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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)

ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

ISSUE OF CONVERTIBLE BONDS

The Board is pleased to announce that on 14 June 2019 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has agreed to subscribe, and the Company has agreed to issue the Convertible Bonds in an aggregate principal amount of HK\$35,000,000.

Upon full conversion of the Convertible Bonds at the Conversion Price of HK\$0.1783 per Conversion Share (subject to adjustments), a total of 196,298,373 Conversion Shares will be issued, representing approximately 19.99% of the existing issued share capital of the Company and approximately 16.66% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares will be allotted and issued pursuant to the General Mandate.

The gross proceeds and net proceeds from the issue of the Convertible Bonds will be HK\$35,000,000 and approximately HK\$35 million respectively. The Group intends to use all the net proceeds for the repayment of shareholder's loan.

The Subscription and the issue of Conversion Shares under the General Mandate are not subject to Shareholders' approval. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

As the Subscription Agreement is subject to the conditions precedent therein and therefore may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE SUBSCRIPTION AGREEMENT

On 14 June 2019 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber.

Date

14 June 2019 (after trading hours)

Parties

- (1) The Company as issuer; and
- (2) The Subscriber as subscriber.

Conditions Precedent

The Subscriber shall only be under obligation to subscribe and pay for the Convertible Bonds at Bond Selling Price on the Closing Date if:

- (a) the Stock Exchange having granted the listing of and permission to deal in the Conversion Shares with respect to the Convertible Bonds on the Stock Exchange;
- (b) the warranties made by the Company not having been breached and remaining true and accurate in all material respects and not misleading in any material respect as at Closing Date;
- (c) There being no event existing or having occurred and no condition being in existence which would (had the Convertible Bonds already been issued) constitute an event of default and no event or act having occurred which, with the giving of any required notice or any required lapse of time or both, would (had the Convertible Bonds already been issued) constitute an event of default; and
- (d) there being no material breach of the Subscriber's warranties under the Subscription Agreement; such warranties not being misleading or untrue in any material respects; and the Subscriber has not committed any material breach of the Subscription Agreement,

provided, however, that the Subscriber may waive satisfaction of items (b) and (c) of the conditions specified above. The Company shall use its reasonable endeavours to fulfil the above conditions.

If any of the conditions precedent shall not have been fulfilled or waived (to the extent permitted) prior to the Long Stop Date, the Subscription Agreement shall terminate and cease to be of effect except those obligations or rights of any of the Parties which have accrued prior to such termination.

Closing Date

Subject to the conditions precedent of the Subscription Agreement, the closing of the issue of the Convertible Bonds shall take place on the Closing Date, whereupon the Company shall deliver the bond certificate(s), duly sealed by the Company to the Subscriber.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Principal terms of the Convertible Bonds are set out as follows:

- Issuer: The Company
- Subscriber: Great River Capital Limited
- Interest: Each Convertible Bond will bear interest at the rate of 3% per annum from the Issue Date.
- Maturity date: The third anniversary of the Issue Date.
- Conversion price: HK\$0.1783 per Conversion Share, subject to adjustment(s) upon occurrence of certain events as summarised in the paragraph headed “ADJUSTMENTS TO THE CONVERSION PRICE” below and shall not be less than the par value of a Share.

The Conversion Price represents:

- (i) a discount of approximately 2.57% to the closing price of HK\$0.183 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 6.26% to the average closing price of approximately HK\$0.1902 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Subscription Agreement.

The Conversion Price was determined after arm’s length negotiations between the Company and the Subscriber with reference to the current market sentiment and the prevailing market prices of the Shares as quoted on the Stock Exchange.

- Conversion Period: Any time after the date of issue of the Convertible Bonds until the Maturity Date
- Conversion Shares: Based on the initial Conversion Price, a maximum number of 196,298,373 Conversion Shares may fall to be allotted and issued upon exercise by the holder of the Bondholders of the Conversion Shares attaching to the Convertible Bonds in full.

- Repayment:** The outstanding principal amount of the Convertible Bonds, unless previously converted into Shares in accordance with the terms of the Convertible, shall be repaid subject to and in accordance with the terms of the Convertible Bonds on the Maturity Date at 100% of the outstanding principal amount of the Convertible Bonds.
- Status:** The Convertible Bonds shall, on issue, constitute direct, unconditional, unsubordinated, unsecured obligations of the Company and shall at all times rank at least equally with all its other present and future unsubordinated and unsecured obligations.
- Transferability:** The Convertible Bonds are transferrable.
- Conversion Rights:** The Bondholders have the right to convert any of their Bonds into Shares at any time during the Conversion Period.
- Events of Default:** If any of the events specified below occurs, any Bondholder may give notice to the Company that the Convertible Bonds held by such Bondholder are immediately due and payable, whereupon they shall become immediately due and payable in the amounts which would otherwise be due on the Maturity Date:
- (i) a default is made for more than 7 calendar days in the payment of the principal or interest under the Convertible Bonds;
 - (ii) a default is made by the Company in the performance or observance of any covenant, condition or provision of the Convertible Bonds and on its part to be performed or observed (other than the covenant to pay the principal and interest payable under the Convertible Bond) and such default continues for the period of 15 calendar days next following the service by a Bondholders or on the Company a notice requiring such default to be remedied;
 - (iii) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved in writing by Bondholders together, holding at least 75% of the then outstanding principal amount of the Convertible Bonds;

- (iv) proceedings shall have been initiated against the Company or any material subsidiary under any applicable bankruptcy, reorganisation or insolvency law and such proceedings shall not have been discharged or stayed within a period of 60 calendar days;
- (v) any event occurs which has an analogous effect to any of the events referred to in paragraphs (i) to (iv) above;
- (vi) the listing of the Shares is withdrawn from the Stock Exchange; and
- (vii) trading of the Shares of the Company on the Stock Exchange is suspended for a consecutive period of more than 30 trading days.

Voting: A Bondholder will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of being Bondholders.

Listing: No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other exchange.

ADJUSTMENTS TO THE CONVERSION PRICE

The initial Conversion Price will be subject to adjustment if any following event arises:

- (i) an alteration to the nominal value of issued Share as a result of consolidation or subdivision;
- (ii) capitalisation of profits or reserves of the Company;
- (iii) a capital distribution being made by the Company, except where the Conversion Price falls to be adjusted under (ii) above or falls within (ii) but no adjustment falls to be made);
- (iv) issue of new Shares to all or substantially all existing Shareholders as a class by way of rights, or issue or grant to all or substantially all existing Shareholders as a class, by way of rights, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at a price per Share which is less than 90% of the average of the closing prices quoted by the Stock Exchange for one Share for the 60 consecutive trading days ending on the trading day immediately preceding the date of the announcement of the terms of such issue or grant (“**Current Market Price**”);
- (v) issue of any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class, by way of rights, or grant to all or substantially all Shareholders as a class by way of rights, of any options, warrants or other rights to subscribe for or purchase, any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares);

- (vi) issue (otherwise than as mentioned in (iv) above) wholly for cash any new Shares or the issue or grant of (otherwise as mentioned in condition (iv) above) options, warrants or other rights to subscribe for or purchase Shares, in each case at a price per Share which is less than 90% of the Current Market Price per Share on the last trading day preceding the date of announcement of the terms of such issue or grant;
- (vii) issue of any securities (other than the Convertible Bonds), by the Company or any of its subsidiaries (otherwise than as mentioned in (iv), (v) or (vi) above) or (at the direction of request of or pursuant to an arrangement with the Company or any subsidiary) any other person, which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 90% of the Current Market Price per Share on the last trading day preceding the date of announcement of the terms of issue of such securities;
- (viii) any modification of the rights of conversion, exchange or subscription attaching to any such securities mentioned in (vii) above (other than in accordance with the terms applicable to such securities) arises, so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 90% of the Current Market Price per Share on last trading day preceding the date of announcement of the proposals for such modification;
- (ix) any issue, sale or distribution of any securities by the Company or any of its subsidiaries or any other person in connection with an offer by or on behalf of the Company or any subsidiary or (at the direction of request of or pursuant to an arrangement with the Company or any subsidiary) such other person pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least 75% of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under (iv) to (vii) above); and
- (x) any analogous event and other event arises, the Company shall at its own expense request an approved merchant bank or the auditors of the Company for the time being to determine (acting as expert) as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon full conversion of the Convertible Bonds are set out as follows:

	As at the date of this announcement		Upon full conversion of the Convertible Bonds	
	Number of Shares	approx. % of shareholding	Number of Shares	approx. % of shareholding
Triumph Hope Limited (<i>Note</i>)	501,330,000	51.05%	501,330,000	42.55%
The Subscriber	—	—	196,298,373	16.66%
Public Shareholders	<u>480,670,000</u>	<u>48.95%</u>	<u>480,670,000</u>	<u>40.79%</u>
Total	<u>982,000,000</u>	<u>100.0%</u>	<u>1,178,298,373</u>	<u>100.0%</u>

Note: Mr. Chan Chung Shu, an executive Director and chairman of the Board, is deemed to be interested in 501,330,000 shares of the Company held by Triumph Hope Limited by virtue of it being controlled by him. On 24 April 2018, Triumph Hope Limited had pledged 501,330,000 shares of the Company as security for a term loan facility provided to Triumph Hope Limited by Great Wall International Investment XX Limited which was wholly-owned by China Great Wall AMC (International) Holdings Company Limited which was, in turn, wholly-owned by China Great Wall Asset Management Co., Ltd. 中國長城資產管理股份有限公司.

INFORMATION OF THE SUBSCRIBER

The Subscriber is wholly owned by Madam Sun Dianying, who has management experiences in various enterprises in China.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the provision of financing and leasing services, as well as in trading of nutritional food products.

As at 31 December 2018, the Company owed an aggregate amount of approximately HK\$65,000,000 to its ultimate holding company, Triumph Hope Limited and the indebtedness was due on 23 April 2019. The Directors have considered various ways of raising funds in the capital market to repay at least part of the said shareholder's loan and consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company to repay part of the said shareholder's loan as it will not have an immediate dilution effect on the shareholding of the existing Shareholders. The Directors consider that the financial position and working capital of the Group will be enhanced and improved by issuing Convertible Bonds.

The gross proceeds and the net proceeds from the Subscription will be HK\$35,000,000 and approximately HK\$35 million respectively. The Company intends to use all the net proceeds for the repayment of shareholder's loan owing to Triumph Hope Limited.

The Directors are of the view that (i) the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber; and (ii) the net proceeds of the Subscription will reduce the indebtedness of the Company and strengthen the financial position of the Group. Accordingly, the Directors consider that the Subscription (including terms of the Convertible Bonds) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity in the 12 months immediately preceding the date of this announcement.

GENERAL MANDATE

Upon exercise in full of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price, a maximum of 196,298,373 Conversion Shares shall be allotted and issued under the General Mandate. Under the General Mandate, the Company is authorised to allot, issue and otherwise deal with up to 196,400,000 Shares until the revocation, variation or expiration of the General Mandate. As at the date of this announcement, none of the General Mandate have been utilized.

The Company will make an application to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

As the Subscription Agreement is subject to the conditions precedent therein and therefore may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Bond Selling Price”	a price equal to 100% of the HK\$ principal amount of the Convertible Bonds issued to the Subscriber under the Subscription Agreement
“Business Day(s)”	any day other than a Saturday, Sunday or another day on which commercial banks in Hong Kong are required or authorised by law or executive order to close, or a day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., Hong Kong time
“Closing Date”	the next Business Day following the date on which the receipt of the Company’s written notice of the Stock Exchange granting the listing of, and permission to deal in the Conversion Shares with respect to the Convertible Bonds by the Subscriber or such other date as the Company and the Subscriber shall agree in writing
“Company”	Momentum Financial Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on main board of the Stock Exchange (stock code: 1152)
“Conversion Price”	HK\$0.1783, subject to adjustments in accordance with the terms and conditions of the Convertible Bonds and shall not be less than the par value of a Share
“Conversion Rights”	the rights attached to the Convertible Bonds to convert the same or a part thereof into Conversion Shares
“Convertible Bond(s)”	the convertible bond(s) in the aggregate principal amount of HK\$35,000,000 to be issued by the Company to the Subscriber subject to the provisions of the terms and conditions thereon
“Conversion Share(s)”	the Shares, when issued and delivered upon conversion of the Convertible Bonds
“Director(s)”	the director(s) of the Company

“General Mandate”	the general and unconditional mandate granted to the Directors by way of an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 8 June 2018 to allot, issue and otherwise deal with new Shares not exceeding 20% of the total number of Shares in issue as at the date of passing of that resolution
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Date”	the issue date of the Convertible Bonds on the Closing Date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	21 June 2019 or such later date as the Company and the Subscriber may be mutually agreed in writing
“Maturity Date”	the third anniversary of the Issue Date
“Share(s)”	ordinary share(s) of nominal value of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Great River Capital Limited, a company incorporated with limited liability under the laws of British Virgin Islands as the subscriber of the Convertible Bonds
“Subscription”	the subscription for the Convertible Bonds by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 June 2019 entered into between the Company and the Subscriber in relation to the subscription of the Convertible Bonds in the aggregate principal amount of HK\$35,000,000

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 14 June 2019

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