
— convertible bonds	1,879	–
— corporate bonds	921	900
— promissory notes	167	–
— lease liabilities	396	–
	<u>8,578</u>	<u>6,878</u>

8. INCOME TAX CREDIT/EXPENSE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax		
— Provision for the year	36	198
PRC Enterprise Income Tax		
— Provision for the year	51	288
— Over-provision of prior years	(1,441)	–
	<u>(1,390)</u>	<u>288</u>
	<u>(1,354)</u>	<u>486</u>

- (i) The tax rate applicable to the Group's Hong Kong subsidiaries were 16.5% (2018: 16.5%) during the year.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the years ended 31 December 2019 and 2018, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Following the Bill enacted, 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 year ended 31 December 2019.

- (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.

9. LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year has been arrived at after charging/(crediting):		
Directors' and chief executive's emoluments	2,425	2,402
Salaries and other allowances (excluding Directors' emoluments)	6,990	5,639
Retirement benefit scheme contributions (excluding Directors' emoluments)	508	332
	<hr/>	<hr/>
Total staff costs	9,923	8,373
	<hr/>	<hr/>
Auditor's remuneration	700	800
Amount of inventories recognised as an expense	281,665	130,451
Depreciation		
— owned assets	1,113	1,929
— right-of-use assets	2,718	—
Loss on disposals of property, plant and equipment	—	5
Loss on disposals of right-of-use assets	95	—
Exchange loss, net (included in administrative and other expenses)	199	118
Allowance for trade receivables	1,136	—
Allowance for finance lease receivables	596	—
Allowance for other receivables	—	701
Allowance for deposits and prepayments	415	—
Impairment of right-of-use assets	1,904	—
Minimum lease payments in respect of operating lease for rented premises	—	5,197
	<hr/> <hr/>	<hr/> <hr/>

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loss		
Loss for the year attributable to the owners of the Company for the purposes of basic and diluted loss per share	<u>(18,698)</u>	<u>(22,008)</u>

	2019 <i>'000</i>	2018 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>982,000</u>	<u>982,000</u>

Diluted loss per share was the same as the basic loss per share for the year ended 31 December 2019 as the computation of diluted loss per share did not assume the conversion if the Company's outstanding convertible bonds since their exercise would result in a decrease in loss per share.

Diluted loss per share was the same as the basic loss per share for the year ended 31 December 2018 as there were no dilutive potential ordinary shares.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: Nil).

12. FINANCE LEASE RECEIVABLES

Amounts receivable under finance leases:

	2019 HK\$'000
Within one year	26,292
In the second year	23,042
In the third year	9,872
In the fourth year	5,593
In the fifth year	599
	<hr/>
Undiscounted lease payments	65,398
Less: unearned finance income	(7,744)
	<hr/>
Present value of minimum lease payments	57,654
Impairment loss	(589)
	<hr/>
Net investment in lease	<u>57,065</u>

Certain of the machineries 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.

	Minimum lease payments 2018 HK\$'000	Present value of minimum lease payments 2018 HK\$'000
Finance lease receivables comprises:		
Within one year	18,096	13,739
After one year but within two years	18,504	15,403
In the second to fifth years, inclusive	30,150	27,778
	<hr/>	<hr/>
Total minimum finance lease payments	66,750	56,920
Less: unearned finance income	(9,830)	N/A
	<hr/>	<hr/>
Present value of minimum lease payment receivables	<u>56,920</u>	<u>56,920</u>
Analysed for reporting purposes as:		
Current assets		13,739
Non-current assets		43,181
		<hr/>
		<u>56,920</u>

The effective interest rates of the above finance lease range from 9% to 13% (2018: 9% to 13%) per annum. The relevant lease contracts entered into of approximately HK\$57,654,000 (2018: HK\$56,920,000) was aged within 3–5 years (2018: 3–5 years) at the end of the reporting period.

The effective interest rates of the above finance lease range from approximately 9% to 15% (2018: 9% to 13%) per annum.

The relevant lease contracts entered into of approximately HK\$57,065,000 (2018: HK\$56,920,000) were aged within 3–5 years at the end of the reporting period.

As at 31 December 2019 and 2018, all the finance lease receivables were secured by the 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.

13. TRADE AND OTHER RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Receivables at amortised cost comprise:		
Trade receivables	111,592	15,452
Less: allowance for impairment losses	<u>(1,136)</u>	<u>–</u>
	<u>110,456</u>	<u>15,452</u>
Other receivables	6,475	3,701
Less: allowance for impairment losses	<u>(1,096)</u>	<u>(1,096)</u>
	<u>5,379</u>	<u>2,605</u>
Deposits	23,543	873
Less: allowance for impairment losses	<u>(415)</u>	<u>–</u>
	<u>23,128</u>	<u>873</u>
Prepayments	<u>570</u>	<u>–</u>
	<u><u>139,533</u></u>	<u><u>18,930</u></u>

The Group generally allows an average credit period of 0–30 days (2018: 0–30 days) to its trade customers. The following is an ageing analysis of trade receivables presented based on the date of acknowledgement of receipt of goods by customers, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–30 days	72,206	9,852
31–60 days	–	5,600
Over 60 days	<u>38,250</u>	<u>–</u>
	<u><u>110,456</u></u>	<u><u>15,452</u></u>

14. TRADE AND OTHER PAYABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current		
Security deposits for finance lease receivables	<u>3,685</u>	<u>2,215</u>
Current		
Trade payables	80,476	5,171
Other payables	2,127	6,552
Interest payables	4,004	1,876
Value added tax payables	<u>693</u>	<u>903</u>
	<u><u>87,300</u></u>	<u><u>14,502</u></u>

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–30 days	45,034	5,171
31–60 days	32,563	–
Over 60 days	2,879	–
	<u>80,476</u>	<u>5,171</u>

The average credit period on purchases of goods is 30 days (2018: 30 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15. CAPITAL COMMITMENT

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Capital expenditure in respect of contracted commitments for capital contribution to the joint venture	<u>10,955</u>	<u>11,618</u>

16. 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 years ended 31 December 2019 and 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Please refer to pages 17 to 26 of the Unaudited Annual Results Announcement for the section “MANAGEMENT DISCUSSION AND ANALYSIS”.

UPDATE OF ANNUAL RESULTS

The following table summaries the major changes of account balances as stated in the Unaudited Annual Results Announcement:

Line items amended in this announcement	As previously reported in the Unaudited Annual Results Announcement <i>HK\$'000</i>	Impairment loss on right-of-use assets <i>(note (i))</i> <i>HK\$'000</i>	Reclassification of PRC tax refunded <i>(note (ii))</i> <i>HK\$'000</i>	Other reclassification of accounts <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Consolidated statement of profit or loss and other comprehensive income					
Other operating income	2,578	–	(1,590)	(190)	798
Change of fair value of financial assets at FVTPL	(160)	–	–	1	(159)
Administrative and other expenses	(27,781)	–	–	189	(27,592)
Loss before tax	(18,462)	–	(1,590)	–	(20,052)
Income tax credit/(expenses)	(187)	(49)	1,590	–	1,354
Loss for the year	(18,649)	(49)	–	–	(18,698)
Consolidated statement of financial position					
Right-of-use assets	5,813	(3,368)	–	–	2,445
Income tax payables	414	49	–	–	463
Reserves	50,693	(3,417)	–	–	47,276

(i) Impairment losses on right-of-use assets

Following the initial recognition of HKFRS 16 leases as detailed in note 3 to this announcement, the right-of-use assets had been tested for impairment and respective amounts of impairment losses had been charged to the opening accumulated losses and profit or loss for the year ended 31 December 2019. The above impairment losses had no significant impact on the consolidated statement of profit or loss and other comprehensive income whilst the carrying amount of right-of-use assets had decreased for approximately HK\$3,368,000 (being the abovementioned impairment loss recognised in opening accumulated losses and subsequent exchange realignment for approximately HK\$3,401,000 and HK\$33,000 respectively) as compared to the Unaudited Annual Results Announcement.

(ii) Reclassification of PRC tax refunded

The PRC tax refunded was classified as overprovision of value-added tax in the Unaudited Annual Results Announcement and was subsequently unveiled to be refund of enterprise income tax, the reclassification have no impact on the loss for the year. Note 8 “Income tax provision” have been revised in this announcement accordingly.

ANNUAL GENERAL MEETING (“AGM”)

The forthcoming AGM will be held on 29 June 2020. A notice convening the AGM will be published in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 23 June 2020 to Monday, 29 June 2020, both days inclusive, during which period no transfer of Shares will be registered. For determining the entitlement of members of the Company to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, no later than 4:00 p.m. on Monday, 22 June 2020.

AUDIT COMMITTEE

The Company established the audit committee of the Company (the “Audit Committee”) on 11 October 2011 with written terms of reference in compliance with the code provisions of the Code. The Audit Committee currently consists of three members, namely Mr. Wong Lap Wai (Chairman), Mr. Yeh Tung Ming and Mr. Zhang Hua, all being independent non-executive Directors.

Disclosure of financial information in this announcement complies with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements. The Company’s Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2019.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group's auditor, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods (Hong Kong) CPA Limited on this announcement.

By Order of the Board
MOMENTUM FINANCIAL HOLDINGS LIMITED
Mr. Liu Xin Chen
Executive Director

Hong Kong, 6 May 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.