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METROPOLIS
信都国际租赁

METROPOLIS CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8621)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of Metropolis Capital Holdings Limited (the "**Company**") 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, (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.*

HIGHLIGHTS:

- Revenue for the Reporting Period amounted to approximately RMB48.0 million (2017: RMB49.7 million), representing a decrease of approximately 3.4% as compared with the Corresponding Period.

- Profit and total comprehensive income for the Reporting Period amounted to approximately RMB0.4 million (2017: RMB5.1 million), representing a decrease of approximately 91.3% as compared with the Corresponding Period.

- Profit and total comprehensive income (after adjustment of listing expenses) for the Reporting Period amounted to approximately RMB6.3 million (2017: RMB13.6 million), representing a decrease of approximately 53.6% as compared with the Corresponding Period.

- Basic earnings per share was approximately RMB0.07 cents for the Reporting Period compared to basic earnings per share of approximately RMB0.85 cents for the Corresponding Period.

- The Board does not recommend the payment of any final dividend for the Reporting Period.

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2018 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2017 (the "**Corresponding Period**"). All amounts set out in this announcement are expressed in Renminbi ("**RMB**") unless otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

		Year ended 31 December	
		2018	2017
	Notes	***RMB***	*RMB*
Revenue	*4*	**47,987,283**	49,661,039
Other income	*5(a)*	**946,449**	7,116,719
Other gains and losses	*5(b)*	**(775,767)**	1,833,575
Staff costs		**(10,142,556)**	(12,235,533)
(Recognition) reversal of loss allowance on finance lease receivables, net	*10*	**(751,821)**	1,108,409
Reversal (recognition) of loss allowance on other financial assets measured at amortised cost		**427,242**	(427,242)
Other operating expenses		**(9,216,957)**	(10,429,404)
Listing expenses		**(7,841,220)**	(11,408,386)
Finance cost	*6*	**(19,863,888)**	(18,370,615)
Profit before tax	*7*	**768,765**	6,848,562
Income tax expense	*8*	**(324,530)**	(1,766,173)
Profit and total comprehensive income for the year		**444,235**	5,082,389
Earnings per share			
– Basic *(RMB cents)*	*9*	**0.07**	0.85

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

		As at 31 December	
		2018	2017
	Notes	***RMB***	*RMB*
NON-CURRENT ASSETS			
Property and equipment		**841,689**	1,258,509
Intangible assets		**2,702,873**	2,128,304
Finance lease receivables	*10*	**93,416,617**	68,734,096
Deferred tax assets	*14*	**2,385,949**	1,714,201
		99,347,128	73,835,110
CURRENT ASSETS			
Loans to related parties		**1,766,388**	10,000,000
Prepayments, deposits and other receivables		**2,828,520**	7,723,441
Finance lease receivables	*10*	**167,868,576**	183,505,651
Security deposits		**14,887**	–
Financial assets at fair value through profit or loss (“**FVTPL**”)		**5,000,000**	–
Bank balances and cash		**53,230,923**	4,229,539
		230,709,294	205,458,631
CURRENT LIABILITIES			
Amount due to related parties		**–**	4,961,998
Other payables and accrued expenses		**14,361,329**	22,923,166
Deposits from finance lease customers	*10*	**21,004,524**	21,989,595
Bank and other borrowings	*11*	**38,093,609**	29,867,109
Taxation		**615,728**	5,701,648
		74,075,190	85,443,516
NET CURRENT ASSETS		**156,634,104**	120,015,115
TOTAL ASSETS LESS CURRENT LIABILITIES		**255,981,232**	193,850,225
CAPITAL AND RESERVES			
Share capital	*13*	**7,067,962**	341,695
Reserves		**216,550,889**	167,725,574
TOTAL EQUITY		**223,618,851**	168,067,269
NON-CURRENT LIABILITIES			
Deposits from finance lease customers	*10*	**29,883,442**	25,782,956
Bank and other borrowings	*11*	**2,478,939**	–
		32,362,381	25,782,956
		255,981,232	193,850,225

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital *RMB*	Share premium *RMB*	Merger reserve *RMB*	Other reserves *RMB* *(note (i))*	Statutory surplus reserve *RMB* *(note (ii))*	Retained Profits *RMB*	Total equity *RMB*
At 1 January 2017	341,695	–	–	121,889,064	2,537,687	38,216,434	162,984,880
Profit and total comprehensive income for the year	–	–	–	–	–	5,082,389	5,082,389
Transferred to statutory surplus reserve	–	–	–	–	520,208	(520,208)	–
At 31 December 2017	341,695	–	–	121,889,064	3,057,895	42,778,615	168,067,269
At 31 December 2017	341,695	–	–	121,889,064	3,057,895	42,778,615	168,067,269
Effect arising on adoption of IFRS 9 *(note iii)*	–	–	–	–	–	(592,183)	(592,183)
Adjusted balance at 1 January 2018	**341,695**	**–**	**–**	**121,889,064**	**3,057,895**	**42,186,432**	**167,475,086**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**444,235**	**444,235**
Transferred to statutory surplus reserve	**–**	**–**	**–**	**–**	**94,080**	**(94,080)**	**–**
Effect of Group Reorganisation ***(note iv)***	**(341,291)**	**138,384,453**	**(138,043,162)**	**–**	**–**	**–**	**–**
Capitalisation issue of new shares	**5,300,558**	**(5,300,558)**	**–**	**–**	**–**	**–**	**–**
Issuance of new shares	**1,767,000**	**67,146,000**	**–**	**–**	**–**	**–**	**68,913,000**
Expenses incurred in connection with the issuance of new shares	**–**	**(13,213,470)**	**–**	**–**	**–**	**–**	**(13,213,470)**
At 31 December 2018	**7,067,962**	**187,016,425**	**(138,043,162)**	**121,889,064**	**3,151,975**	**42,536,587**	**223,618,851**

Notes:

(i) The other reserves represented the net effect of the following:

(a) 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

(b) net of the fair value adjustments on non-current interest-free loans previously advanced to Mr. Chau 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.

(iii) Upon the adoption of IFRS 9 "Financial Instruments" on 1 January 2018, the cumulative impact of RMB592,183 was recorded as an adjustment to the retained profits as at 1 January 2018, which are all due to additional impairment loss on lease receivables made under the expected credit loss model under IFRS 9 and its corresponding deferred tax impact as at 1 January 2018.

(iv) Upon the completion of the Group Reorganisation (as defined in note 1 to the consolidated financial statements in this announcement) on 8 March 2018, the Company acquired 100% equity interests in Metropolis Asia Ltd. ("Metropolis Asia") from View Art in consideration of issuance of 49,999 of its shares at HK$0.01 each to View Art, totalling HK$500 (equivalent to RMB404) credited as fully paid. The difference of the amount of the issued shares and share premium of the Company and the amount of the share capital of Metropolis Asia prior to the completion of the Group Reorganisation in the amount of RMB138,043,162, had been debited to merger reserve.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 40/F, Jardine House, 1 Connaught Place, Central, Hong Kong. The issued shares of the Company have been listed on GEM of the Stock Exchange since 12 December 2018.

Pursuant to a group reorganisation (the "**Group Reorganisation**"), the Company became the holding company of the entities now comprising the Group on 8 March 2018. The principal activities of the Group are provision of finance lease services, factoring and other 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 consolidated financial statements are presented in RMB, which is the same as the functional currency of the Group.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Application of new and revised IFRSs

The Group has applied IFRS 9 "*Financial Instruments*" for the first time in the current year.

IFRS 9 Financial Instruments

Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 "*Financial Instruments*", and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets, lease receivables and other items subject to ECL assessment, and (3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 is recognised in the opening retained profits as at 1 January 2018, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 "*Financial Instruments: Recognition and Measurement*".

Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under IFRS 9 and IAS 39 at the date of initial application on 1 January 2018.

	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39 *RMB*	Additional loss allowance recognised under IFRS 9 and the respective deferred tax impact (note) *RMB*	New carrying amount under IFRS 9 *RMB*
1. Finance lease receivables	N/A	N/A	252,239,747	(789,577)	251,450,170
2. Bank balances and cash	Loans and receivables	Financial assets at amortised cost	4,229,539	–	4,229,539
3. Loans to related parties	Loans and receivables	Financial assets at amortised cost	10,000,000	–	10,000,000
4. Deposits and other receivables	Loans and receivables	Financial assets at amortised cost	1,525,090	–	1,525,090
5. Deposits from finance lease customers	Financial liabilities at amortised cost	Financial liabilities at amortised cost	47,772,551	–	47,772,551
6. Bank and other borrowings	Financial liabilities at amortised cost	Financial liabilities at amortised cost	29,867,109	–	29,867,109
7. Amounts due to related parties	Financial liabilities at amortised cost	Financial liabilities at amortised cost	4,961,998	–	4,961,998
8. Listing costs payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	7,893,960	–	7,893,960
9. Other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	10,536,743	–	10,536,743
				(789,577)	
Recognition of deferred tax assets				197,394	
Total				(592,183)	

Note: The Group applies the IFRS 9 general approach to measure ECL on finance lease receivables. For deposits and other receivables and loans to related parties, the Group has applied the general approach in IFRS 9 to measure the loss allowance at 12-month ECL, since there has not been a significant increase in credit risk since initial recognition for deposits and other receivables and loans to related parties. The expected credit loss for bank balances and security deposits is insignificant because such assets are placed in banks with good reputation. As at 1 January 2018, the additional credit loss allowance of RMB789,577, together with the recognition of the corresponding deferred tax assets of RMB197,394, totalling RMB592,183 has been recognised against retained profits as at 1 January 2018. The additional loss allowance is charged against the respective asset.

The additional impairment loss allowance upon the initial allocation of IFRS 9 as disclosed above resulted entirely from a change in the measurement attribute of the loss allowance relating to each financial asset and lease receivables.

No loss allowances were recognised for bank balances and cash and loans to related parties as at 31 December 2017 and 1 January 2018, respectively. All loss allowances for finance lease receivables and deposits and other receivables as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

	Finance lease receivables *RMB*	**Deposits and other receivables** *RMB*
PRC enterprise income Tax ("**EIT**")	4,508,871	427,242
Deferred tax credit (charge)	789,577	–
Total income tax expense	5,298,448	427,242

There were no financial liabilities which the Group had previously designated as at fair value through profit or loss or measured at amortised cost under IAS 39 that were subject to reclassification, or which the Group has elected to reclassify upon the application of IFRS 9.

New and amendments to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 3	Definition of Business[4]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1 and IAS 8	Definition of Material[5]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015-2017 Cycles[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 "*Leases*" and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. IFRS 16 also includes requirements relating the subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, cash flows in relation to operating lease payments are currently presented as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows, respectively.

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2018, the Group has non cancellable operating lease commitments of RMB2,834,208. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases, and such changes would increase the consolidated assets and consolidated liabilities of the Group, but would not result in a significant change to the consolidated net asset value and financial performance of the Group.

In addition, the Group currently considers refundable rental deposits paid of RMB247,225 as rights under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

Upon application of IFRS 16, the Group will apply the requirements of IFRS 15 to assess whether sales and leaseback transaction constitutes a sale. For a transfer that does not satisfy the requirements as a sale, the Group will account for the transfer proceeds as financial assets within the scope of IFRS 9. In accordance with the transition provisions of IFRS 16, sale and leaseback transactions entered into before the date of initial application will not be reassessed but the new requirements may impact the Group's future sale and leaseback transactions.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC-Int 4. Therefore, the Group has not reassessed whether the contracts are, or contain a lease which already existed prior to the date of initial application. In addition, the Group has accounted for those leases which the lease terms ends within 12 months of the date of initial application in the same way as short-term leases.

Furthermore, the Group has elected the modified retrospective approach for the application of IFRS 16 as lessee and recognised the cumulative effect of initial application to opening retained profits without restating comparative information.

Except as described above, the Directors anticipate that the application of other new and amendments to IFRSs will have no material impact on the Group's financial position and financial performance in the foreseeable future.

4. REVENUE

Revenue represents the amounts received and receivable from the finance leasing of equipment and vehicles, factoring and other services net of sales related taxes.

The directors of the Company consider that the Group has one operating and reporting segment. No operating segment information is presented other than the entity-wide disclosures.

Entity-wide disclosures

Geographical information

The Group's operation is in the PRC and all its non-current assets other than financial instruments and deferred tax assets are situated in the PRC.

Major customers

No customer individually contributed over 10% of total revenue of the Group during the corresponding years.

Revenue by nature

The following is an analysis of revenue by nature and timing of revenue recognition during the year:

	Year ended 31 December	
	2018	2017
	RMB	*RMB*
Finance lease income		
Vehicle finance leasing		
Direct finance leasing	**652,673**	913,031
Sale-leaseback	**46,780,982**	46,926,537
	47,433,655	47,839,568
Machinery and equipment finance leasing		
Direct finance leasing	**553,628**	394,992
Sale-leaseback	**–**	333,983
Arrangement fee income (recognised over time)	**–**	773,874
	553,628	1,502,849
	47,987,283	49,342,417
Factoring income	**–**	318,622
Total revenue	**47,987,283**	49,661,039

5. OTHER INCOME, OTHER GAINS AND LOSSES

		Year ended 31 December	
		2018	2017
		RMB	*RMB*
(a)	**Other income**		
	Bank interest income	**56,423**	54,091
	Imputed interest income from related parties	**–**	827,539
	Government subsidies *(note i)*	**524,181**	5,877,932
	Others	**365,845**	357,157
		946,449	7,116,719
(b)	**Other gains and losses**		
	Other investment gain *(note ii)*	**155,470**	355,888
	Exchange (loss) gain, net	**(931,237)**	1,477,687
		(775,767)	1,833,575
		170,682	8,950,294

Notes:

(i) Government grants primarily consist of the fiscal support that local governments offer to the group entities engaged in the finance leasing business in the PRC.

(ii) 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

	Year ended 31 December	
	2018	2017
	RMB	*RMB*
Interest on bank and other borrowings	**7,557,274**	5,262,676
Imputed interest expense arising from deposits from finance lease customers	**12,306,614**	13,107,939
Total finance costs	**19,863,888**	18,370,615

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Year ended 31 December	
	2018	2017
	RMB	*RMB*
Depreciation of property and equipment	**425,974**	526,711
Amortisation of intangible assets	**6,634**	297,630
Total depreciation and amortisation	**432,608**	824,341
Recognition (reversal) of loss allowance of finance lease receivables	**751,821**	(1,108,409)
(Reversal) recognition of loss allowance of other receivables	**(427,242)**	427,242
Total impairment loss recognised (reversed)	**324,579**	(681,167)
Auditors' remuneration	**248,402**	287,371
Directors' emoluments	**685,450**	654,744
Salaries, bonus and other benefits (excluding directors)	**7,178,164**	9,023,322
Retirement benefit scheme contributions (excluding directors)	**2,278,942**	2,557,467
Total staff cost	**10,142,556**	12,235,533
Minimum lease payments in respect of rented premises	**1,625,341**	2,398,274

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2018	2017
	RMB	*RMB*
PRC EIT	**(798,884)**	–
Deferred tax credit (charge)	**474,354**	(1,766,173)
Total income tax expense	**(324,530)**	(1,766,173)

The Company is not subject to income tax or capital gain tax under the law of Cayman Islands.

Metropolis Asia is not subject to income tax or capital gain tax under the law of British Virgin Islands (the "**BVI**").

No provision of Hong Kong profit tax, as the entity in Hong Kong does not have any assessable profit for both years. Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate applicable to Metropolis Leasing was 25% for both years. No provision of PRC EIT for the year ended 31 December 2017, as Metropolis International Leasing Company Ltd. (信都國際租賃有限公司) ("**Metropolis Leasing**"), the Group's 100% owned PRC subsidiary, has no assessable profit, since the impairment losses on financial lease receivables previously made had become tax deductible upon transfer of which to an independent financial institution and written off during the year.

Income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2018	2017
	RMB	*RMB*
Profit before tax	**768,765**	6,848,562
Tax charge at PRC EIT rate of 25% (2017: 25%)	**(192,191)**	(1,712,141)
Tax effect of expense not deductible for tax purpose	**(132,339)**	(54,032)
Income tax expense for the year	**(324,530)**	(1,766,173)

9. EARNINGS PER SHARE

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

	Year ended 31 December	
	2018	2017
	RMB	*RMB*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**444,235**	5,082,389
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**610,958,904**	600,000,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Group Reorganisation and the capitalisation issue of the shares of the Company as set out in note 13(b) had been effective on 1 January 2017.

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

10. FINANCE LEASE RECEIVABLES/DEPOSITS FROM FINANCE LEASE CUSTOMERS

	At 31 December	
	2018	2017
	RMB	*RMB*
Finance lease receivables:		
Within one year	**193,742,041**	206,326,461
One year to three years	**117,528,033**	85,312,926
	311,270,074	291,639,387
Less: Unrealised finance income		
Within one year	**(22,107,631)**	(19,630,914)
One year to three years	**(21,826,981)**	(15,259,855)
	(43,934,612)	(34,890,769)
Present value of minimum lease payment		
Within one year	**171,634,410**	186,695,547
One year to three years	**95,701,052**	70,053,071
	267,335,462	256,748,618
Less: Loss allowance on finance lease receivables	**(6,050,269)**	(4,508,871)
	261,285,193	252,239,747
For reporting purposes as:		
Current assets	**167,868,576**	183,505,651
Non-current assets	**93,416,617**	68,734,096
	261,285,193	252,239,747

The Group's finance lease receivables are denominated in RMB which is the functional currency of the relevant group entity. The effective interest rates of the above finance leases range from 7.87% to 42.21% during the year ended 31 December 2018 (2017: 6% to 33.16%).

As at 31 December 2018, the carrying amount of finance lease receivables arising from the finance lease business with Xin You (Cangzhou) Real Estate Development Co., Ltd* (信友(滄州)房地產開發有限公司) ("**Xin You**") was RMB8,164,215 (31 December 2017: RMB9,064,844). No deposits had been received from Xin You by the Group in respect of these finance lease agreements.

The following is a credit quality analysis of finance lease receivables as at 31 December 2017 under the requirement of IAS 39. In the event that an installment repayment of a finance lease receivable is past due, the entire outstanding balance of the finance lease receivable is classified as past due.

	At 31 December 2017 *RMB*
Receivables not overdue	232,864,509
Overdue receivables without individual allowance of doubtful accounts	20,172,902
Overdue receivables with individual allowance of doubtful accounts	3,711,207
	256,748,618
Less:	
Allowance of doubtful accounts (individually)	(1,034,488)
Allowance of doubtful accounts (collectively)	(3,474,383)
Total	252,239,747

The following is an aging analysis based on past due dates of finance lease receivables which are past due but not individually impaired as at 31 December 2017 under the requirement of IAS 39:

	At 31 December 2017 *RMB*
Within one month	5,546,237
One to three months	4,647,867
Three months to one year	9,913,950
More than one year	64,848
	20,172,902

Movements of loss allowance on finance lease receivables during the year

(A) Movement of allowance for the year ended 31 December 2018 under IFRS 9

	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 2018				4,508,871
Effect arising from adoption of IFRS 9				789,577
As at 1 January 2018				5,298,448
Changes in the loss allowance:				
– Transfer to Stage 1	446,113	(313,589)	(132,524)	–
– Transfer to Stage 2	(48,238)	48,238	–	–
– Transfer to Stage 3	(21,122)	(230,836)	251,958	–
– Charged to profit or loss	(868,263)	329,546	1,290,538	751,821
As at 31 December 2018				6,050,269

(B) Movement of allowance for the year ended 31 December 2017 under IAS 39

	Individual impairment *RMB*	**Collective impairment** *RMB*	**Total** *RMB*
At 1 January 2017	(6,335,386)	(7,068,821)	(13,404,207)
(Provision) reversal during the year	(2,486,029)	3,594,438	1,108,409
Eliminated upon transfer of related finance lease receivables	4,913,346	–	4,913,346
Written-off	2,873,581	–	2,873,581
At 31 December 2017	(1,034,488)	(3,474,383)	(4,508,871)

The finance lease receivables are secured by the leased assets and deposits (if available). 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 finance 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 31 December 2018, the outstanding deposits from finance lease customers were RMB50,887,966 (31 December 2017: RMB47,772,551). 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 years.

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

	At 31 December	
	2018 *RMB*	2017 *RMB*
Non-current liabilities	**29,883,442**	25,782,956
Current liabilities	**21,004,524**	21,989,595
	50,887,966	47,772,551

The deposits received are interest-free and measured at amortised cost using the effective interest method. The weighted average effective interest rate adopted is 18.87% for the year ended 31 December 2018 (2017: 21.56%).

11. BANK AND OTHER BORROWINGS

	At 31 December	
	2018 *RMB*	2017 *RMB*
Fixed-rate borrowings		
Bank borrowings		
– Secured and guaranteed *(note (a))*	**14,694,100**	15,048,429
Other borrowings from independent third parties		
– Secured and unguaranteed *(note (a))*	**25,878,448**	14,818,680
	40,572,548	29,867,109

	At 31 December 2018 *RMB*	2017 *RMB*
Analysed as:		
– Within one year		
Bank borrowings	**12,215,161**	15,048,429
Other borrowings	**25,878,448**	14,818,680
	38,093,609	29,867,109
– More than one year but not exceeding two years		
Bank borrowings	**2,478,939**	–
	40,572,548	29,867,109

	At 31 December 2018	2017
Effective interest rate for fixed rate borrowings (per annum)	**5.73%~19.29%**	4.35%~19.29%

Note:

(a) As at 31 December 2018, the Group's bank and other borrowings of RMB40,572,548 (31 December 2017: RMB29,867,109) were granted by several banks and independent third parties in the PRC and secured by charges over certain finance lease receivables of the Group. As at 31 December 2018, the Group's secured bank borrowings of RMB14,694,100 (31 December 2017: RMB15,048,429) were guaranteed by an independent third party, of which nil (31 December 2017: RMB15,048,429) was also under joint and several liability guaranteed by Mr. Chau.

Other borrowings, which were secured and unguaranteed, as at 31 December 2018 amounting to RMB24,576,441 (31 December 2017: nil) represented the Group's financing arrangement with a fund (the "**Fund**"), including an initial principal of RMB75,405,000 net of the repayment totaling RMB50,828,559 during the current year. Under this financing arrangement, the Group entered into 2 financing agreements with a fund manager on behalf of the Fund, pursuant to which the Fund advanced the sum of RMB31,760,000 and RMB43,645,000 to the Group in consideration of the transfer of the Group's finance lease receivables, with grossing amount of RMB35,700,000 and RMB54,016,000, but without transferring the significant risks and rewards, to the Fund in February 2018 and April 2018, respectively. The Group accounted the advance of RMB75,405,000 received as "other borrowings", which was subsequently measured at amortised cost using the effective interest method under effective interest rates of 13.9% and 13.1% per annum, respectively, and continued to recognise the full carrying amount of finance lease receivables.

Included in other borrowings as at 31 December 2018 also included a short-term borrowing of RMB1,302,007 (31 December 2017: nil) granted by a financial institute in January 2018, with one year period and 9% interest rate per annum.

The Group's bank and other borrowings are denominated in RMB which is the functional currency of the relevant group entities.

12. DIVIDENDS

During the both years, the entities comprising the Group had not declared any dividends to their equity holder. No dividend was declared or paid by the Company since its date of incorporation.

13. SHARE CAPITAL

The share capital as at 31 December 2017 represented the issued share capital of the Company and Metropolis Asia. While share capital as at 31 December 2018 represented the share capital of the Company following the completion of Group Reorganisation on 8 March 2018 and issuance of new shares upon Listing.

Details of the share capital of Metropolis Asia and the Company were as follow:

Metropolis Asia

	Number of shares		**Amount**
		USD	*RMB* equivalent
Issued and fully paid (no par value)			
On 1 January 2017 and 31 December 2017	50,000	50,000	341,695

Note:

On 22 August 2017, the maximum number of shares which Metropolis Asia was authorized to issue was increased by 50,000 ordinary shares with no par value. After the foregoing took effect, the total maximum authorised number of shares which Metropolis Asia was authorised to issue was 100,000 shares with no par value.

The Company

	Number of shares	**Amount**
		HK$
Ordinary shares of HK$0.01 each		
Authorised:		
On 29 June 2017 (date of incorporation) and 31 December 2017	38,000,000	380,000
Increase on 23 November 2018 *(note a)*	3,962,000,000	39,620,000
On 31 December 2018	4,000,000,000	40,000,000
Issued and fully paid:		
On 29 June 2017 (date of incorporation) and 31 December 2017	1	–
Issued in consideration for the acquisition of Metropolis Asia on 8 March 2018	49,999	500
Capitalisation issue of new shares *(note b)*	599,950,000	5,999,500
Issuance of new shares upon Listing *(note c)*	200,000,000	2,000,000
On 31 December 2018	800,000,000	8,000,000
		RMB
Shown in the statement of financial position		7,067,962

Notes:

(a) Pursuant to the written resolutions of the sole shareholder of the Company passed on 23 November 2018, the authorised share capital of the Company was increased from HK$380,000 to HK$40,000,000 by the creation of an additional of 3,962,000,000 shares of HK$0.01 each, each ranking pari passu with the shares then in issue in all respects.

(b) On 12 December 2018, the Company capitalised a sum of HK$5,999,500 standing to the credit of the share premium account of the Company and appropriated such amount as to capital to pay up in full at par 599,950,000 new shares of HK$0.01 each for allotment and issue to the persons whose names appeared on the register of members of the Company at the close of business on 23 November 2018.

(c) On 12 December 2018, the Company issued a total of 200,000,000 ordinary shares of a par value of HK$0.01 each pursuant to the global offering at the price of HK$0.39 per share and the Company's shares were listed on GEM of the Stock Exchange on 12 December 2018 ("**Listing**").

14. DEFERRED TAX ASSETS

	At 31 December	
	2018	2017
	RMB	*RMB*
Deferred tax assets	**2,385,949**	1,714,201

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

	Loss allowance on finance lease receivables and other financial assets measured at amortised cost	Depreciation of property and equipment	Amortisation of intangible asset	Tax losses	Unpaid accrued expenses	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
At 1 January 2017	3,351,052	24,975	104,347	–	–	3,480,374
(Charge) credit to profit or loss	(2,223,834)	(109)	51,746	406,024	–	(1,766,173)
At 31 December 2017	1,127,218	24,866	156,093	406,024	–	1,714,201
Effect arising on adoption of IFRS 9	197,394	–	–	–	–	197,394
Adjusted balance at 1 January 2018	1,324,612	24,866	156,093	406,024	–	1,911,595
Credit (charge) to profit or loss	187,955	(2,397)	(21,004)	(406,024)	715,824	474,354
At 31 December 2018	1,512,567	22,469	135,089	–	715,824	2,385,949

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 31 December 2018, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB30,139,599 (31 December 2017: RMB29,198,799) 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.

There were no other significant unrecognised temporary differences at the end of both years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Back in 2018, the national economy slowed down and the financial leasing sector faced intensifying competition. For the Group, 2018 was a year of risks and opportunities. During the Reporting Period, the Group continued its tradition of researching the transportation and logistics markets as it perceives its ever-improving expertise in those areas as its key competitiveness. It took the initiative to expand the financial leasing business in those segment markets where growth certainty was expected to be more secure, such as the car dealer inventory and the online car hailing markets. By the year end, the Group has established and developed good business relationships with a few top-brand car dealers and leading car-hailing service providers in various local markets. The Group believes its expansion and penetration in those segment markets will help improve its asset portfolio structure, which leads to safer assets and lower risks.

China's financial market had gone through a lot during 2018. The indexes of Shanghai Stock Exchange and Shenzhen Stock Exchange both dropped significantly. The crack-down on irregular and illegal activities in the financial sector to forestall risks had led to severe tightening of credit liquidity of the economy. Despite the adverse market conditions, the Group managed to secure more funding sources to support its business growth. For the year ended 31 December 2018, the Group raised approximately RMB120 million from banks and other financial institutions, which represents an increase of approximately RMB80 million or approximately 200% compared with that for the Corresponding Period. The Group regards external funding as one of the key drivers to its business growth and will continue to expand and diversify its funding resources.

The Group's aggregate net financing amount advanced to its customers for the Reporting Period reached approximately RMB369.1 million, which represents an increase of approximately RMB122.4 million or 49.7% as compared with that during the Corresponding Period.

The Group's revenue for the Reporting Period was approximately RMB48.0 million, which represented a decrease of 3.4% from approximately RMB49.7 million for the Corresponding Period. However, the revenue of the Group generated from vehicle finance leasing during the Reporting Period (i.e. approximately RMB47.4 million) remained stable when compared to that of the Corresponding Period (i.e. approximately RMB47.8 million). On the other hand, the Group has also managed its operation expenses more effectively during the Reporting Period. Excluding listing expenses, which was of non-recurring nature, the Group's total expenses for the Reporting Period was approximately RMB39.2 million, which was approximately RMB1.8 million or approximately 4.4% less than the total expenses incurred during the Corresponding Period.

OUTLOOK

The upcoming year of 2019 will face many macro-economic uncertainties, such as the domestic supply-side structural reform; the Sino-US trade frictions and so on. Furthermore, the PRC government will continue its efforts to curb widespread malfeasance and place its financial industry under greater scrutiny.

However, the Group has confidence in the prospect of the vehicle finance leasing market and will focus on improving its risk management skills while seeking customers with good credit background so as to improve the Group's asset quality and profitability. The Group will continuously encourage teamwork to enhance its business development capability. It intends to retain its existing customers with good credit background and establish relationships with more leading enterprises in the transportation and logistics industries. In doing that, the Group believes that it can improve its customer structure and optimise the structure of its finance leasing assets portfolio, thereby increasing the rate of return of the Group while reducing asset risks.

Entering 2019, the Group will also consider utilising its expertise to provide finance leasing advisory services to the customers which will open up a new revenue stream. The Group believes that its services will help to enhance its competitiveness, increasing its profits, and continue to propel its development steadily.

In the long run, the Group aims to collaborate with its customers and become their partners to drive value for their companies and organisations. Leveraging on the Group's financial service industry experience, the Group strives to provide a comprehensive range of fleet management solutions to its customers by investing in the technologies and people, thereby assisting its customers to operate their vehicles more efficiently.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group maintained the earning power and recorded the revenue of approximately RMB48.0 million. That represented a decrease of 3.4% from approximately RMB49.7 million for the Corresponding Period. The decrease in revenue was mainly due to the significant decrease in the scale of the Group's machinery and equipment finance leasing business during the Reporting Period when compared to that of the Corresponding Period. As explained in the prospectus of the Company dated 30 November 2018 (the "**Prospectus**"), the Group has strategically allocated more of its resources in developing its vehicle finance leasing business in the past few years. The revenue of the Group generated from vehicle finance leasing during the Reporting Period (i.e. approximately RMB47.4 million) remained stable when compared to that of the Corresponding Period (i.e. approximately RMB47.8 million).

Other income

During the Reporting Period, the Group's other income amounted to approximately RMB0.9 million, representing a decrease of approximately RMB6.2 million compared to that of the Corresponding Period. The decrease was primarily due to (a) decrease in government subsidies to the Group in respect of refund upon levy of value-added tax; and (b) decrease in imputed interest income from related parties due to the settlement of loans by the related parties of the Group.

Other gains and losses

During the Reporting Period, the Group recorded other losses of approximately RMB0.8 million, whereas the Group recorded other gain of approximately RMB1.8 million during the Corresponding Period. The other losses of the Group during the Reporting Period arose mainly from appreciation of Renminbi against Hong Kong dollar between 12 December 2018 (the "**Listing Date**") and 31 December 2018. The unforeseen strengthening of Renminbi against Hong Kong dollar has an impact on the Group's profit as the currency of the proceeds from the share offer of the Company as described in its Prospectus were denominated in Hong Kong dollar.

Staff costs

During the Reporting Period, the Group's staff costs amounted to approximately RMB10.1 million, representing a decrease of approximately 17.1% from approximately RMB12.2 million for the Corresponding Period. The decrease was mainly due to the restructuring of the personnel which was in line with the development of the Group's business.

Other operating expenses

During the Reporting Period, the Group's other operating expenses amounted to approximately RMB9.2 million, representing a decrease of approximately 11.6% from approximately RMB10.4 million during the Corresponding Period. The decrease was mainly due to the decrease in travelling expenses and rental expenses as a result of the relocation of the liaison offices.

Finance cost

During the Reporting Period, the Group's finance cost amounted to approximately RMB19.9 million, representing an increase of approximately 8.1% from approximately RMB18.4 million during the Corresponding Period. The increase was mainly due to the interest expenses arising from the new funds that the Group raised from banks and independent third parties during the Reporting Period which amounted to approximately RMB119.8 million. As at 31 December 2018, the bank and other borrowings of the Group amounted to approximately RMB40.6 million, representing an increase of approximately 35.8% from that of 31 December 2017, which was approximately RMB29.9 million. The borrowings of the Group are primarily denominated in Renminbi.

Quality of finance lease receivables

During the Reporting Period, the aggregate net financing amount advanced by the Group to its customers was approximately RMB369.1 million, which represents an increase of approximately RMB122.4 million or 49.7% as compared with that during the Corresponding Period. As at 31 December 2018, the Group's finance lease receivables (before provision) amounted to approximately RMB267.3 million, representing an increase of approximately RMB10.6 million compared with that as at 31 December 2017. The quality of finance lease receivables of the Group remains stable during the Reporting Period, the Group has established prudent asset management procedures and will sustain its effort on debt collection and credit risk assessment to ensure the asset quality.

Impairment losses on finance lease receivables

During the Reporting Period, the Group recognised an impairment loss of approximately RMB0.8 million, while there was a reversal of impairment loss of approximately RMB1.1 million during the Corresponding Period. The Group prudently recognised the impairment loss mainly because of the increase in the year-end balance of the finance lease receivables of the Group and the effect of application of IFRS 9 during the Reporting Period.

Listing expenses

During the Reporting Period, the Group incurred listing expenses of approximately RMB7.8 million, while approximately RMB11.4 million was incurred for the Corresponding Period. The listing expenses were directly attributable for the listing of the Company's shares on GEM of the Stock Exchange and were of non-recurring nature.

Profit before tax

Profit before tax of the Group decreased by approximately 88.8% to approximately RMB0.8 million for the Reporting Period from approximately RMB6.8 million for the Corresponding Period. The significant decrease was mainly due to the fluctuations in other income and other gains or losses of the Group, which were explained above.

Income tax expense

During the Reporting Period, the Group's income tax expense was approximately RMB0.3 million and was approximately RMB1.8 million for the Corresponding Period, which was generally in line with the decrease of profit of the Group during the Reporting Period.

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.

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 share offer of the Company in December 2018 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.

LIQUIDITY AND CAPITAL RESOURCES

	Year ended 31 December	
	2018	2017
	RMB	*RMB*
Cash at bank and in hand (as at 31 December)	**53,230,923**	4,229,539
Net cash (used in) generated from operating activities	**(17,567,138)**	7,772,490
Net cash (used in) generated from investing activities	**(401,275)**	19,438,354
Net cash generated from (used in) financing activities	**67,352,253**	(29,627,456)

As at 31 December 2018, cash at bank and in hand of the Group was approximately RMB53.2 million, as compared with approximately RMB4.2 million as at 31 December 2017.

For the Reporting Period, net cash used in operating activities was approximately RMB17.6 million, as compared with net cash from operating activities of approximately RMB7.8 million for the Corresponding Period. For the Reporting Period, net cash used in investing activities was approximately RMB0.4 million, as compared with net cash generated from investing activities of approximately RMB19.4 million for the Corresponding Period. For the Reporting Period, net cash generated from financing activities was approximately RMB67.4 million, as compared with net cash used in financing activities of approximately RMB29.6 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 through optimisation of the debt and equity balance. The Group's overall strategy remained unchanged throughout the Reporting Period.

The gearing ratio (defined as overall financing divided by total equity) of the Group at the end of the Reporting Period and the Corresponding Period were as follows:

	31 December 2018 *RMB*	31 December 2017 *RMB*
Total equity	**223,618,851**	168,067,269
Overall financing		
– Bank and other borrowings	**40,572,548**	29,867,109
– Amount due to related parties	**–**	4,961,998
Gearing ratio	**18.1%**	20.7%

At the end of the Reporting Period, the gearing ratio of the Company was 18.1%, which represents a slight decrease compared to the 20.7% at the end of the Corresponding Period. The Group principally relied on bank and other borrowings as source of funding to operate its business and prudently maintained the gearing position at a reasonable level.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2018, the Group had 72 full-time employees as compared with 84 full-time employees as at 31 December 2017. Total staff cost (including Directors' remuneration) was approximately RMB10.1 million for the Reporting Period, as compared with approximately RMB12.2 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 31 December 2018, the Group had no significant contingent liabilities (31 December 2017: nil).

PLEDGE OF ASSETS

As at 31 December 2018 and 31 December 2017 respectively, bank and other borrowings of approximately RMB40.6 million and RMB29.9 million were secured by finance lease receivables of the Group which amounted to approximately RMB55.8 million and RMB81.7 million, respectively.

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 announcement.

USE OF PROCEEDS FROM THE SHARE OFFER

On the Listing Date, 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. Due to the short period between the Listing Date and the year end of 2018, the Group did not utilise any part of the raised funds.

CAPITAL COMMITMENTS

As at 31 December 2018, the Company had no capital commitments.

EVENTS AFTER THE REPORTING PERIOD

The following event took place subsequent to 31 December 2018:

(i) On 23 January 2019, Metropolis Leasing entered into a capital contribution agreement to inject RMB3,000,000 to an independent third party entity, which is engaged in provision of technology consulting services to customers including vehicle dealers. Upon completion of the capital contribution, the Group will held 20% equity interest of the entity. As Metropolis Leasing would be entitled to appoint one out of three board members of the entity, it would be accounted for as an associate of the Group. RMB500,000 and RMB1,000,000 were paid to the entity in January 2019 and March 2019, respectively. The remainder would be paid prior to 30 April 2019 pursuant to the agreement. The Group is still in the process of assessing the financial impact of this acquisition.

(ii) On 18 February 2019, Metropolis Leasing entered into several finance leasing agreements with a customer in relation to finance leasing of inventory vehicles. Pursuant to the agreements, Metropolis Leasing would purchase the underlying vehicles at the consideration of RMB6,120,000 and lease these vehicles to the customer with a term of six months.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period from the Listing Date to 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

The 2019 annual general meeting of the Company (the "**AGM**") is scheduled to be held on 8 May 2019. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 2 May 2019 to 8 May 2019 (both days inclusive), during which period no transfer of shares, will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 30 April 2019 (Hong Kong time).

CORPORATE GOVERNANCE

The Board has committed to achieving and maintaining high standards of corporate governance. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value, transparency and accountability, and to formulate its business strategies and policies.

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 15 to the GEM Listing Rules.

The Board is of the view that, throughout the period from the Listing Date and up to 31 December 2018, the Company has complied, to the extent applicable and permissible, with the code provisions set out in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules, except for the deviation from the code provision A.2.1 of the Corporate Governance Code. 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct for securities transactions by the Directors (the "**Code of Conduct**") on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiries have been made to all the Directors, and all Directors have confirmed that they have complied with the Code of Conduct throughout the period from the Listing Date to 31 December 2018.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company comprises three independent non-executive Directors, namely Mr. Lau Chung Wai, Mr. Mo Luojiang and Mr. Lo Kai Tung. Mr. Lau Chung Wai is the chairman of the audit committee. The audit committee has reviewed the annual results of the Group for the Reporting Period and agreed to the accounting principle and practices adopted by the Group.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE AND DESPATCH OF ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.metropolis-leasing.com). The annual report of the Company for the Reporting Period containing all the information required by the GEM Listing Rules will be despatched to the shareholders and will be published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Metropolis Capital Holdings Limited
Chau David
Chairman, chief executive officer and executive Director

Hong Kong, 20 March 2019

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 will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk 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.