

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## **METROPOLIS CAPITAL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8621)**

### **ANNOUNCEMENT OF SECOND QUARTERLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

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 six months ended 30 June 2020. This announcement, containing the full text of the 2020 interim report of the Company (the “**2020 Interim 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 interim results. The printed version of the 2020 Interim 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](http://www.hkexnews.hk)) and the Company ([www.metropolis-leasing.com](http://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 August 2020

*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. Lo Kai Tung.*

*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](http://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](http://www.metropolis-leasing.com).*

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

The worldwide pandemic of the novel coronavirus (“COVID-19”), a coronavirus identified as the cause of an outbreak of respiratory illness in around December 2019, has led to significant economic consequences not only to the People’s Republic of China (the “PRC”) but to the world as a whole. Although remedial measures were taken by the PRC government to alleviate the effects brought by the quarantine and travel restrictions imposed following the outbreak of COVID-19, the PRC economy so far has been recovering at a slow pace and the PRC government has been cautious to the future of the PRC economy. The Sino-US conflicts over trade and other world issues still remain unresolved and it is far from certain to see an end to the frictions between the world’s two largest economies.

Such adverse external macro-economic environment has brought new challenges to the Group as travel is one of the economic sectors that were worst hit by the pandemic of COVID-19. Despite the challenges faced by the Group, the Group has enhanced its effort for lease payment collection to manage its total credit risk. The Group has also diversified its client base by expanding its financial leasing service to the second-hand vehicles finance leasing market which focused more on individual customers who demanded smaller leasing amount than that of the corporate clients. Such new business line has been growing steadily, the performance of which is satisfactory, and the Group will continue to develop its business in this niche market. While the Group continues its collection efforts in relation to the overdue lease payments, it will keep a close eye on the performances of different lease assets and adjust its resources inputs to its better-performed business lines.

In addition, the Group has strategically extended its expertise in finance leasing and risk management to the finance leasing advisory services. The Group has also established a new subsidiary which is primarily engaged in providing finance leasing advisory services to financial institutions and by far has successfully engaged two reputable non-bank financial institutions who provided financial leases to individual clients with financing needs. The Group holds 60% equity interests of this new subsidiary.

On the other hand, the management believes that upgrading information technology infrastructure and applications can create a competitive edge to the Group. The Group will continue to increase its resource inputs to its internal operation and data management system, in order to enhance its technological and digital competence.

## FINANCIAL REVIEW

### Revenue

The Group's revenue was principally derived from finance lease income for the provision of finance leasing services and financial advisory income derived from the provision of finance leasing advisory services to its customers in the PRC. For the six months ended 30 June 2020 (the "Reporting Period"), the Group's revenue decreased by approximately RMB4.3 million or approximately 20.9% to approximately RMB16.1 million from approximately RMB20.4 million for the six months ended 30 June 2019 (the "Corresponding Period"). The decrease in revenue for the Reporting Period was mainly attributable to the decrease of the revenue derived from finance lease services during the Reporting Period as a result of: (i) the average balance of finance lease receivables and receivables arising from sales and leaseback arrangements during the Reporting Period decreased as compared to those of the Corresponding Period being affected by the outbreak of the COVID-19 pandemic and the intensifying price competition in the vehicle-related financing business; and (ii) the new finance leasing business line which targeted at the second-hand vehicles finance leasing market mentioned above demands less amounts of deposits from the lessees. Therefore, the imputed interest revenue derived from those deposits decreased, which in turn contributed to the overall decrease of revenue for the Reporting Period, when compared with the Corresponding Period.

Despite the decrease in revenue derived from finance leasing service, the finance leasing advisory business that commenced this year contributed revenue of approximately RMB2.6 million out of the total revenue of approximately RMB16.1 million for the Reporting Period.

### Other income

During the Reporting Period, the Group's other income amounted to approximately RMB0.5 million, representing a decrease by approximately RMB0.2 million or approximately 22.4% from approximately RMB0.7 million for the Corresponding Period. The decrease was primarily due to the decrease in government subsidies in respect of corporate tax contribution.

### Other gains and losses

During the Reporting Period, the Group recorded other gains of approximately RMB0.5 million, whereas the Group recorded other losses of approximately RMB0.6 million during the Corresponding Period. The other gains during the Reporting Period was primarily due to the currency exchange gains of bank balance denominated in Hong Kong dollar held by the Group which appreciated against Renminbi over the Reporting Period.

## Staff costs

During the Reporting Period, the Group's staff costs amounted to approximately RMB6.2 million, representing an increase of approximately 27.4% from approximately RMB4.8 million for the Corresponding Period. The increase was mainly due to the new recruits for the sales and business development departments, which was in line with the Group's plan to expand the finance leasing advisory services and second-hand vehicle finance leasing business.

## Other operating expenses

During the Reporting Period, the Group's other operating expenses amounted to approximately RMB3.6 million, representing a decrease of approximately 47.0% from approximately RMB6.9 million during the Corresponding Period. The decrease was mainly due to (i) the decrease of auditor's remuneration and the professional fee charges in relation to the Company's listing compliance matter; and (ii) the decrease of travelling and entertainment expenses and other professional fees such as the litigation expense for the purpose of collection of overdue lease payments from customers. The decrease of those expenses were caused by the outbreak of COVID-19 pandemic that led to the temporary suspension or restrictions on normal business operation activities in the first few months of 2020.

## Finance cost

During the Reporting Period, the Group's finance cost amounted to approximately RMB3.0 million, representing a decrease of approximately 46.1% from approximately RMB5.6 million during the Corresponding Period. The decrease was mainly due to the new finance leasing business that targeted at the second-hand vehicles market mentioned above. This new business demanded less amount of deposits from the lessees and therefore the imputed interest finance cost derived from those deposits decreased, which in turn contributed to the overall decrease of finance cost for the Reporting Period, when compared with the Corresponding Period.

## Loss allowance on finance lease receivables and receivables arising from sales and leaseback arrangements

The application of International Financial Reporting Standard 9 ("IFRS 9") requires the management to assess the finance lease receivables and receivables arising from sales and leaseback arrangements on the basis of future expected credit losses incidents. Since the Group enhanced its efforts to lease payment collection, the quality of lease receivables tended to have held up from its deterioration and started to improve. In addition, the satisfactory performance of the assets of the lease receivables in relation to the second-hand vehicles has also partly contributed to the gradual overall quality improvement of the lease receivables portfolios. During the Reporting Period, the Group recorded a provision of loss allowance asset of finance lease receivables and receivables arising from sale and leaseback arrangements of approximately RMB1.1 million while a loss allowance of approximately RMB2.0 million was recognised during the Corresponding Period.

## Profit before tax

Profit before tax of the Group increased to approximately RMB2.9 million by approximately 213.6% for the Reporting Period from approximately RMB0.9 million for the Corresponding Period. The significant increase was mainly due to (i) fewer impairment loss allowance; (ii) gains derived from favorable foreign exchange fluctuation compared against the Corresponding Period.

## Income tax expense

During the Reporting Period, the Group's income tax expense increased to approximately RMB1.8 million by approximately 183.6% from approximately RMB0.6 million for the Corresponding Period, which was mainly due to the significant increase of the profit before tax which was mentioned above.

## Liquidity and capital resources

	Six months ended 30 June	
	2020	2019
	RMB	RMB
	(Unaudited)	(Unaudited)
Cash at bank and in hand (as at 30 June)	<b>25,171,144</b>	20,788,833
Net cash (used in) from operating activities	<b>(9,913,323)</b>	10,093,760
Net cash from (used in) investing activities	<b>4,627,640</b>	(8,485,114)
Net cash used in financing activities	<b>(13,406,486)</b>	(34,088,745)

As at 30 June 2020, cash at bank and in hand of the Group was approximately RMB25.2 million, as compared with approximately RMB20.8 million as at 30 June 2019.

For the Reporting Period, net cash used in operating activities was approximately RMB9.9 million, as compared with net cash generated from operating activities of approximately RMB10.1 million for the Corresponding Period. For the Reporting Period, net cash generated from investing activities was approximately RMB4.6 million, as compared with net cash used in investing activities of approximately RMB8.5 million for the Corresponding Period. For the Reporting Period, net cash used in financing activities was approximately RMB13.4 million, as compared with net cash used in financing activities of approximately RMB34.1 million for the Corresponding Period.

## Capital management

The Group regularly reviews and manages its capital structure to ensure that the Group will be able to continue as a going concern while maximising the return to its shareholders (the "Shareholders") through optimisation of the debt and equity balance. The Group's overall capital management strategy remained unchanged throughout the Reporting Period.

At the end of the Reporting Period, the gearing ratio (defined as overall financing divided by total equity) of the Group was decreased to 6.9% from approximately 13.5% as at 31 December 2019.

## Foreign exchange risk

The Group's primary business operations are exposed to limited foreign exchange risk because its domestic operations and finance leasing business are primarily funded in Renminbi. The Group's exposure to the risk of changes in foreign exchange is primarily due to the proceeds from the placing of shares of the Company in November 2019 which were denominated in Hong Kong dollar. The Group currently does not have a foreign currency hedging policy, however, the management of the Group will monitor foreign exchange exposure closely and consider the usage of hedging instruments when the need arises.

## Employment and remuneration policy

As at 30 June 2020, the Group had 97 full-time employees as compared with 72 full-time employees as at 31 December 2019. Total staff cost (including Directors' remuneration) was approximately RMB6.2 million for the Reporting Period, as compared with approximately RMB4.8 million for the Corresponding Period. The Group believes that employees are one of its most important assets and the Group strives to offer competitive remuneration to its employees. The Group has been recruiting and promoting individuals based on merit and their development potentials. Remuneration package offered to all employees is determined with reference to their performance, qualifications, experience and the prevailing salary levels in the market. The remuneration of the Directors is determined based on, among others, the prevailing market conditions and his/her roles and responsibilities. The Group has been providing training opportunities for its employees in order to enhance their qualifications and equip them with necessary skills. The Group has adopted the share option scheme to recognise and reward the contribution of selected participants to the Group, including the employees of the Group.

## Contingent liabilities

As at 30 June 2020, the Group had no significant contingent liabilities (31 December 2019: nil).

## **Pledge of assets**

As at 30 June 2020 and 31 December 2019 respectively, bank and other borrowings of approximately RMB5.9 million and RMB17.0 million were secured by finance lease receivables of the Group which amounted to approximately RMB8.5 million and RMB17.8 million, respectively.

## **Use of proceeds from the share offer**

On the date of the listing of the Company's Shares on GEM of The Stock Exchange of Hong Kong Limited (the "Listing") on 12 December 2018, the Company issued an aggregate of 200,000,000 Shares at the offer price of HK\$0.39 each (the "Share Offer"). After deducting underwriting commissions and all other expenses related to the Share Offer, the net proceeds from the Share Offer amounted to approximately HK\$44.4 million, which had been fully utilised during the year ended 31 December 2019 in line with the plan as stated in the prospectus of the Company dated 30 November 2018 (the "Prospectus").

## **Material acquisitions or disposals**

During the Reporting Period, there were no material mergers and acquisitions or disposal of subsidiaries, associated companies and joint ventures by the Group.

## **Significant investment**

During the Reporting Period, the Company did not have any significant investment.

## **Future plans for material investments or capital assets**

There was no specific plan for material investments or capital assets as at the date of this interim report.

## **Capital commitments**

As at 30 June 2020, the Company had no capital commitments.

## **Events after the reporting period**

As at 30 June 2020, there are no significant events affecting the Group after the Reporting Period.

## **Dividend**

The Company has not paid out and the Directors do not recommend the payment of any dividend for the Reporting Period.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### A. 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 A.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.

### B. 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 June 2020, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.



## C. COMPLIANCE WITH THE MODEL CODE AND SECURITIES DEALING CODE

The Company has adopted its own 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") on terms no less exacting than the standard as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model 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.

## D. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, 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

<b>Name of Director</b>	<b>Nature of interest and capacity</b>	<b>Number of Shares (Note 1)</b>	<b>Approximate percentage of shareholding</b>
Mr. Chau David (Note 2)	Interest in controlled corporation	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.

## 2. Interest in shares of associated corporations of the Company

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Nature of interest and capacity</b>	<b>Number of shares in the associated corporation (Note 1)</b>	<b>Approximate percentage of shareholding</b>
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 June 2020, 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 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.

## E. 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 June 2020, 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:

<b>Name of shareholder</b>	<b>Nature of interest and capacity</b>	<b>Number of Shares (Note 1)</b>	<b>Approximate percentage of shareholding</b>
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 June 2020, 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.

## **F. DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in Directors' interests and/or short positions under the section "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures" of this report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## **G. INTEREST OF THE COMPLIANCE ADVISER**

The Company has appointed Octal Capital Limited ("Octal Capital") as the compliance adviser of the Company pursuant to Rule 6A.19 of the GEM Listing Rules. As advised by Octal Capital, as at 30 June 2020, save for the compliance adviser agreement entered into between the Company and Octal Capital dated 14 March 2018, neither Octal Capital, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

## **H. 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.

## I. 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 customer(s) 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 June 2020:

1. 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 underwent debt restructuring with Customer E and the aggregated net financing amount of such finance leases was approximately RMB43.51 million as at 30 June 2020. The total contract yield of such finance leases 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 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.

## **J. DISCLOSURE OF INFORMATION OF DIRECTORS UNDER RULE 17.50A(1) OF THE GEM LISTING RULES**

The Company is not aware of any change in the directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the date of the Company's 2019 annual report.

## **K. 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. Lo Kai Tung. 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 financial statements for the Reporting Period, together with this report.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 RMB (Unaudited)	2019 RMB (Unaudited)	2020 RMB (Unaudited)	2019 RMB (Unaudited)
Revenue					
– Finance lease income		<b>3,452,534</b>	6,915,060	<b>8,055,855</b>	17,665,200
– Interest income arising from sales and leaseback arrangements		<b>3,223,378</b>	2,703,312	<b>5,408,113</b>	2,703,312
– Financial advisory income		<b>2,642,991</b>	–	<b>2,642,991</b>	–
Total revenue	4	<b>9,318,903</b>	9,618,372	<b>16,106,959</b>	20,368,512
Other income	5a	<b>159,072</b>	591,945	<b>505,688</b>	651,921
Other gains and losses	5b	<b>50,799</b>	106,717	<b>486,084</b>	(597,058)
Staff costs	7	<b>(2,976,151)</b>	(2,168,568)	<b>(6,155,660)</b>	(4,833,552)
Share of loss of an associate		–	(147,188)	–	(233,232)
Recognition of loss allowance on finance lease receivables and receivables arising from sales and leaseback arrangements, net	13/14	<b>(807,326)</b>	(1,227,052)	<b>(1,127,789)</b>	(1,996,810)
Impairment loss on intangible assets		<b>(295,598)</b>	–	<b>(295,598)</b>	–
Other operating expenses	7	<b>(2,017,169)</b>	(4,136,143)	<b>(3,639,425)</b>	(6,868,031)
Finance cost	6	<b>(1,150,178)</b>	(2,208,062)	<b>(3,005,391)</b>	(5,575,048)
Profit before tax	7	<b>2,282,352</b>	430,021	<b>2,874,868</b>	916,702
Income tax expense	8	<b>(1,556,602)</b>	(516,578)	<b>(1,810,230)</b>	(638,248)
Profit (Loss) and total comprehensive income (loss) for the period		<b>725,750</b>	(86,557)	<b>1,064,638</b>	278,454

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020	2019	2020	2019
		RMB <b>(Unaudited)</b>	RMB (Unaudited)	RMB <b>(Unaudited)</b>	RMB (Unaudited)
Profit (Loss) and total comprehensive income (loss) for the period attributable to:					
– Owners of the Company		<b>351,819</b>	(86,557)	<b>690,707</b>	278,454
– Non-controlling interests		<b>373,931</b>	–	<b>373,931</b>	–
		<b>725,750</b>	(86,557)	<b>1,064,638</b>	278,454
Earnings (Loss) per share attributable to owners of the Company					
– Basic (RMB cents)	9	<b>0.04</b>	(0.01)	<b>0.07</b>	0.03



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		At 30 June 2020 RMB (Unaudited)	At 31 December 2019 RMB (Audited)
	Notes		
<b>NON-CURRENT ASSETS</b>			
Interest in an associate	15	–	156,122
Property and equipment		<b>735,853</b>	672,154
Right-of-use assets		<b>593,514</b>	1,265,253
Intangible assets		<b>2,502,682</b>	2,596,480
Finance lease receivables	13	<b>61,858,744</b>	48,334,319
Receivables arising from sales and leaseback arrangements	14	<b>47,370,701</b>	32,256,833
		<b>113,061,494</b>	85,281,161
<b>CURRENT ASSETS</b>			
Loans to related parties	11	<b>5,379,926</b>	–
Prepayments, deposits and other receivables	12	<b>7,142,319</b>	5,538,956
Finance lease receivables	13	<b>72,898,745</b>	120,304,845
Receivables arising from sales and leaseback arrangements	14	<b>29,059,176</b>	21,687,763
Factoring receivables		<b>2,290,023</b>	–
Term deposits		–	22,394,500
Financial assets at fair value through profit or loss ("FVTPL")		–	10,000,000
Bank balances and cash		<b>25,171,144</b>	20,941,637
		<b>141,941,333</b>	200,867,701

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2020

		At 30 June 2020 RMB (Unaudited)	At 31 December 2019 RMB (Audited)
<b>CURRENT LIABILITIES</b>			
Other payables and accrued expenses	17	17,088,952	21,279,873
Deposits received from leasing customers	16	13,217,122	14,311,420
Bank and other borrowings	18	9,387,440	20,363,482
Lease liabilities		645,373	1,286,821
Taxation		2,798,806	1,800,653
		<b>43,137,693</b>	59,042,249
<b>NET CURRENT ASSETS</b>			
		<b>98,803,640</b>	141,825,452
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>211,865,134</b>	227,106,613
<b>CAPITAL AND RESERVES</b>			
Share capital	19	8,503,450	8,503,450
Reserves		188,733,186	188,042,479
Equity attributable to owners of the Company		197,236,636	196,545,929
Non-controlling interests		373,931	–
<b>TOTAL EQUITY</b>			
		<b>197,610,567</b>	196,545,929
<b>NON-CURRENT LIABILITIES</b>			
Deposits received from leasing customers	16	10,001,540	24,479,209
Bank and other borrowings	18	4,253,027	6,072,520
Lease liabilities		–	8,955
		<b>14,254,567</b>	30,560,684
		<b>211,865,134</b>	227,106,613

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company								
	Share capital	Share premium	Merger reserve	Other reserves	Statutory Surplus reserve	Retained Profits/(Accumulated losses)	Sub-total	Non-controlling interest	Total equity
	RMB	RMB	RMB	RMB (note (i))	RMB (note (ii))	RMB	RMB	RMB	RMB
At 1 January 2019 (audited)	7,067,962	187,016,425	(138,043,162)	121,889,064	3,151,975	42,536,587	223,618,851	-	223,618,851
Profit and total comprehensive income for the period	-	-	-	-	-	278,454	278,454	-	278,454
At 30 June 2019 (unaudited)	7,067,962	187,016,425	(138,043,162)	121,889,064	3,151,975	42,815,041	223,897,305	-	223,897,305
At 1 January 2020 (audited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,151,975	(7,446,369)	196,545,929	-	196,545,929
Profit and total comprehensive income for the period	-	-	-	-	-	690,707	690,707	373,931	1,064,638
At 30 June 2020 (unaudited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,151,975	(6,755,662)	197,236,636	373,931	197,610,567

Notes:

- (i) The other reserves represented the net effect of the following:
- the deemed capital contribution of shareholder's loans advanced from View Art Investment Limited ("View Art") to the Group totalling RMB131,831,735, which were not required to repay to View Art pursuant to the agreements entered into on 31 December 2014; and
  - net of the fair value adjustments on non-current interest-free loans previously advanced to Mr. Chau David and related parties as deemed distribution in the total amount of RMB9,942,671.
- (ii) Pursuant to the articles of association of the subsidiary established in the People's Republic of China ("PRC"), it is required to appropriate at least 10% of their profit after tax in accordance with the relevant accounting rules and financial regulations of the PRC before any distribution of dividends to owner each year to the statutory surplus reserve until the balance reaches 50% of its registered capital.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	<b>(9,913,323)</b>	10,093,760
<b>INVESTING ACTIVITIES</b>		
Payments for property and equipment and intangible assets	(313,583)	(443,824)
Advance to related parties	(5,379,926)	(3,600,000)
Repayments from related parties	–	4,485,146
Purchase of unlisted short-term financial products	(30,000,000)	(53,000,000)
Proceeds on disposal of unlisted short-term financial products	40,165,027	47,073,564
Investment in an associate	–	(3,000,000)
Proceeds from dissolution of an associate	156,122	–
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<b>4,627,640</b>	(8,485,114)
<b>FINANCING ACTIVITIES</b>		
Repayments of bank and other borrowings	(12,795,535)	(33,195,866)
Repayments of lease liabilities	(610,951)	(679,735)
Issue costs paid	–	(228,031)
Payment of security deposits as to obtain a bank borrowing	–	(2,524,671)
Withdrawal of security deposits	–	2,539,558
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(13,406,486)</b>	(34,088,745)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>(18,692,169)</b>	(32,480,099)
<b>EFFECT OF EXCHANGE RATE CHANGE</b>	<b>43,336,137</b>	53,230,923
	<b>527,176</b>	38,009
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY</b>	<b>25,171,144</b>	20,788,833
Bank balances and cash	25,171,144	16,388,833
Term deposits with original maturity of less than 3 months	–	4,400,000
	<b>25,171,144</b>	20,788,833

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended of 30 June 2020*

### 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 business of the Company is investment holding and the Group is principally engaged in finance leasing and financial advisory services in the PRC.

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

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

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2020 (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard (“IASs”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

### 3. PRINCIPAL ACCOUNTING POLICIES

The preparation of the Interim Financial Statements in conformity with IAS 34 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 Interim 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 2019, 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 IASB, which collective term includes all applicable individual IFRSs, 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 2019 (the “Annual Report”).

The Interim 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 Interim Financial Statements are consistent with those applied in the preparation of the 2019 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 2020.

#### Adoption of new/revised IFRSs

In the current interim 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 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IASs 1 and 8	Definition of Material
Amendments to IAS 39, IFRSs 7 and 9	Interest Rate Benchmark Reform
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 16	COVID-19-Related Rent Concessions

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.

## 4. REVENUE AND SEGMENT INFORMATION

### Entity-wide disclosures

#### *Geographical information*

The Group's operation is in the PRC and all its non-current assets are situated in the PRC.

#### *Major customers*

No customer individually contributed over 10% of total revenue of the Group during the periods presented.

#### *Revenue by nature*

The following is an analysis of revenue by nature:

	Three months ended 30 June		Six months ended 30 June	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)	2020 RMB (Unaudited)	2019 RMB (Unaudited)
<b>Finance lease income</b>				
<i>Vehicle finance leasing</i>	<b>3,431,039</b>	6,820,560	<b>7,882,576</b>	17,448,249
<i>Machinery and equipment finance leasing</i>	<b>21,495</b>	94,500	<b>173,279</b>	216,951
	<b>3,452,534</b>	6,915,060	<b>8,055,855</b>	17,665,200
<b>Interest income arising from sales and leaseback arrangements</b>	<b>3,223,378</b>	2,703,312	<b>5,408,113</b>	2,703,312
<b>Financial advisory income</b>	<b>2,642,991</b>	–	<b>2,642,991</b>	–
<b>Total revenue</b>	<b>9,318,903</b>	9,618,372	<b>16,106,959</b>	20,368,512

## 5. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)	2020 RMB (Unaudited)	2019 RMB (Unaudited)
<b>(a) Other income</b>				
Bank interest income	16,567	8,516	44,465	22,587
Government subsidies (note i)	31,000	544,100	31,000	544,100
Others (note ii)	111,505	39,329	430,223	85,234
	<b>159,072</b>	<b>591,945</b>	<b>505,688</b>	<b>651,921</b>
<b>(b) Other gains and losses</b>				
Other investment gain (note iii)	73,222	63,826	165,027	73,564
Exchange gain/(loss), net	(22,423)	42,891	321,057	(670,622)
	<b>50,799</b>	<b>106,717</b>	<b>486,084</b>	<b>(597,058)</b>
	<b>209,871</b>	<b>698,662</b>	<b>991,772</b>	<b>54,863</b>

Notes:

- (i) Government subsidies primarily consist of the fiscal support that local governments offer to the group entities engaged in the finance leasing business in the PRC.
- (ii) Others included net income arising from installation of Global Positioning System into the vehicles owned by certain Group's customers from finance lease and sales and leaseback arrangements.
- (iii) 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.



## 6. FINANCE COST

	Three months ended 30 June		Six months ended 30 June	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)	2020 RMB (Unaudited)	2019 RMB (Unaudited)
Interest on bank and other borrowings	<b>396,196</b>	41,509	<b>1,060,479</b>	845,957
Imputed interest expense arising from deposits received from leasing customers	<b>728,032</b>	2,104,292	<b>1,893,511</b>	4,603,311
Interest on lease liabilities	<b>25,950</b>	62,261	<b>51,401</b>	125,780
<b>Total finance costs</b>	<b>1,150,178</b>	2,208,062	<b>3,005,391</b>	5,575,048

## 7. PROFIT BEFORE TAX

It is stated at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)	2020 RMB (Unaudited)	2019 RMB (Unaudited)
Directors' emoluments	267,867	309,813	581,782	607,818
Salaries, bonus and other benefits (excluding directors)	2,673,921	1,318,574	4,864,575	3,164,818
Retirement benefit scheme contributions (excluding directors) (note)	34,363	540,181	709,303	1,060,916
<b>Total staff costs</b>	<b>2,976,151</b>	<b>2,168,568</b>	<b>6,155,660</b>	<b>4,833,552</b>
Depreciation of property and equipment	25,175	23,639	48,084	66,031
Depreciation of right-of-use assets	296,757	194,770	593,514	607,449
<b>Total depreciation</b>	<b>321,932</b>	<b>218,409</b>	<b>641,598</b>	<b>673,480</b>
Auditors' remuneration	238,212	759,789	688,212	959,189
Professional fees	318,439	850,108	712,160	1,095,290
Other professional fees	516,707	1,688,514	641,060	2,630,007
Travelling and entertainment expenses	159,687	301,781	281,278	698,521
Office expenses	426,983	267,609	632,815	704,072
Expenses recognised under short-term leases	35,209	49,933	42,302	107,472
	<b>1,695,237</b>	<b>3,917,734</b>	<b>2,997,827</b>	<b>6,194,551</b>
<b>Total other operating expenses</b>	<b>2,017,169</b>	<b>4,136,143</b>	<b>3,639,425</b>	<b>6,868,031</b>

Note: To support the PRC entities under the outbreak of COVID-19 starting from February 2020, the relevant PRC Government authorities has given certain temporary reliefs to entities incorporated in PRC to exempt from payment of certain amount of levies on the society security insurance.

## 8. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
PRC enterprise income tax ("EIT")	<b>1,556,602</b>	662,947	<b>1,810,230</b>	955,546
Deferred tax credit (note 20)	–	(146,369)	–	(317,298)
Total income tax expense	<b>1,556,602</b>	516,578	<b>1,810,230</b>	638,248

## 9. EARNINGS (LOSSES) PER SHARE

No diluted earnings (losses) per share was presented as there were no potential ordinary shares in issue during corresponding periods.

## 10. DIVIDENDS

The directors of the Company have determined that no dividend will be declared and paid in respect of the interim period.

## 11. LOANS TO RELATED PARTIES

The balances represents the advances made by the Group to Mr. Chau David and Ms. Chau On. The amount due is non-trade in nature, unsecured and repayable on demand.

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2020 RMB (Unaudited)	At 31 December 2019 RMB (Audited)
Other receivables		
Staff advance	174,586	602,163
Others (note i)	2,614,579	1,765,829
	<b>2,789,165</b>	2,367,992
Less: Loss allowance	<b>(249,729)</b>	(249,729)
	<b>2,539,436</b>	2,118,263
Other prepayments	1,473,955	1,212,262
Deposits	3,128,928	1,630,832
Value added tax ("VAT") recoverable	–	577,599
	<b>7,142,319</b>	5,538,956

Note:

- (i) The balance as at 30 June 2020 included payments of RMB2,364,850 (31 December 2019: RMB1,516,100) made on behalf of independent third parties. Such receivables were subsequently received in July 2020 (31 December 2019: Received in January 2020).

### 13. FINANCE LEASE RECEIVABLES

The Group entered into finance lease arrangements as lessor for vehicles and machinery and equipment. The average terms of finance leases entered into usually ranged from 1 to 5 years (31 December 2019: 1 to 3 years). All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	<b>At 30 June 2020</b>	
	<b>Minimum lease payments RMB (Unaudited)</b>	<b>Present value of minimum lease payments RMB (Unaudited)</b>
Finance lease receivables comprise:		
Within one year	117,778,523	99,919,567
In the second year	44,039,082	36,210,556
In the third to fifth years	56,080,231	48,576,899
Gross investment in lease	<b>217,897,836</b>	N/A
Less: Unearned finance income	<b>(33,190,814)</b>	N/A
Present value of minimum lease payment receivables	<b>184,707,022</b>	<b>184,707,022</b>
Less: Loss allowance	<b>(49,949,533)</b>	<b>(49,949,533)</b>
	<b>134,757,489</b>	<b>134,757,489</b>
Analysed as:		
Current assets	72,898,745	72,898,745
Non-current assets	61,858,744	61,858,744
	<b>134,757,489</b>	<b>134,757,489</b>

### 13. FINANCE LEASE RECEIVABLES (Continued)

	At 31 December 2019	
	Minimum lease payments RMB (Audited)	Present value of minimum lease payments RMB (Audited)
Finance lease receivables comprise:		
Within one year	166,430,795	150,282,977
In the second year	61,759,679	53,288,384
In the third year	15,691,733	13,045,317
Gross investment in lease	243,882,207	N/A
Less: Unearned finance income	(27,265,529)	N/A
Present value of minimum lease payment receivables	216,616,678	216,616,678
Less: Loss allowance	(47,977,514)	(47,977,514)
	<u>168,639,164</u>	<u>168,639,164</u>
Analysed as:		
Current assets	120,304,845	120,304,845
Non-current assets	48,334,319	48,334,319
	<u>168,639,164</u>	<u>168,639,164</u>

The Group's finance lease receivables are denominated in RMB which is the functional currency of the relevant group entities. The effective interest rates of the above finance leases range from 7.87% to 28.01% during the six months ended 30 June 2020 (for the six months ended 30 June 2019: 7.87% to 28.10%).

As at 30 June 2020, the carrying amount of finance lease receivables arising from the finance lease business with Xin You (Cang Chou) Real Estate Development Co.Ltd.\* (信友(滄州)房地產開發有限公司) ("Xin You"), a related party which equity interests were 100% owned and controlled by a close family member of Mr. Chau David and Mr. Chau David acts as legal representative and Chairman of Xin You, was RMB4,138,593 (31 December 2019: RMB5,911,322). No deposits had been received from Xin You by the Group in respect of these finance lease agreements.

\* for identification purpose only

### 13. FINANCE LEASE RECEIVABLES (Continued)

#### Movements of loss allowance on finance lease receivables during the period

	Stage 1 12m ECL RMB	Stage 2 Lifetime ECL not credit- impaired RMB	Stage 3 Lifetime ECL credit- impaired RMB	Total RMB
As at 1 January 2020 (audited)	1,082,746	8,946,618	37,948,150	47,977,514
Changes in the loss allowance:				
– Transfer to Stage 2	(25,456)	25,456	–	–
– Transfer to Stage 3	(158,612)	(4,845,859)	5,004,471	–
– (Credited) Charged to profit or loss	(598,992)	(552,472)	3,107,077	1,955,613
Written off	–	–	16,406	16,406
As at 30 June 2020 (unaudited)	299,686	3,573,743	46,076,104	49,949,533
	Stage 1 12m ECL RMB	Stage 2 Lifetime ECL not credit- impaired RMB	Stage 3 Lifetime ECL credit- impaired RMB	Total RMB
As at 1 January 2019 (audited)	413,176	592,591	5,044,502	6,050,269
Changes in the loss allowance:				
– Transfer to Stage 1	524,898	(362,297)	(162,601)	–
– Transfer to Stage 2	(25,514)	25,514	–	–
– Transfer to Stage 3	(3,535)	(61,819)	65,354	–
– (Credited) Charged to profit or loss	(698,045)	1,398,572	1,190,487	1,891,014
Written-off	–	–	(659,697)	(659,697)
As at 30 June 2019 (unaudited)	210,980	1,592,561	5,478,045	7,281,586

### 13. FINANCE LEASE RECEIVABLES (Continued)

#### Movements of loss allowance on finance lease receivables during the period (Continued)

The finance lease receivables are secured by the leased assets and deposits (if available) (note 16). The Group might require extra assurance, e.g. land use rights, houses, vehicles, as extra mortgages. There was no contingent lease arrangement that needed to be recognised during both periods.

### 14. RECEIVABLES ARISING FROM SALES AND LEASEBACK ARRANGEMENTS

The Group entered into sales and leaseback arrangements as lessor for vehicles and machinery and equipment. The average terms of sales and leaseback arrangements entered into usually ranged from 1 to 3 years. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	At 30 June 2020	
	Gross amount RMB (Unaudited)	Present value RMB (Unaudited)
Within one year	40,367,394	29,120,479
In the second year	36,165,200	29,734,052
In the third year	19,167,925	17,736,582
	<b>95,700,519</b>	<b>N/A</b>
Less: Unearned finance income	<b>(19,109,406)</b>	<b>N/A</b>
Present value of receivables arising from sales and leaseback arrangements	<b>76,591,113</b>	<b>76,591,113</b>
Less: Loss allowance	<b>(161,236)</b>	<b>(161,236)</b>
	<b>76,429,877</b>	<b>76,429,877</b>
Analysed as:		
Current assets	29,059,176	29,059,176
Non-current assets	47,370,701	47,370,701
	<b>76,429,877</b>	<b>76,429,877</b>



## 14. RECEIVABLES ARISING FROM SALES AND LEASEBACK ARRANGEMENTS (Continued)

	31 December 2019	
	Gross amount RMB (Audited)	Present value RMB (Audited)
Within one year	26,847,782	22,079,726
In the second year	23,365,227	18,875,320
In the third year	17,533,374	13,978,610
	<u>67,746,383</u>	<u>N/A</u>
Less: Unearned finance income	<u>(12,812,727)</u>	<u>N/A</u>
Present value of receivables arising from sales and leaseback arrangements	<u>54,933,656</u>	<u>54,933,656</u>
Less: Loss allowance	<u>(989,060)</u>	<u>(989,060)</u>
	<u>53,944,596</u>	<u>53,944,596</u>
Analysed as:		
Current assets	21,687,763	21,687,763
Non-current assets	32,256,833	32,256,833
	<u>53,944,596</u>	<u>53,944,596</u>

## 14. RECEIVABLES ARISING FROM SALES AND LEASEBACK ARRANGEMENTS (Continued)

Movements of loss allowance on receivables arising from sales and leaseback arrangements during the period

	Stage 1 12m ECL RMB	Stage 2 Lifetime ECL not credit- impaired RMB	Stage 3 Lifetime ECL credit- impaired RMB	Total RMB
As at 1 January 2020 (audited)	989,060	–	–	989,060
Changes in the loss allowance:				
– Transfer to Stage 2	(8,092)	8,092	–	–
– (Credited) Charged to profit or loss	(867,869)	17,134	22,911	(827,824)
As at 30 June 2020 (unaudited)	113,099	25,226	22,911	161,236
	Stage 1 12m ECL RMB	Stage 2 Lifetime ECL not credit- impaired RMB	Stage 3 Lifetime ECL credit- impaired RMB	Total RMB
As at 1 January 2019 (audited)	–	–	–	–
Changes in the loss allowance:				
– Charged to profit or loss	105,796	–	–	105,796
As at 30 June 2019 (unaudited)	105,796	–	–	105,796

The receivables arising from sales and leaseback arrangements are secured by the leased assets and deposits (if available) (note 16). The Group might require extra mortgages.

## 15. INTEREST IN AN ASSOCIATE

During the period ended 31 December 2019, Metropolis International Finance Leasing Co., Ltd.\* (信都國際融資租賃有限公司) (“Metropolis Leasing”) entered into a capital contribution agreement to inject RMB3,000,000 to an independent third party entity (“Aiding”), which is engaged in provision of technology consulting services to customers including vehicle dealers. The transaction was completed in March 2019. Metropolis Leasing hold 20% equity interest of the entity. As Metropolis Leasing would be entitled to appoint one out of three board members of the entity, it was accounted for as an associate of the Group.

	<b>As at 30 June 2020 RMB (Unaudited)</b>	As at 31 December 2019 RMB (Audited)
Cost of investment in an associate	–	3,000,000
Share of loss	–	(552,219)
Impairment loss	–	(2,291,659)
	<b>–</b>	<b>156,122</b>

The business operation of Aiding was ceased since late 2019 and on 11 May 2020, the Group received payment of residual value of Aiding amounting to RMB156,122.

As at the date of the issuance of the condensed consolidated financial statements, the liquidation of Aiding is in the process of completing the cancelation of registration with Administration for Industry and Commerce of the PRC.

## 16. DEPOSITS RECEIVED FROM LEASING CUSTOMERS

The deposit is required and calculated as a certain percentage of the contract value and paid back throughout or by the end of the contract as stipulated in the leasing contracts. The deposit could be either paid back once the lessee fully carried out all obligations under the contract, or be used to settle the outstanding debts. As at 30 June 2020, the outstanding deposits from leasing customers were RMB23,218,662 (31 December 2019: RMB38,790,629).

\* for identification purpose only

## 16. DEPOSITS RECEIVED FROM LEASING CUSTOMERS (Continued)

Analysis for the amount of deposits received from finance lease customers for reporting purpose as:

	<b>At 30 June 2020 RMB (Unaudited)</b>	At 31 December 2019 RMB (Audited)
Current liabilities	<b>13,217,122</b>	14,311,420
Non-current liabilities	<b>10,001,540</b>	24,479,209
	<b>23,218,662</b>	38,790,629

The deposits received are interest-free and measured at amortised cost using the effective interest method. The weighted average effective interest rate adopted is 17.56% for the period ended 30 June 2020 (for the six months ended 30 June 2019: 18.08%).

## 17. OTHER PAYABLES AND ACCRUED EXPENSES

	<b>At 30 June 2020 RMB (Unaudited)</b>	At 31 December 2019 RMB (Audited)
Other payables (note)	<b>13,139,432</b>	16,758,806
Payroll payables	<b>2,481,505</b>	3,226,485
Other tax payables	<b>1,468,015</b>	1,294,582
	<b>17,088,952</b>	21,279,873

Note: Other payables mainly include advanced payments received from finance lease and sales and leaseback arrangements customers in respect of certain finance lease and sales and leaseback arrangements conducted by the Group.

## 18. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained no new bank and other borrowings (for the six months ended 30 June 2019: nil) and repaid bank and other borrowings amounting to RMB12,795,535 (for the six months ended 30 June 2019: RMB33,195,866).

## 19. SHARE CAPITAL

	Number of shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
On 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020	4,000,000,000	40,000,000
<b>Issued and fully paid:</b>		
On 1 January 2019 and 30 June 2019	800,000,000	8,000,000
Issued of ordinary shares-upon a private placement	160,000,000	1,600,000
On 1 January 2020 and 30 June 2020	960,000,000	9,600,000
		RMB
Shown in the condensed consolidated statement of financial position		8,503,450

## 20. DEFERRED TAX ASSETS

	At 30 June 2020 RMB (Unaudited)	At 31 December 2019 RMB (Audited)
Deferred tax assets	—	—

## 20. DEFERRED TAX ASSETS (Continued)

The movement in deferred tax assets during the current and prior periods is as follows:

	Loss allowance on finance lease receivables and other financial assets measured at amortised cost RMB	Depreciation of property and equipment RMB	Amortisation of intangible assets RMB	Unpaid accrued expenses RMB	Total RMB
At 1 January 2019 (audited)	1,512,567	22,469	135,089	715,824	2,385,949
Credit (Charge) to profit or loss	334,279	(5,650)	(11,331)	-	317,298
At 30 June 2019 (unaudited)	1,846,846	16,819	123,758	715,824	2,703,247
Charge to profit or loss	(1,846,846)	(16,819)	(123,758)	(715,824)	(2,703,247)
At 31 December 2019 (audited) and 30 June 2020 (unaudited)	-	-	-	-	-

At the end of the reporting period, the Group has deductible temporary differences of RMB57,994,910 (31 December 2019: RMB56,624,986). As at 30 June 2020, no deferred tax asset has been recognised in relation to such deductible temporary difference (31 December 2019: nil) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 30 June 2020, deferred taxation has not been provided in the consolidated financial statements in respect of temporary differences attributable to retained profits of a operating subsidiary of the Group amounting to RMB934,828 (31 December 2019: nil) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Except for the above, the Group's operating subsidiaries in the PRC suffered an accumulated loss amounting to RMB16,622,206 (31 December 2019: RMB17,726,031) as at 30 June 2020.

## 21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of the current interim period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	Fair value as at		Fair value hierarchy	Valuation technique and key input
	30 June 2020 RMB (Unaudited)	31 December 2019 RMB (Audited)		
Financial asset				
Unlisted financial products	-	10,000,000	Level 2	Discounted cash flows, Future cash flows are estimated based on expected return of the financial products

### Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate to their fair values.

## 22. RELATED PARTY DISCLOSURES

### (a) Related party transactions

Apart from details of the balances with related parties disclosed elsewhere in the condensed consolidated financial statements, the Group had also entered into the following significant related party transactions during the six months ended 30 June 2020.

Name of related parties	Relationship	Nature of transactions	Six month ended 30 June	
			2020 RMB (Unaudited)	2019 RMB (Unaudited)
Xin You	Related party	Finance lease revenue earned	<b>173,279</b>	216,951
Mr. Chow Chuen Chung	Related party	Interest expense on lease liabilities	<b>41,784</b>	–
		Rental expense	–	652,735

### (b) Compensation of key management personnel

	Six months ended 30 June	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)
Salaries, bonus and other benefits	<b>800,843</b>	567,600
Retirement benefits scheme contributions	<b>75,342</b>	153,882
	<b>876,185</b>	721,482

## 23. EVENT AFTER THE REPORTING PERIOD

As from 30 June 2020 to the date of this report, the Board is not aware of any events that have occurred which require disclosure.