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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1152)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement (the “Announcement”) of Momentum Financial Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) dated 23 July 2018 regarding a disclosable transaction involving an acquisition of the entire issued share capital of Taili Asia Development Co. Limited. Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

BACKGROUND INFORMATION OF TARGET GROUP

The Board wishes to clarify that Kunpeng was established under the laws of People’s Republic of China on 26 May 2016. According to the articles of association of Kunpeng, the registered capital of Kunpeng (being US\$10,000,000) is to be paid in several instalments over 30 years from incorporation. As at the date of the Announcement, none of the registered capital has been paid up. The obligation to pay the registered capital of Kunpeng remains with the shareholder of Kunpeng. Upon completion of the Acquisition, the Purchaser is the indirect shareholder of Kunpeng and accordingly, is obligated to pay the Unpaid Capital to Kunpeng according to the articles of association of Kunpeng. According to the articles of Kunpeng, US\$10,000,000 is payable within 30 years from incorporation. The Company expect to pay up the Unpaid Capital of Kunpeng by instalments according to the future business development of Kunpeng. Only the cash of HK\$210,000, being the purchase price of the Sale Shares is to be paid to the Vendor.

The Vendor is a business consultant who provides consultancy services to businesses in Hong Kong. The Vendor was introduced to the Group by a business associate of the Group.

REASONS OF ACQUISITION

Kunpeng is established in the Qianhai free trade zone. The PRC government is targeting the Qianhai free trade zone to be developed into a financial center of the Southern part of the PRC as well as in the Bay Area (大灣區). In order to capture the potential growth opportunity of Qianhai free trade zone and the Bay Area, the Company believes that setting up a finance lease company in Qianhai free trade zone is beneficial for the development of the Company. As incorporating of a new finance lease company in Qianhai is time consuming and involves uncertainties due to administrative procedures. In view of the

above, the Company considers that acquiring company like Kunpeng which has the capacity to carry out finance leasing business in the PRC is the most proper alternative to fulfil the Company's business strategy.

BASIS OF CONSIDERATION

Going forward, the Company will use Kunpeng to develop and conduct the Company's finance lease business, which will be a reliable income stream of the Group.

The Company is of the view that if the Company were to incorporate a new subsidiary in the Qianhai free trade zone for business of finance lease business, the Company would incur expenses in an amount of approximately the same as the purchase price payable to the Vendor. In view of this, the Company is of the view that the purchase price for the Sale Shares is fair and reasonable.

The Target Group remained dormant and did not perform business operation during the FY 2016 and 2017. As a result, nil revenue and profit were generated during the corresponding period. The Target Company has a paid up registered share capital of HK\$10,000. Accordingly, the net assets of the Target Group for the FY 2016 and 2017 consists of a cash of HK\$10,000.

It is currently expected that other than the Unpaid Capital, there is no further capital expenditure required from the Company into the Target Company. It is also expected that upon settlement of the Unpaid Capital, Kunpeng will be able to carry on finance leasing business and will start to generate revenue for the Group. The Company believe that the Unpaid Capital, being an amount of US\$10 million, would be a significant amount of capital for finance leasing business in the PRC. As disclosed in the Announcement, the Group will conduct finance leasing business in the PRC via Kunpeng which is expected to capture the potential growth of finance leasing sector in the PRC and also provide a reliable income stream to the Group. In view of this, the Directors are of the view that the Consideration and Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

By Order of the Board
Momentum Financial Holdings Limited
Chan Chung Shu
Chairman

Hong Kong, 1 August 2018

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Chan Chung Shu (Chairman) and Mr. Ng Hoi, and three independent non-executive Directors, namely, Mr. Ho Man, Mr. Yeh Tung Ming and Mr. Zhang Hua.