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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)

ANNOUNCEMENT OF SECOND QUARTERLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 2019. This announcement, containing the full text of the 2019 interim report of the Company (the "**2019 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 2019 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) and the Company (www.metropolis-leasing.com) in due course in the manner as required by the GEM Listing Rules.

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

Hong Kong, 8 August 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.

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

CHARACTERISTICS OF GEM ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

China experienced its slowest economic growth in the second quarter of 2019. The unresolved Sino-US trade dispute has affected China's manufacturing and its affiliated logistics and exporting sectors. Enterprises tend to feel much strained over their business cashflows due to lack of new trade orders and prolonged period for trade settlements. The occurrence of debt default incidents, both in terms of default scales and frequency, has escalated in 2019 than that in 2018. To maintain social stability, the central government was more determined to continue its efforts to forestall risks by imposing more scrutiny and regulations. The ever booming online lending (P2P) industry was affected the most. Many leading P2P companies in that market are closing off their online platforms and diverting resources to other areas. This has made many small and medium businesses and individuals even harder to maintain sufficient liquidity to sustain their businesses. The management has been taking actions to safeguard and prevent the Group's assets from deteriorating on one hand and becoming more cautious and careful about taking in new customer orders, on the other hand.

From January to June 2019, the production and sales volume of auto-vehicles in People's Republic of China (the "PRC") decreased by 13.7% and 12.4% respectively compared with the same period last year, according to the statistics from China Associations of Automobiles Manufacturers. On the other hand, the competition in the vehicle-related financing business continued to intensify as new market entrants launched lower pricing strategy to entice good-credit customers. In addition, the earlier-than-expected implementation of the new national auto-vehicle emission standard (the "CN6 Standard") brought uncertainties to vehicles valuation. The Group observed the market closely and decided to halt its vehicle inventory leasing business over the last few months, due to the uncertainties of old emission standard vehicles' values. The management believes the auto-dealers' warehousing changeover should come to an end in foreseeable future and the inventory finance leasing should be able to pick up soon later this year.

Despite the tightening of credit liquidity and the occurrence of debt default incidents in the PRC, the Group, in July 2019, managed to source a funding facility of up to RMB100 million from a financial institution, whose parent company is a well established A-share listed company in the PRC. It is expected that a few current pipeline funding deals would be materialised later this year as well. Drawing upon the strong funding support, the management believes the business of the Group could be expanded as planned, despite having concerns about the unexpected impacts caused by the external environment, both at the macro and micro economic levels.

The Group has made progress with its advisory business and the advisory business is expected to make financial contributions in the second half of 2019. The Group is also planning to recruit a team of experienced personnel. It is expected that the new team upon joining the Group will not only enhance our competitiveness in the vehicle financing and leasing market, but may also bring in new business opportunities such as factoring business and so on.

FINANCIAL REVIEW

Revenue

The Group's revenue was principally derived from finance leasing income for the provision of finance leasing services to its customers in the PRC. For the six months ended 30 June 2019 (the "Reporting Period"), the Group's revenue decreased by approximately RMB4.9 million or approximately 19.3% to approximately RMB20.4 million from approximately RMB25.2 million for the six months ended 30 June 2018 (the "Corresponding Period"). The decrease in revenue for the Reporting Period was mainly attributable to the intensifying price competition in the vehicle-related financing business and the decrease of total lending amount. The total lending amount decreased because of the implementation of the CN6 Standard. The implementation of the CN6 Standard from 1 July 2019 put off consumers' purchase timing as many individuals chose to either purchase old-standard vehicles at the last minute for a heavy discount, or to buy a new-standard car after 1 July 2019. The new standard implementation also brought uncertainty to the value of auto-dealers' old-standard vehicles inventories. Accordingly, the Group decided to halt its inventory finance leasing business during the first half of 2019 and will watch the market closely and resume its inventory finance leasing business when the market restores to normal and steady conditions.

Other income

During the Reporting Period, the Group's other income amounted to approximately RMB0.7 million, representing an increase of approximately 21.7% from approximately RMB0.5 million for the Corresponding Period. The increase was primarily due to the increase in government subsidies to the Group in respect of corporate tax contribution.

Other gains and losses

During the Reporting Period, the Group recorded other losses of approximately RMB0.6 million, whereas the Group recorded other gains of approximately RMB0.1 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 and US dollar between the date of listing of the shares (the "Shares") of the Company on the Stock Exchange (i.e. 12 December 2018) (the "Listing Date") and 30 June 2019. The unforeseen strengthening of Renminbi against Hong Kong dollar and US 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 the prospectus of the Company dated 30 November 2018 were denominated in Hong Kong dollar.

Staff costs

During the Reporting Period, the Group's staff costs amounted to approximately RMB4.8 million, representing a decrease of approximately 4.3% from approximately RMB5.1 million for the Corresponding Period. The decrease was mainly due to normal change of personnel.

Other operating expenses

During the Reporting Period, the Group's other operating expenses amounted to approximately RMB6.9 million, representing an increase of approximately 33.6% from approximately RMB5.1 million during the Corresponding Period. The increase was mainly due to (i) the increase in compliance costs after the listing of the Shares on the Stock Exchange since December 2018; and (ii) extra advisory service expenses incurred for the preparation of the Group's financial statements in compliance with the new accounting standards of IFRS9 and IFRS16 which became effective in 2018 and 2019 respectively.

Finance cost

During the Reporting Period, the Group's finance cost amounted to approximately RMB5.6 million, representing a decrease of approximately 48.9% from approximately RMB10.9 million during the Corresponding Period. The decrease was mainly due to the decrease of the interest-bearing loan balances. The Group raised RMB120 million funds for the Corresponding Period and has not raised any new funds for the Reporting Period. However, the Group signed a funding facility of up to RMB100 million in July 2019 with the financial arm of a well established A-share listed company in the PRC and there are still a few funding arrangements under discussion. As at 30 June 2019, the bank and other borrowings of the Group amounted to approximately RMB7.4 million as compared to RMB91.9 million as at 30 June 2018. The borrowings of the Group are primarily denominated in Renminbi.

Impairment losses on finance lease receivables and receivables arising from sales and leaseback arrangements

The application of the new 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. In compliance with this new accounting standard and against the backdrop of the current macroeconomic and financing environment together with the increasingly frequent default incidents, the management became more cautious and decided to raise the allowance on finance lease receivables in case of future credit risk. During the Reporting Period, the Group provided for an impairment loss of approximately RMB2.0 million while a reversal of RMB0.9 million was recognised during the Corresponding Period. In the meantime, the management has also taken actions, including but not limited to escalated debt collection measures and legal proceedings, in order to best protect the Group's assets.

Profit before tax

Profit before tax of the Group decreased to approximately RMB0.9 million for the Reporting Period by approximately 74.7% from approximately RMB3.6 million for the Corresponding Period. The significant decrease was mainly due to the increase of the aforementioned impairment losses newly recognised over the first six months of 2019. Although the Group recorded a decrease of approximately 19.3% in interest revenue for the Reporting Period as compared with the Corresponding Period, the decrease of the financing cost offset the potential impact brought by the decrease of interest revenue. The Group's interest revenue after netting off finance cost for the six months ended 30 June 2018 and 2019 remained stable.

Income tax expense

During the Reporting Period, the Group's income tax expense decreased to approximately RMB0.6 million by approximately 32.9% from approximately RMB1.0 million for the Corresponding Period, which was mainly due to the utilisation of tax loss in prior period, as well as the decrease of profit of the Group during the Reporting Period.

Liquidity and capital resources

	Six months ended 30 June	
	2019	2018
	RMB	RMB
	(unaudited)	(audited)
Cash at bank and in hand (as at 30 June)	**20,788,833**	13,740,688
Net cash generated from (used in) operating activities	**10,093,760**	(44,978,937)
Net cash used in investing activities	**(8,485,114)**	(324,870)
Net cash (used in) generated from financing activities	**(34,088,745)**	54,815,241

As at 30 June 2019, cash at bank and in hand of the Group was approximately RMB20.8 million, as compared with approximately RMB13.7 million as at 30 June 2018.

For the Reporting Period, net cash generated from operating activities was approximately RMB10.1 million, as compared with net cash used in operating activities of approximately RMB44.9 million for the Corresponding Period. For the Reporting Period, net cash used in investing activities was approximately RMB8.5 million, as compared with net cash used in investing activities of approximately RMB0.3 million for the Corresponding Period. For the Reporting Period, net cash used in financing activities was approximately RMB34.1 million, as compared with net cash generated from financing activities of approximately RMB54.8 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 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 3.3% from approximately 18.1% at the end of the Corresponding Period.

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.

Employment and remuneration policy

As at 30 June 2019, the Group had 62 full-time employees as compared with 78 full-time employees as at 30 June 2018. Total staff cost (including Directors' remuneration) was approximately RMB4.8 million for the Reporting Period, as compared with approximately RMB5.1 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 2019, the Group had no significant contingent liabilities (30 June 2018: nil).

Pledge of assets

As at 30 June 2019 and 30 June 2018 respectively, bank and other borrowings of approximately RMB7.4 million and RMB91.9 million were secured by finance lease receivables of the Group which amounted to approximately RMB20.5 million and RMB108.7 million, respectively.

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. Between the Listing Date and the six months ended 30 June 2019, the Company has utilised approximately HK$32.1 million of the funds raised for the Group's finance leasing. The remaining proceeds of approximately HK$12.3 million will be used as intended for the Group's finance leasing.

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 2019, the Company had no capital commitments.

Events after the reporting period

On 17 July 2019, Metropolis International Finance Leasing Co., Ltd (formerly known as Metropolis International Leasing Co., Ltd) ("Metropolis Leasing"), an indirect wholly owned subsidiary of the Company, entered into several finance leasing agreements with a customer in relation to finance leasing of 106 vehicles. Pursuant to the agreements, Metropolis Leasing would purchase the underlying vehicles at the consideration of RMB14,934,658 and lease these vehicles to the customer with a term of 42 months.

Save as disclosed above, 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 final 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 2019, 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 2019, 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

Name of Director	Nature of interest and capacity	Number of Shares (Note 1)	Approximate percentage of shareholding
Mr. Chau David (Note 2)	Interest in controlled corporation	600,000,000 (L)	75%

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 75% 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

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

Notes:

1. The letter "L" denotes long position of the shares.

2. Mr. Chau David beneficially and wholly owns View Art Investment Limited, which in turn holds approximately 75% of the issued share capital of the Company.

Save as disclosed above, as at 30 June 2019, 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 2019, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules on the Stock Exchange:

Name of shareholder	Nature of interest and capacity	Number of Shares (Note 1)	Approximate percentage of shareholding
View Art Investment Limited (Note 2)	Beneficial owner	600,000,000 (L)	75%

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 75% 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 2019, 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 2019, 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 customers in the past few years which would give rise to disclosure obligation under Rule 17.15 of the GEM Listing Rules in the Prospectus, and this obligation continued to exist as at 30 June 2019:

1. In 2016 and 2018, the Group entered into finance leases with a corporate customer ("Customer A"), 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 RMB32.4 million for the year ended 31 December 2016 and approximately RMB1.7 million for the year ended 31 December 2018. The total contract yield of such finance leases was approximately 9.3% (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 30.1 months and Customer A would make monthly repayment to the Group. Pursuant to Rule 17.15 of the GEM Listing Rules, the relevant advance to Customer A exceeded 8% under the assets ratio defined under Rule 19.07(1) of the GEM Listing Rules.

2. 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. 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

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in Directors' information since the date of publication of the Company's 2018 annual report are set out below:

- Mr. Lau Chun Wai was appointed as an independent non-executive director of Fufeng Group Limited (stock code: 0546.HK), a company whose shares are listed on Main Board of the Stock Exchange, with effect from 12 June 2019.

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 2019

	Notes	Six months ended 30 June **2019** **RMB** **(Unaudited)**	 2018 RMB (Audited)
Revenue			
– Finance lease income	4	**17,665,200**	25,235,720
– Interest income arising from sales and leaseback arrangements	4	**2,703,312**	–
Total revenue		**20,368,512**	25,235,720
Other income	5a	**651,921**	535,632
Other gains and losses	5b	**(597,058)**	105,711
Staff costs		**(4,833,552)**	(5,050,833)
Share of loss of an associate		**(233,232)**	–
(Recognition) reversal of loss allowance on finance lease receivables and receivables arising from sales and leaseback arrangements, net	11/12	**(1,996,810)**	908,072
Reversal of loss allowance on other financial assets measured at amortised cost		**–**	427,242
Other operating expenses		**(6,868,031)**	(5,139,062)
Listing expenses		**–**	(2,484,357)
Finance cost	6	**(5,575,048)**	(10,918,989)
Profit before tax	7	**916,702**	3,619,136
Income tax expense	8	**(638,248)**	(951,529)
Profit and total comprehensive income for the period		**278,454**	2,667,607
Earnings per share			
– Basic (RMB cents)		**0.03**	0.44

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**At 30 June 2019 RMB (Unaudited)**	At 31 December 2018 RMB (Audited)
NON-CURRENT ASSETS			
Property and equipment		**775,658**	841,689
Right-of-use assets		**1,872,702**	–
Intangible assets		**3,146,697**	2,702,873
Finance lease receivables	11	**69,367,190**	93,416,617
Receivables arising from sales and leaseback arrangements	12	**27,805,756**	–
Interest in an associate	13	**2,766,768**	–
Deferred tax assets	18	**2,703,247**	2,385,949
		108,438,018	99,347,128
CURRENT ASSETS			
Loans to related parties		**600,000**	1,766,388
Prepayments, deposits and other receivables	10	**4,476,391**	2,828,520
Finance lease receivables	11	**114,350,087**	167,868,576
Receivables arising from sales and leaseback arrangements	12	**47,696,735**	–
Security deposits		**–**	14,887
Term deposits		**4,400,000**	–
Financial assets at fair value through profit or loss (“FVTPL”)		**11,000,000**	5,000,000
Bank balances and cash		**16,388,833**	53,230,923
		198,912,046	230,709,294

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2019

	Notes	**At 30 June 2019 RMB (Unaudited)**	At 31 December 2018 RMB (Audited)
CURRENT LIABILITIES			
Other payables and accrued expenses	15	**13,381,908**	14,361,329
Deposits received from leasing customers	14	**23,402,506**	21,004,524
Bank and other borrowings	16	**7,376,682**	38,093,609
Lease liabilities under operating leases		**1,212,244**	–
Taxation		**1,571,274**	615,728
		46,944,614	74,075,190
NET CURRENT ASSETS		**151,967,432**	156,634,104
TOTAL ASSETS LESS CURRENT LIABILITIES		**260,405,450**	255,981,232
CAPITAL AND RESERVES			
Share capital	17	**7,067,962**	7,067,962
Reserves		**216,829,343**	216,550,889
TOTAL EQUITY		**223,897,305**	223,618,851
NON-CURRENT LIABILITIES			
Deposits received from leasing customers	14	**35,836,579**	29,883,442
Bank and other borrowings	16	**–**	2,478,939
Lease liabilities under operating leases		**671,566**	–
		36,508,145	32,362,381
		260,405,450	255,981,232

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	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 31 December 2017 (audited)	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 (audited)	341,695	–	–	121,889,064	3,057,895	42,186,432	167,475,086
Profit and total comprehensive income for the period	–	–	–	–	–	2,667,607	2,667,607
Effect of Group Reorganisation (as defined in note 1) (note iv)	(341,291)	138,384,453	(138,043,162)	–	–	–	–
At 30 June 2018 (audited)	404	138,348,453	(138,043,162)	121,889,064	3,057,895	44,854,039	170,142,693
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
Profit and total comprehensive income for the period	–	–	–	–	–	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

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) 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB	RMB
	(Unaudited)	(Audited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**10,093,760**	(44,978,937)
INVESTING ACTIVITIES		
Payments for property and equipment and intangible assets	**(443,824)**	(460,624)
Advance to related parties	**(3,600,000)**	–
Repayments from related parties	**4,485,146**	–
Purchase of unlisted short-term financial products	**(53,000,000)**	(83,800,000)
Proceeds on disposal of unlisted short-term financial products	**47,073,564**	83,935,754
Investment in an associate	**(3,000,000)**	–
NET CASH USED IN INVESTING	**(8,485,114)**	(324,870)
FINANCING ACTIVITIES		
New bank and other borrowings raised	–	119,810,661
Repayments of bank and other borrowings	**(33,195,866)**	(57,792,058)
Repayments of lease liabilities under operating leases	**(679,735)**	–
Advanced from related parties	**–**	4,558,107
Repayments for loan from related parties	**–**	(9,461,998)
Issue costs paid	**(228,031)**	(1,915,869)
Payment of security deposits as to obtain a bank borrowing	**(2,524,671)**	(383,502)
Withdrawal of security deposits	**2,539,558**	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(34,088,745)**	54,815,341
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(32,480,099)**	9,511,534
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**53,230,923**	4,229,539
EFFECT OF EXCHANGE RATE CHANGE	**38,009**	(385)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY	**20,788,833**	13,740,688
Bank balances and cash	**16,388,833**	13,740,688
Term deposits with original maturity of less than 3 months	**4,400,000**	–
	20,788,833	13,740,688

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended of 30 June 2019

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.

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 leasing services (including finance lease and sales and leaseback arrangement), 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 Renminbi ("RMB"), which is the same as the functional currency of the Group.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS34") issued by the International Accounting Standards Board ("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 Rules").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to 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 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 "Leases" ("IAS 17"), and the related interpretations.

Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office building that has a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use).Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes the amount of the initial measurement of the lease liability.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

As a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 "Financial Instruments" ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

As a lessor

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sale and leaseback transactions

The Group acts as a buyer-lessor

For a transfer of asset that does not satisfy the requirements of IFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred asset and recognises receivables arising from sales and leaseback arrangements equal to the transfer proceeds within the scope IFRS 9.

Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the practical expedients to leases previously classified as operating leases under IAS 17 and elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

On transition, the Group has made the following adjustments upon application of IFRS 16:

The Group recognised lease liabilities of RMB2,437,765 and right-of-use assets of RMB2,480,151 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 12%.

	At 1 January 2019 RMB
Operating lease commitments disclosed as at 31 December 2018	2,834,208
Less: Recognition exemption – short-term leases	(106,268)
Subtotal	2,727,940
Lease liabilities discounted at relevant incremental borrowing rate as at 1 January 2019	2,437,765
Analysed as	
Current	1,141,989
Non-current	1,295,776
	2,437,765

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Note	Right-of-use assets RMB
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		**2,437,765**
Adjustments on rental deposits at 1 January 2019	(a)	**42,386**
		2,480,151
By class:		
Office building		**2,480,151**

Note:

(a) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB42,386 was adjusted to refundable rental deposits paid and right-of-use assets.

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Sales and leaseback transactions

The Group acts as a buyer-lessor

In accordance with the transition provisions of IFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of IFRS 16, the Group as a buyer-lessor does not recognise the transferred asset if such transfer does not satisfy the requirements of IFRS 15 as a sale. During the period, several sales and leaseback transactions in which the relevant seller-lessees have an obligation or a right to repurchase the relevant assets were accounted as financing arrangements under IFRS 9.

On the first day of implementation, the Group measured the leasing liabilities on the basis of the present value of the remaining lease payment at the interest rate of the lessee's incremental borrowing for the first day of implementation and the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position. Therefore there is no impact on retained earnings, assets and liabilities except the recognition of right-of-use assets and lease liabilities on 1 January 2019.

The following tables summarise the impacts of applying IFRS 16 as a lessor on the Group's condensed consolidated statement of financial position as at 30 June 2019 and its condensed consolidated statement profit or loss and other comprehensive income for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impact on the condensed consolidated statement of financial position

	Notes	As reported RMB	Adjustments RMB	Amounts without application of IFRS 16, as a lessor RMB
Non-current Assets				
Finance lease receivables	(b), (c)	69,367,190	20,395,049	89,762,239
Receivables arising from sales and leaseback arrangements	(c)	27,805,756	(27,805,756)	–
		97,172,946	(7,410,707)	89,762,239
Current Assets				
Finance lease receivables	(b), (c)	114,350,087	43,154,689	157,504,776
Receivables arising from sales and leaseback arrangements	(c)	47,696,735	(47,696,735)	–
		162,046,822	(4,542,046)	157,504,776
Current Liabilities				
Deposits received from leasing customers				
– Deposits received		21,359,090	–	21,359,090
– Advance lease payments	(b)	2,043,416	(2,043,416)	–
		23,402,506	(2,043,416)	21,359,090
Non-current liabilities				
Deposits received from finance lease customers				
– Deposits received		25,927,242	–	25,927,242
– Advance lease payments	(b)	9,909,337	(9,909,337)	–
		35,836,579	(9,909,337)	25,927,242

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impact on the condensed consolidated statement of profit and loss and other comprehensive income

	Notes	As reported RMB	Adjustments RMB	Amounts without application of IFRS 16, as a lessor RMB
Revenue				
– Finance lease income	(c)	17,665,200	2,703,312	20,368,512
– Interest income arising from sales and leaseback arrangements	(c)	2,703,312	(2,703,312)	–
		20,368,512	–	20,368,512

Notes:

(b) Before application of IFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB11,952,753 of discounting impact of rental deposits, which were previously grouped into finance lease receivables, was reclassified to advance lease payments in accordance with IFRS 16.

(c) The adjustments relate sales and leaseback transactions which did not satisfy the requirements of IFRS 15 as a sale. If IAS 17 were applied, there will be reclassification of receivables arising from sales and leaseback arrangements to finance lease receivables of RMB75,502,491, as well as the reclassification of interest income from receivables arising from sales and leaseback arrangements to finance lease income of RMB2,703,312.

4. REVENUE AND SEGMENT INFORMATION

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 periods.

Revenue by nature

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

	Six months ended 30 June	
	2019	2018
	RMB	RMB
	(Unaudited)	(Audited)
Finance lease income		
Vehicle finance leasing		
Direct finance leasing	**253,383**	285,675
Sale – leaseback	**17,194,866**	24,653,750
	17,448,249	24,939,425
Machinery and equipment finance leasing		
Direct finance leasing	**216,951**	296,295
	216,951	296,295
	17,665,200	25,235,720
Interest income arising from sales and leaseback arrangements	**2,703,312**	–
Total revenue	**20,368,512**	25,235,720

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2019	2018
	RMB	RMB
	(Unaudited)	(Audited)
(a) Other income		
Bank interest income	**22,587**	31,046
Government subsidies	**544,100**	309,165
Others	**85,234**	195,421
	651,921	535,632
(b) Other gains and losses		
Other investment gain	**73,564**	135,754
Exchange loss, net	**(670,622)**	(30,043)
	(597,058)	105,711
	54,863	641,343

6. FINANCE COST

	Six months ended 30 June	
	2019	2018
	RMB	RMB
	(Unaudited)	(Audited)
Interest on bank and other borrowings	**845,957**	4,235,018
Imputed interest expense arising from deposits from finance lease customers	**4,603,311**	6,683,971
Interest on lease liabilities	**125,780**	–
Total finance costs	**5,575,048**	10,918,989

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2019	2018
	RMB	RMB
	(Unaudited)	(Audited)
Depreciation of property and equipment	**66,031**	212,325
Depreciation of right-of-use assets	**607,449**	–
Amortisation of intangible assets	**–**	3,317
Total depreciation and amortisation	**673,480**	215,642
Auditors' remuneration	**959,189**	162,264
Directors' emoluments	**607,818**	327,480
Salaries, bonus and other benefits (excluding directors)	**3,164,818**	3,678,004
Retirement benefit scheme contributions (excluding directors)	**1,060,916**	1,045,349
Total staff cost	**4,833,552**	5,050,833

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB	RMB
	(Unaudited)	(Audited)
PRC enterprise income tax ("EIT")	**(955,546)**	(274,090)
Deferred tax credit (charge) (note 18)	**317,298**	(677,439)
Total income tax expense	**(638,248)**	(951,529)

9. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be declared and paid in respect of the interim period.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2019 RMB (Unaudited)	At 31 December 2018 RMB (Audited)
Other receivables		
Staff advance	**837,464**	840,951
Others	**105,223**	–
	942,687	840,951
Less:		
Allowance of doubtful accounts	**–**	–
	942,687	840,951
Loan to an independent third party	**200,000**	200,000
Other prepayments	**788,828**	674,574
Deposits paid	**2,408,340**	547,225
Value added tax ("VAT") recoverable	**136,536**	565,770
	4,476,391	2,828,520

11. FINANCE LEASE RECEIVABLES

	At 30 June 2019 RMB (Unaudited)	At 31 December 2018 RMB (Audited)
Finance lease receivables:		
Within one year	**129,924,766**	193,742,041
One year to three years	**78,815,120**	117,528,033
	208,739,886	311,270,074
Less: Unrealised finance income		
Within one year	**(11,042,443)**	(22,107,631)
One year to three years	**(6,698,580)**	(21,826,981)
	(17,741,023)	(43,934,612)
Present value of minimum lease payment		
Within one year	**118,882,323**	171,634,410
One year to three years	**72,116,540**	95,701,052
	190,998,863	267,335,462
Less: Loss allowance on finance lease receivables	**(7,281,586)**	(6,050,269)
	183,717,277	261,285,193
For reporting purposes as:		
Current assets	**114,350,087**	167,868,576
Non-current assets	**69,367,190**	93,416,617
	183,717,277	261,285,193

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 28.10% during the six months ended 30 June 2019 (for the six months ended 30 June 2018: 7.87% to 42.21%).

11. FINANCE LEASE RECEIVABLES (Continued)

As at 30 June 2019, 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") was RMB7,517,357 (31 December 2018: RMB8,164,215). No deposits had been received from Xin You by the Group in respect of these finance lease agreements.

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 2018 (audited)				5,298,448
Changes in the loss allowance:				
– Transfer to Stage 1	356,220	(297,020)	(59,200)	–
– Transfer to Stage 2	(26,256)	221,718	(195,462)	–
– Transfer to Stage 3	(527)	(140,587)	141,114	–
– (Credited) charged to profit or loss	(725,584)	504,140	(686,628)	(908,072)
As at 30 June 2018 (audited)				4,390,376

	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)				**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)				**7,281,586**

11.FINANCE LEASE RECEIVABLES (Continued)

The finance lease receivables are secured by the leased assets and deposits (as disclosed in note 14 if available). 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.

12.RECEIVABLES ARISING FROM SALES AND LEASEBACK ARRANGEMENTS

The following is an analysis of receivables arising from sales and leaseback arrangements net of RMB105,796 allowance for doubtful debts by age:

	At 30 June 2019 RMB (Unaudited)
0-30 days	**75,502,491**
	75,502,491

13.INTEREST IN AN ASSOCIATE

During the current interim period, 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. The transaction was completed in March 2019. Metropolis Leasing holds 20% equity interest of the entity. As Metropolis Leasing appointed one out of three board members of the entity, it was accounted for as an associate of the Group.

	As at 30 June 2019 RMB (Unaudited)
Cost of investment in an associate	**3,000,000**
Share of post-acquisition profits and other comprehensive income	**(233,232)**
	2,766,768

14. 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 2019, the outstanding deposits from leasing customers were RMB59,239,085 (31 December 2018: RMB50,887,966).

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

	At 30 June 2019 RMB (Unaudited)	At 31 December 2018 RMB (Audited)
Deposits received from finance lease customers		
Non-current liabilities		
– Deposits received	**18,814,574**	29,883,442
– Advance lease payments	**6,703,224**	–
	25,517,798	29,883,442
Current liabilities		
– Deposits received	**19,980,175**	21,004,524
– Advance lease payments	**1,974,978**	–
	21,955,153	21,004,524
	47,472,951	50,887,966

14. DEPOSITS RECEIVED FROM LEASING CUSTOMERS (Continued)

	At 30 June 2019 RMB (Unaudited)	At 31 December 2018 RMB (Audited)
Deposits received from sales and leaseback arrangements		
Non-current liabilities		
– Deposits received	**7,112,668**	–
– Advance lease payments	**3,206,113**	–
	10,318,781	–
Current liabilities		
– Deposits received	**1,378,915**	–
– Advance lease payments	**68,438**	–
	1,447,353	–
	11,766,134	–
	59,239,085	50,887,966

The deposits received are interest-free and measured at amortised cost using the effective interest method. The weighted average effective interest rate adopted is 18.08% for the period ended 30 June 2019 (for the six months ended 30 June 2018:20.62%).

15. OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2019 RMB (Unaudited)	At 31 December 2018 RMB (Audited)
Other payables (note)	**7,311,041**	7,062,154
Listing costs payables	**1,089,331**	1,931,160
Payroll payables	**2,135,585**	2,627,139
Other tax payables	**2,594,289**	2,374,123
Interest payables	**251,662**	366,753
	13,381,908	14,361,329

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

16. 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 2018: RMB119,810,661) and repaid bank and other borrowings amounting to RMB33,195,866 (for the six months ended 30 June 2018: RMB57,792,058).

17. SHARE CAPITAL

	Number of shares	Amount
		HK$
Ordinary shares of HK$0.01 each		
Authorised:		
On 1 January 2018 and 30 June 2018	38,000,000	380,000
Increase on 23 November 2018	3,962,000,000	39,620,000
On 1 January 2019 and 30 June 2019	4,000,000,000	40,000,000
Issued and fully paid:		
On 1 January 2018	1	–
Issued in consideration for the acquisition of Metropolis Asia on 8 March 2018	49,999	500
On 30 June 2018	50,000	500
Capitalisation issue of new shares	599,950,000	5,999,500
Issuance of new shares upon Listing	200,000,000	2,000,000
On 1 January 2019 and 30 June 2019	800,000,000	8,000,000
		RMB
Shown in the condensed consolidated statement of financial position		7,067,962

18. DEFERRED TAX ASSETS

	At 30 June 2019 RMB (Unaudited)	At 31 December 2018 RMB (Audited)
Deferred tax assets	**2,703,247**	2,385,949

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 asset RMB	Tax losses RMB	Unpaid accrued expenses RMB	Total RMB
At 1 January 2018 (audited)	1,324,612	24,866	156,093	406,024	–	1,911,595
Charge to profit or loss	(260,657)	(269)	(10,489)	(406,024)	–	(677,439)
At 30 June 2018 (audited)	1,063,955	24,597	145,604	–	–	1,234,156
Credit (charge) to profit or loss	448,612	(2,128)	(10,515)	–	715,824	1,151,793
At 31 December 2018 (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

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 2019, 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 RMB31,790,467 (31 December 2018: RMB30,139,599) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences.

There were no other significant unrecognised temporary differences at the ended of 30 June 2019 and 31 December 2018.

19. 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			
	30 June 2019 RMB	31 December 2018 RMB	Fair value hierarchy	Valuation technique and key input
Financial asset				
Unlisted financial products	11,000,000	5,000,000	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.

20. RELATED PARTY DISCLOSURES

(a) Related party transactions

Apart from details of the balances with related parties disclosed on note 11 and other details 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 2019.

Name of related parties	Relationship	Nature of transactions	Six month ended 30 June 2019 RMB (Unaudited)	2018 RMB (Audited)
Xin You	Related party	Finance lease revenue Earned	**216,951**	296,295
Mr. Chow Chuen Chung	Related party	Rental expense	**652,735**	647,082

(b) Compensation of key management personnel

	Six months ended 30 June 2019 RMB (Unaudited)	2018 RMB (Audited)
Salaries, bonus and other benefits	**567,600**	523,200
Retirement benefits scheme contributions	**153,882**	117,212
	721,482	640,412

21. EVENT AFTER THE REPORTING PERIOD

The following event took place subsequent to 30 June 2019:

On 17 July 2019, Metropolis Leasing entered into finance leasing agreements with a customer in relation to sale and leaseback of certain vehicles. Pursuant to the agreements, Metropolis Leasing would purchase the underlying vehicles at the consideration of RMB14,934,658 and lease these vehicles to the customer with a term of 42 months.