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METROPOLIS CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8621)

ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Metropolis Capital Holdings Limited (the “**Company**”, and its subsidiaries, the “**Group**”) is pleased to announce the unaudited condensed consolidated financial results of the Group for the nine months ended 30 September 2022. The unaudited condensed consolidated financial statements for the nine months ended 30 September 2022 have not been audited by the Company’s independent auditor, but have been reviewed by the audit committee of the Company. This announcement, containing the full text of the 2022 third quarterly report of the Company (the “**2022 Third Quarterly Report**”), complies with the relevant requirements of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to the information to accompany the preliminary announcement of third quarterly results. The printed version of the 2022 Third Quarterly Report containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.metropolis-leasing.com) in due course in the manner as required by the GEM Listing Rules.

By order of the Board

Metropolis Capital Holdings Limited

Chau David

Chairman, chief executive officer and executive Director

Hong Kong, 7 November 2022

As at the date of this announcement, the executive Directors are Mr. Chau David and Ms. Zhou Hui; the non-executive Director is Ms. Chau On; and the independent non-executive Directors are Mr. Lau Chung Wai, Mr. Mo Luojiang and Mr. Lin Peicong.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website of the Stock Exchange at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the website of the Company at www.metropolis-leasing.com.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

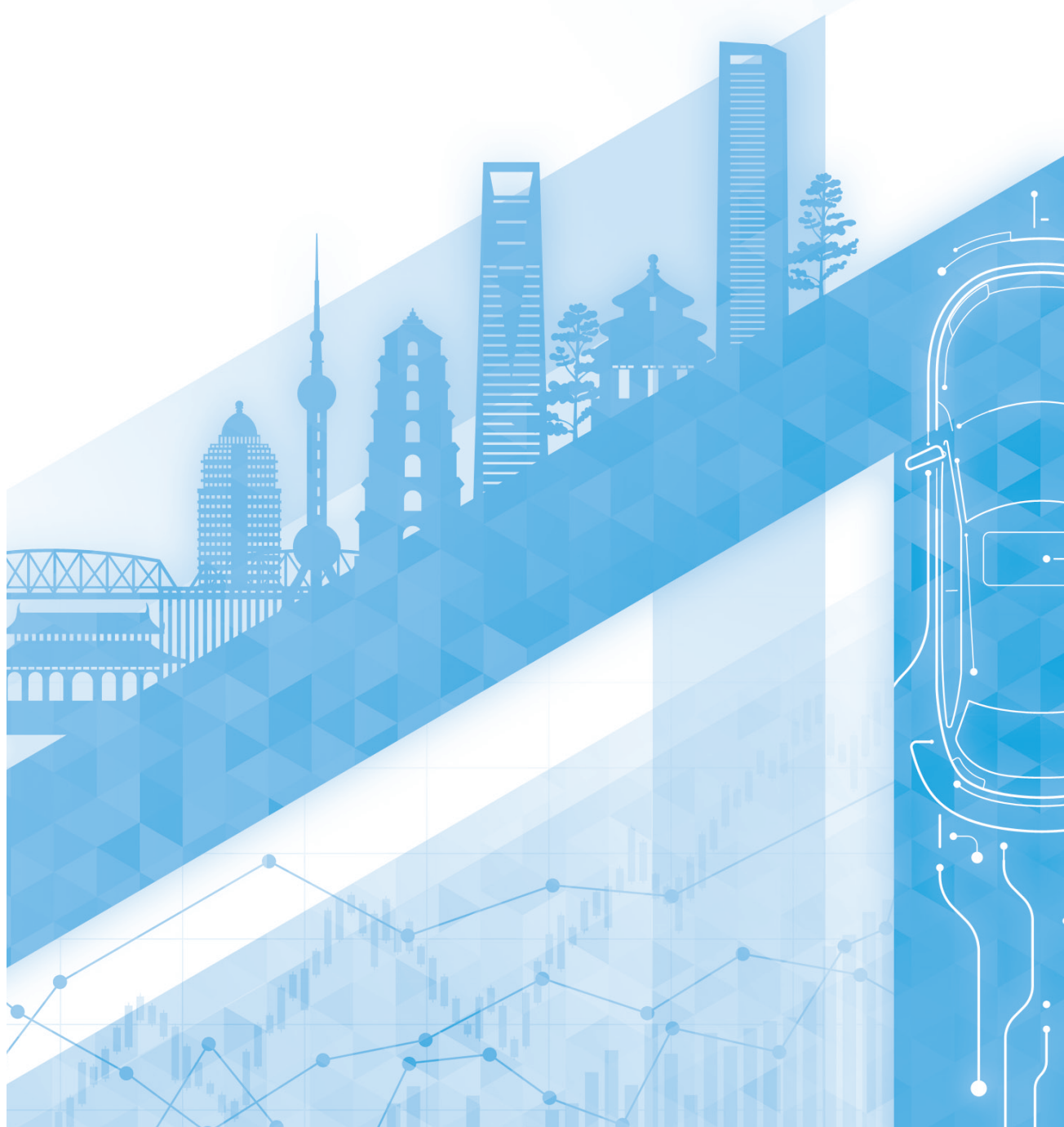
Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Director(s)”) of Metropolis Capital Holdings Limited (the “Company”, together with its subsidiaries, the “Group”), collectively and individually, accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive; and there are no other matters the omission of which would make this report or any statement herein or this report misleading.

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months and nine months ended 30 September 2022

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Revenue					
— Finance lease income		1,446,095	2,214,254	4,071,468	8,317,253
— Interest income arising from sale and leaseback arrangements		6,072,266	4,622,975	20,454,090	14,764,349
— Finance leasing advisory service income		1,924,454	2,131,270	10,556,574	8,269,272
— Interest income arising from factoring arrangements		725,980	1,132,198	2,627,631	1,851,453
Total revenue	4	10,168,795	10,100,697	37,709,763	33,202,327
Other income	4	616,399	432,783	1,515,001	1,297,020
Other gains and losses, net	4	451,407	10,224	818,630	(141,623)
Staff costs		(1,933,815)	(2,302,708)	(6,052,632)	(8,946,752)
(Recognition) Reversal of loss allowances on financial lease receivables and receivables arising from sale and leaseback arrangements (collectively, the "Lease Receivables"), net		828,793	408,057	(5,771,019)	1,858,908
Recognition of loss allowances on factoring receivables, net		(465,700)	—	(2,897,404)	—
Other operating expenses		(3,839,456)	(4,056,327)	(9,627,183)	(12,431,598)
Finance costs	5	(4,723,533)	(2,410,452)	(14,391,344)	(7,771,347)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months and nine months ended 30 September 2022

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Profit before tax	6	1,102,890	2,182,274	1,303,812	7,066,935
Income tax expense	7	(287,036)	(620,015)	(404,971)	(1,317,049)
Profit and total comprehensive income for the period		815,854	1,562,259	898,841	5,749,886
Profit and total comprehensive income for the period attributable to:					
— owners of the company		833,615	1,499,816	934,797	5,283,431
— non-controlling interests		(17,761)	62,443	(35,956)	466,455
		815,854	1,562,259	898,841	5,749,886
Earnings per share					
— Basic (RMB cents)	8	0.09	0.16	0.10	0.55

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2022

	Share capital RMB	Share premium RMB	Merger reserve RMB	Other reserve RMB	Statutory surplus reserve RMB	Retained profits RMB	Sub-total RMB	Non-controlling interests RMB	Total equity RMB
At 1 January 2021 (audited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,429,668	437,235	204,707,226	1,121,481	205,828,707
Profit and total comprehensive income for the period	-	-	-	-	-	5,283,431	5,283,431	466,455	5,749,886
At 30 September 2021 (unaudited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,429,668	5,720,666	209,990,657	1,587,936	211,578,593
At 1 January 2022 (audited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,702,320	2,147,363	206,690,006	531,596	207,221,602
Profit and total comprehensive expense for the period	-	-	-	-	-	934,797	934,797	(35,956)	898,841
At 30 September 2022 (unaudited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,702,320	3,082,160	207,624,803	495,640	208,120,443

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2022

1. CORPORATE INFORMATION

Metropolis Capital Holdings Limited (the “Company”), which acts as an investment holding company, was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands on 29 June 2017. The Company’s registered office in the Cayman Islands is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business in Hong Kong is located at 40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong. The issued shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 12 December 2018.

The principal activity of the Company is investment holding and the principal activities of the Group are provision of finance lease, finance leasing advisory and factoring services in the People’s Republic of China (the “PRC”).

The immediate and ultimate holding company of the Company is View Art Investment Limited (“View Art”), a limited liability company incorporated in the British Virgin Islands (“BVI”) on 28 September 2007 which is 100% held and controlled by Mr. Chau David (“Mr. Chau” or the “Controlling Shareholder”).

2. BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed consolidated financial statements (the “Unaudited Financial Statements”) of the Group for the nine months ended 30 September 2022 (the “Reporting Period”) have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Group entities.

The Unaudited Financial Statements have not been audited by the Company’s independent auditor, but have been reviewed by the audit committee of the Company (the “Audit Committee”).

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2022

3. APPLICATION OF NEW IFRSs

The preparation of the unaudited Financial Statements in conformity with IFRSs requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The unaudited Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2021, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations issued by the IASB. They shall be read in conjunction with the Group's audited financial statements for the year ended 31 December 2021 (the "2021 Audited Financial Statements").

The Unaudited Financial Statements have been prepared on the historical costs basis except for certain financial instruments that are measured at fair values.

The accounting policies and methods of computation applied in the preparation of the Unaudited Financial Statements are consistent with those applied in the preparation of the 2021 Audited Financial Statements except for the adoption of the new/revised IFRSs further described in the "Adoption of new/revised IFRSs" section which are relevant to the Group and effective for the Group's financial year beginning on 1 January 2022.

Adoption of new/revised IFRSs

In the Reporting Period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's Unaudited Financial Statements:

Amendments to IAS 39, IFRSs 4, 7, 9 and 16 Interest Rate Benchmark Reform — Phase 2

The adoption of the new/revised IFRSs has no significance on the Unaudited Financial Statements. Other than the above new/revised IFRSs, at the date of authorisation of the Unaudited Financial Statements, the Group has not early adopted other new/revised IFRSs that have been issued but are not yet effective. The management of the Group does not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the financial position, financial performance and cash flows of the Group.

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2022

4. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES

An analysis of the revenue from the Group's principal activities, other income, other gains and losses is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Finance leasing income				
<i>Vehicle finance leasing</i>	1,446,095	2,214,254	4,071,468	8,317,253
Interest income arising from sales and leaseback arrangements	6,072,266	4,622,975	20,454,090	14,764,349
Finance leasing advisory service income (Note i)	1,924,454	2,131,270	10,556,574	8,269,272
Interest income arising from factoring arrangements	725,980	1,132,198	2,627,631	1,851,453
Total revenue	10,168,795	10,100,697	37,709,763	33,202,327
Other income				
Bank interest income	103,310	17,372	215,169	53,333
Government subsidies (Note ii)	430,652	229,540	822,235	583,631
Income from vehicle license leasing	–	–	354,160	290,377
Others (Note iii)	82,437	185,871	123,437	369,679
	616,399	432,783	1,515,001	1,297,020
Other gains and losses				
(Loss) Gain on disposal of property and equipment	–	–	(331)	10
Other investment gain (Note iv)	–	–	–	94,154
Exchange gain (loss), net	451,407	10,224	818,961	(235,787)
	451,407	10,224	818,630	(141,623)

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2022

Notes:

- (i) It represents income arising from provision of bundle services, including (i) intermediary services between individual clients with financing needs (the "Finance Leasing Advisory Customers") and financial institutions (the "Finance Leasing Funders") who provide sale and leaseback arrangement services and (ii) guarantee services to the Finance Leasing Advisory Customers in support for their application for certain leasing arrangements provided by the Finance Leasing Funders (the "Group's Financial Guarantees"). The timing of revenue recognition of the Group's revenue from provision of finance leasing advisory service was over time under IFRS 15.
- (ii) Government subsidies primarily consist of the fiscal support that local governments offer to the Group's entities engaged in the finance leasing business in the PRC.
- (iii) Others included net income arising from installation of global positioning system into vehicles owned by Group's certain customers from finance leasing and sale and leaseback arrangements.
- (iv) Other investment gain represented the realised gain arising from the Group's investment in the short-term unlisted financial products which were purchased and redeemed upon maturity from the banks in the PRC and are low risk in nature. No such investment was made during the nine months ended 30 September 2022.

5. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Interest and charges on bank and other borrowings	4,566,050	2,196,163	13,821,444	7,025,085
Imputed interest expense arising from deposits received from finance lease customers	157,483	214,289	569,900	746,262
Total finance costs	4,723,533	2,410,452	14,391,344	7,771,347

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2022

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	Three months ended 30 September		Nine months ended 30 September	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Staff costs				
Directors' emoluments	322,709	318,780	1,020,689	927,970
Salaries, bonus and other benefits (excluding directors)	1,223,650	1,436,133	3,936,493	6,128,178
Retirement benefit scheme contributions (excluding directors)	387,456	547,795	1,095,450	1,890,604
Total staff costs	1,933,815	2,302,708	6,052,632	8,946,752
Impairment loss on the Lease Receivables and factoring receivables				
(Recognition) Reversal of loss allowances on the Lease Receivables, net	828,793	408,057	(5,771,019)	1,858,908
Recognition of loss allowances on factoring receivables, net	(465,700)	–	(2,897,404)	–
	363,093	408,057	(8,668,423)	1,858,908
Other operating expenses				
Depreciation of property and equipment	106,579	100,720	310,013	318,590
Auditors' remuneration	343,750	312,500	1,031,250	937,500
Finance leasing advisory service costs (Note i)	1,488,070	2,339,217	4,044,474	6,818,611
Professional fees (Note ii)	616,632	253,828	1,215,193	1,043,794
Other professional fees	386,379	337,328	933,308	805,767
Travelling and entertainment expenses	216,060	187,011	259,936	555,291
Office expenses	248,714	161,088	494,829	505,386
Expenses recognised under short-term leases	433,272	364,635	1,338,180	1,446,659
Total other operating expenses	3,839,456	4,056,327	9,627,183	12,431,598

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2022

Notes:

- (i) The amount represents the costs for requesting guarantees from other service providers as a condition in providing counter guarantees to the customers under sale and leaseback arrangements for which the Group or the Finance Leasing Funders is acting as the funder.
- (ii) The amounts mainly represent the professional fees paid/payable for the Company's listing compliance.

7. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
PRC enterprise income tax	223,513	518,001	2,638,894	849,186
Deferred tax credit	63,523	102,014	(2,233,923)	467,863
Total income tax expense	287,036	620,015	404,971	1,317,049

The Group is only subject to the enterprise income tax in the PRC.

Provision for the enterprise income tax in the PRC is calculated based on a statutory tax rate of 25% of the estimated assessable profits as determined in accordance with the relevant income tax law in the PRC, during the Reporting Period.

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2022

8. EARNINGS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Earnings: Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	833,615	1,499,816	934,797	5,283,431
Number of shares: Weighted average number of ordinary shares for the purpose of basic earnings per share	960,000,000	960,000,000	960,000,000	960,000,000

No diluted earnings per share was presented as there were no potential ordinary shares in issue during both periods.

9. DIVIDENDS

No dividends were paid, declared or proposed during the Reporting Period (nine months ended 30 September 2021: nil). The Directors do not recommend the payment of a dividend in respect of the Reporting Period (nine months ended 30 September 2021: nil).

Management Discussion and Analysis

BUSINESS REVIEW

For the nine months ended 30 September 2022 (the “Reporting Period”), according to the National Bureau of Statistics (“NBS”) of the People’s Republic of China (the “PRC”), the gross domestic product (GDP) grew by approximately 3.0% year-on-year, as compared to that of the same period in 2021. The growth rate was 0.5 percentage points higher than that in the first half of the year, and the economy as a whole showed a good momentum of recovery. In terms of industry sector, most of our customers in the transportation and logistics sectors have been experiencing a gradual recovery in their businesses. Therefore, the asset quality of finance lease receivables and receivables arising from sale and leaseback arrangements (collectively, “Lease Receivables”) in relation to the vehicles finance leasing of the Group began to improve.

During the Reporting Period, the Group’s finance leasing advisory services grew rapidly and accounted for approximately 28.0% of the total revenue. The finance leasing advisory services were rendered to serve as an intermediary between individual clients with financing needs and independent financial institutions which provide sales and leaseback arrangement services in relation to second-hand used vehicles to individual clients. The Group advised individual clients on their financing options based on their specific needs, and assisted with the negotiation of the terms in the finance leasing contracts between the independent financial institutions and the individual clients, after assessing those clients’ risk profiles. The Group’s finance leasing advisory services include but not limited to: credit background referencing and vehicle value assessment; leasing application mediation, document preparation and auxiliary post lending assets management services; providing intermediaries with the right to use information systems, etc..

FINANCIAL REVIEW

Overall performance

During the Reporting Period, the Group recorded a revenue of approximately RMB37.7 million, representing an increase of approximately 13.6% from approximately RMB33.2 million for the nine months ended 30 September 2021 (the “Corresponding Period”). The increase in revenue for the Reporting Period was mainly attributable to the significant increase in the interest income generated from sale and leaseback arrangements and finance leasing advisory service income, as well as interest income arising from factoring arrangements.

Management Discussion and Analysis

However, the Group's profit before tax decreased to approximately RMB1.3 million for the Reporting Period, as compared to RMB7.1 million for the Correspondence Period. The decrease in profit before tax for the Reporting Period was primarily attributable to the (i) increase in finance costs of more than RMB6.6 million due to the increase in the interest and charges on bank and other borrowings as the balance of bank and other loans increased significantly; (ii) change from reversal of loss allowances on the Lease Receivables for the Corresponding Period to the recognition of loss allowances on the Lease Receivables for the Reporting Period, and (iii) change from nil loss allowance made on the factoring receivables (the "Factoring Receivables") for the Corresponding Period to the recognition of loss allowances on the Factoring Receivables for the Reporting Period, which was partially off-set by a decrease in staff costs and other operating expenses in aggregate.

Other income

During the Reporting Period, the Group's other income amounted to approximately RMB1.5 million, representing an increase of approximately 16.8% from approximately RMB1.3 million for the Corresponding Period. The increase was primarily due to (i) the increase in government subsidies to the Group in respect of value added tax and corporate tax contribution; (ii) the increase in bank interest income resulted from the increase in bank balance.

Other gains and losses

During the Reporting Period, the Group recorded other gains of approximately RMB0.8 million, whereas the Group recorded other losses of approximately RMB0.1 million during the Corresponding Period. Other gains was attributable to the net exchange gain, the change in foreign exchange gains and losses was due to appreciation of Hong Kong dollar against Renminbi during the Reporting Period, while the Hong Kong dollar depreciated against Renminbi in the Corresponding Period.

Staff costs

During the Reporting Period, the Group's staff costs amounted to approximately RMB6.1 million, representing a decrease of approximately 32.3% from approximately RMB8.9 million for the Corresponding Period. The decrease was mainly due to the significant decrease in the number of the employees during the Reporting Period, as compared to that of the Corresponding Period. During the Reporting Period, in order to save the Group's operating costs, the Group made business adjustment and began to reduce the number of sales staff in direct sales stores and business development staff, and the Group solicited customers through external agencies.

Other operating expenses

During the Reporting Period, the Group's total other operating expenses amounted to approximately RMB9.6 million, representing a decrease of approximately 22.6% from approximately RMB12.4 million during the Corresponding Period. The decrease was mainly due to the decrease of approximately RMB2.8 million in the finance leasing advisory service costs.

Management Discussion and Analysis

Recognition of loss allowances on the Lease Receivables and the Factoring Receivables

The application of International Financial Reporting Standard 9 (“IFRS 9”) requires the management to assess the finance lease receivables and receivables arising from sale and leaseback arrangements on the basis of future expected credit losses incidents. During the Reporting Period, the Group recognised loss allowances on the Lease Receivables of approximately RMB5.8 million, while there was a reversal of loss allowances on the Lease Receivables of approximately RMB1.9 million during the Corresponding Period.

During the Reporting Period, the Group recognised loss allowances on the Factoring Receivables of approximately RMB2.9 million, as compared to the nil loss allowance made on the Factoring Receivables for the Corresponding Period.

The Group recognised loss allowances on the Lease Receivables and Factoring Receivables mainly due to the increase in receivables arising from sale and leaseback arrangements and factoring arrangements. In addition, as disclosed in the interim report of the Company for the six months ended 30 June 2022, the city-wide lockdown measures which have been implemented to contain the outbreak of local novel coronavirus (“COVID-19”) caused by the divergent variants of COVID-19 in Shanghai, the PRC, from late March 2022 to early June 2022, has led the Group to adopt stricter risk control measures and made provisions when the Group conducted impairment assessment on the relevant Lease Receivables and Factoring Receivables.

Finance costs

During the Reporting Period, the Group’s finance cost amounted to approximately RMB14.4 million, representing an increase of approximately 85.2% from approximately RMB7.8 million during the Corresponding Period. The increase was mainly due to the increase of approximately RMB6.8 million in the interest and charges on bank and other borrowings as the balance of bank and other loans significantly increased to approximately RMB139.2 million as at the end of the Reporting Period, while the balance as at the end of the Corresponding Period was approximately RMB61.1 million. In addition, the imputed interest expense arising from deposits received from finance leasing customers decreased by approximately RMB0.2 million, as compared with that for the Corresponding Period.

Income tax expense

During the Reporting Period, the Group’s income tax expense was approximately RMB0.4 million, and the income tax expense for the Corresponding Period was approximately RMB1.3 million. The decrease in income tax expense for the Reporting Period was mainly due to a decrease in taxable profit during the Reporting Period.

Dividend

The Board did not recommend any dividend for the Reporting Period (nine months ended 30 September 2021: nil).

Corporate Governance and Other Information

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company recognises the importance of good corporate governance in maintaining its corporate transparency and accountability. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules, and the Company has adopted the CG Code as its own code of corporate governance.

During the Reporting Period, the Group had complied with all the code provisions as set out in the CG Code, except for the deviation from code provision C.2.1. Mr. Chau David is the Chairman and also the chief executive officer of the Company and he has been managing the Group's business and supervising the overall operations of the Group since its establishment. Having considered the nature and extent of the Group's operations, and Mr. Chau David's in-depth knowledge and experience in the leasing services, in particular vehicle finance leasing market and familiarity with the operations of the Group which is beneficial to the management and business development of the Group, and all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and the management of the Company and that it is in the best interest of the Group to have Mr. Chau David taking up both roles. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

SHARE OPTION SCHEME

The share option scheme (the "Share Option Scheme") was conditionally adopted by resolutions in writing passed by the sole shareholder of the Company on 23 November 2018. As at 30 September 2022, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

Corporate Governance and Other Information

COMPLIANCE WITH THE MODEL CODE AND SECURITIES DEALING CODE

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “Model Code”) as its code of conduct for dealing in securities of the Company by the Directors and the relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company (the “Securities Dealing Code”). Having made specific enquiries with all Directors and relevant employees, all Directors and relevant employees have confirmed that they have complied with the Securities Dealing Code and therefore, complied with the Model Code during the Reporting Period.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the “SFO”) which were notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors required to be notified to the Company and the Stock Exchange, were as follows:

1. Interest in shares or underlying shares of the Company (“Shares”)

Name of Director	Nature of interest and capacity	Number of Shares (Note 1)	Approximate percentage of shareholding
Mr. Chau David (Note 2)	Interest in controlled corporation	600,000,000 (L)	62.5%

Notes:

- The letter “L” denotes long position of the Shares.
- Mr. Chau David beneficially and wholly owns View Art Investment Limited, which in turn holds approximately 62.5% of the issued share capital of the Company. Therefore, Mr. Chau David is deemed, or taken to be, interested in all the Shares held by View Art Investment Limited for the purpose of the SFO.

Corporate Governance and Other Information

2. Interest in shares of associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest and capacity	Number of shares in the associated corporation (Note 1)	Approximate percentage of shareholding
Mr. Chau David (Note 2)	View Art Investment Limited	Beneficial owner	10 (L)	100%

Notes:

1. The letter "L" denotes long position of the shares.
2. Mr. Chau David beneficially and wholly owns View Art Investment Limited, which in turn holds approximately 62.5% of the issued share capital of the Company.

Save as disclosed above, as at 30 September 2022, none of the Directors or the chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provision of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to the Company and the Stock Exchange.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at 30 September 2022, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules on the Stock Exchange:

Name of shareholder	Nature of interest and capacity	Number of Shares (Note 1)	Approximate percentage of shareholding
View Art Investment Limited (Note 2)	Beneficial owner	600,000,000 (L)	62.5%

Notes:

1. The letter "L" denotes long position of the Shares.
2. Mr. Chau David beneficially and wholly owns View Art Investment Limited, which in turn holds approximately 62.5% of the issued share capital of the Company. Therefore, Mr. Chau David is deemed, or taken to be, interested in all the Shares held by View Art Investment Limited for the purpose of the SFO.

Save as disclosed above, as at 30 September 2022, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares and debentures which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Corporate Governance and Other Information

ADVANCE TO ENTITY

Pursuant to Rules 17.15 and 17.17 of the GEM Listing Rules, a disclosure obligation arises where the relevant advance to an entity from the Group exceeds 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules. As set out in the Prospectus, the Group entered into finance leases with the following customers in the past few years which would give rise to disclosure obligation under Rule 17.15 of the GEM Listing Rules in the Prospectus, and this obligation continued to exist as at 30 September 2022:

In 2018, the Group entered into finance leases with a corporate customer (“Customer E”), which is an independent third party, in respect of sale and leaseback of vehicles. The aggregate net financing amount under such finance leases was approximately RMB46.1 million for the year ended 31 December 2018. The total contract yield of such finance leases was approximately 22.7% (which was calculated by dividing the total finance leasing income by the aggregate net financing amount of such finance leases). The average term of the finance leases was approximately 36.0 months and Customer E would make either monthly or quarterly repayment to the Group. In 2020, the Group entered into a debt restructuring with Customer E, the aggregated net financing amount of such finance leases under the debt restructuring was approximately RMB52.14 million. The total contract yield of such finance leases under the debt restructuring was approximately 33.46% (which was calculated by dividing the total finance leasing income by the aggregate net financing amount of such finance leases). The average term of the finance leases under the debt restructuring was approximately 66 months and Customer E would make monthly repayment to the Group. Pursuant to Rule 17.15 of the GEM Listing Rules, the relevant advance to Customer E exceeded 8% under the assets ratio defined under Rule 19.07(1) of the GEM Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company consists of three independent non-executive Directors, namely Mr. Lau Chung Wai (the chairman of the audit committee), Mr. Mo Luojiang and Mr. Lin Peicong. The audit committee, together with the management of the Company, has reviewed the accounting principles and policies adopted by the Group and unaudited condensed consolidated quarterly financial statements for the Reporting Period, together with this report.

Corporate Governance and Other Information

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 listed securities of the Company during the Reporting Period.

On behalf of the Board

Metropolis Capital Holdings Limited

Chau David

Chairman, chief executive officer and executive Director

Hong Kong

7 November 2022

As at the date of this report, the executive Directors are Mr. Chau David and Ms. Zhou Hui; the non-executive Director is Ms. Chau On; and the independent non-executive Directors are Mr. Lau Chung Wai, Mr. Mo Luojiang and Mr. Lin Peicong.

