METROPOLIS CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8621)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

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.*

UNAUDITED CONSOLIDATED RESULTS

For the reasons explained below under the paragraph headed "Review of Unaudited Annual Results", the auditing process for the annual results of the Group has not been completed. In the meantime, the board of Directors (the "**Board**") is pleased to announce the unaudited consolidated results of the Company together with its subsidiaries (the "**Group**") for the year ended 31 December 2019 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2018 (the "**Corresponding Period**"). All amounts set out in this announcement are expressed in Renminbi ("**RMB**") unless otherwise indicated.

The unaudited consolidated financial results of the Group for the year ended 31 December 2019 have not yet been agreed with the auditors of the Company, as they have not yet completed the auditing process for the consolidated financial statements of the Group for the year ended 31 December 2019 as at the date of this announcement.

The audit committee of the Company (the "**Audit Committee**") has reviewed the unaudited consolidated financial results for the year ended 31 December 2019. As of the date of this announcement, there is no disagreement between the Company and the Audit Committee.

The Board wishes to inform the shareholders (the "Shareholders") and potential investors of the Company that as the financial information contained in this announcement in respect of the annual results of the Group for the year ended 31 December 2019 is prepared based on the unaudited management accounts of the Group which has not been audited and have not been agreed with the auditors of the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**Year ended 31 December 2019 RMB (Unaudited)**	2018 RMB (Audited)
Revenue	4		
– Finance lease income		**35,760,452**	47,987,283
– Interest income arising from sale and leaseback		**1,618,167**	–
Total revenue		**37,378,619**	47,987,283
Other income	5a	**1,580,283**	946,449
Other gains and losses	5b	**(268,859)**	(775,767)
Staff costs		**(11,382,159)**	(10,142,556)
Share of loss of an associate		**(570,568)**	–
Recognition of loss allowance on finance lease receivables and receivables arising from sale and leaseback arrangements, net	7	**(20,739,633)**	(751,821)
(Recognition) reversal of loss allowance on other financial assets measured at amortised cost		**(249,729)**	427,242
Impairment loss of an associate		**(2,429,432)**	–
Other operating expenses		**(14,437,339)**	(9,216,957)
Listing expenses		**–**	(7,841,220)
Finance cost	6	**(10,674,409)**	(19,863,888)
(Loss) profit before tax	7	**(21,793,226)**	768,765
Income tax expense	8	**(3,456,508)**	(324,530)
(Loss) profit and total comprehensive (expense) income for the year		**(25,249,734)**	444,235
Earnings per share			
– Basic *(RMB cents)*	9	**(3.09)**	0.07

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	At 31 December **2019** ***RMB*** ***(Unaudited)***	2018 *RMB* *(Audited)*
NON-CURRENT ASSETS			
Property and equipment		**672,154**	841,689
Right-of-use assets		**1,265,253**	–
Intangible assets		**3,146,697**	2,702,873
Finance lease receivables	10	**60,007,039**	93,416,617
Receivables arising from sale and leaseback arrangements	11	**32,280,954**	–
Deferred tax assets	15	**–**	2,385,949
		97,372,097	99,347,128
CURRENT ASSETS			
Loans to related parties		**–**	1,766,388
Prepayments, deposits and other receivables		**5,538,956**	2,828,520
Finance lease receivables	10	**139,638,723**	167,868,576
Receivables arising from sale and leaseback arrangements	11	**21,703,597**	–
Security deposits		**–**	14,887
Term deposits		**22,394,500**	–
Financial assets at fair value through profit or loss (“**FVTPL**”)		**10,000,000**	5,000,000
Bank balances and cash		**20,941,637**	53,230,923
		220,217,413	230,709,294
CURRENT LIABILITIES			
Other payables and accrued expenses		**19,685,091**	14,361,329
Deposits received from finance lease customers	16	**14,664,949**	21,004,524
Bank and other borrowings	12	**20,363,482**	38,093,609
Lease liabilities under operating leases		**1,286,821**	–
Taxation		**1,824,349**	615,728
		57,824,692	74,075,190

	Notes	At 31 December 2019 RMB (Unaudited)	2018 RMB (Audited)
NET CURRENT ASSETS		**162,392,721**	156,634,104
TOTAL ASSETS LESS CURRENT LIABILITIES		**259,764,818**	255,981,232
CAPITAL AND RESERVES			
Share capital	14	**8,503,450**	7,067,962
Reserves		**212,775,701**	216,550,889
TOTAL EQUITY		**221,279,151**	223,618,851
NON-CURRENT LIABILITIES			
Deposits received from finance lease customers	16	**32,404,192**	29,883,442
Bank and other borrowings	12	**6,072,520**	2,478,939
Lease liabilities under operating leases		**8,955**	–
		38,485,667	32,362,381
		259,764,818	255,981,232

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 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 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 (iii))	(341,291)	138,384,453	(138,043,162)	–	–	–	–
Capitalisation issue of new shares	5,300,558	(5,300,558)	–	–	–	–	–
Issuance of new shares upon Listing	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 (Unaudited)	**7,067,962**	**187,016,425**	**(138,043,162)**	**121,889,064**	**3,151,975**	**42,536,587**	**223,618,851**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**(25,249,734)**	**(25,249,734)**
Insurance of new shares	**1,435,488**	**21,474,546**	**–**	**–**	**–**	**–**	**22,910,034**
At 31 December 2019	**8,503,450**	**208,490,971**	**(138,043,162)**	**121,889,064**	**3,151,975**	**17,286,853**	**221,279,151**

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 (the "**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 completion of the Group Reorganisation (as defined in note 1 to the unaudited 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 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. CORPORATE INFORMATION

Metropolis Capital Holdings Limited, 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 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 entities.

2. BASIS OF PREPARATION AND PRESENTATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited 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

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs for the first time in the current year:

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 year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the Reporting Period. IFRS 16 superseded IAS 17 *Leases* ("**IAS 17**"), and the related interpretations.

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 International Financial Reporting Interpretations Committee – Interpretation 4 *Determining whether an Arrangement contains a Lease* and has not applied this standard 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.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid lease payments by applying IFRS 16.C8(b)(ii) transition. 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 has applied the practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts, 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.

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 incremental borrowing rate applied is 12% (unaudited).

	At 1 January 2019 *RMB* ***(Unaudited)***
Operating lease commitments disclosed as at 31 December 2018	2,834,208
Lease liabilities discounted at relevant incremental borrowing rate	2,544,033
Less: Recognition exemption – short-term leases	(106,268)
Lease liabilities as at 1 January 2019	2,437,765
Analysed as	
Current	1,141,989
Non-current	1,295,776
	2,437,765

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

	Note	**Right-of-use assets** *RMB* *(Unaudited)*
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 the 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 (unaudited) 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.

Sale 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 Reporting Period, sale 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.

The following tables summarise the impacts of applying IFRS 16 as a lessor on the Group's consolidated statement of financial position as at 31 December 2019 and its consolidated statement of profit or loss and other comprehensive income and cash flows for the year ended 31 December 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the unaudited consolidated statement of financial position

	Note	As reported *RMB* ***(Unaudited)***	Adjustments *RMB*	Amounts without application of IFRS 16, as a lessor *RMB*
Non-current Assets				
Finance lease receivables	(a)	60,007,039	32,280,954	92,287,993
Receivables arising from sale and leaseback arrangements	(a)	32,280,954	(32,280,954)	–
		92,287,993	–	92,287,993
Current Assets				
Finance lease receivables	(a)	139,638,723	21,703,597	161,342,320
Receivables arising from sale and leaseback arrangements	(a)	21,703,597	(21,703,597)	–
		161,342,320	–	161,342,320

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

	Note	As reported *RMB* ***(Unaudited)***	Adjustments *RMB*	Amounts without application of IFRS 16, as a lessor *RMB*
Revenue				
– Finance lease income	(a)	35,760,452	1,618,167	37,378,619
– Interest income arising from sale and leaseback arrangements	(a)	1,618,167	(1,618,167)	-
		37,378,619	–	37,378,619

Impact on the unaudited consolidated statement of cash flows

	Note	As reported *RMB* *(Unaudited)*	Adjustments *RMB*	Amounts without application of IFRS 16, as a lessor *RMB*
OPERATING ACTIVITIES				
Increase (decrease) in finance lease receivables	(a)	41,848,903	(54,933,656)	(13,084,753)
Decrease (increase) in receivables arising from sale and leaseback arrangements	(a)	(54,933,656)	54,933,656	–
		(13,084,753)	–	(13,084,753)

Notes:

(a) The adjustments relate to sale 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 sale and leaseback arrangements to finance lease receivables of RMB53,984,551 (unaudited), as well as the reclassification of interest income from receivables arising from sale and leaseback arrangements to finance lease income of RMB1,618,167 (unaudited).

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 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

Notes:

1 Effective for annual periods beginning on or after 1 January 2021

2 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

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1 January 2020

5 Effective for annual periods beginning on or after 1 January 2022

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of these 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, net of sales related taxes.

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of performance focuses on revenue from the finance leasing of equipment and vehicles.

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

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group during the Reporting Period and the Corresponding Period are as follows:

	Year ended 31 December	
	2019	2018
	RMB	*RMB*
	(Unaudited)	*(Audited)*
Customer A	**6,499,655**	(Note)

Note: The Group carried out transactions with this customer but the amount of the revenue recognised was less than 10% of the revenue for the year ended 31 December 2018.

Revenue by nature

The following is an analysis of unaudited revenue by nature during the year:

	Year ended 31 December	
	2019	2018
	RMB	*RMB*
	(Unaudited)	*(Audited)*
Finance lease income		
Vehicle finance leasing	**35,352,777**	47,433,655
Machinery and equipment finance leasing	**407,675**	553,628
	35,760,452	47,987,283
Interest income arising from sale and leaseback arrangements	**1,618,167**	–
Total revenue	**37,378,619**	47,987,283

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Year ended 31 December	
	2019	2018
	RMB	*RMB*
	(Unaudited)	*(Audited)*
(a) Other income		
Bank interest income	**55,663**	56,423
Government subsidies (Note (i))	**985,162**	524,181
Others	**539,458**	365,845
	1,508,283	946,449
(b) Other gains and losses		
Other investment gain (Note (ii))	**320,095**	155,470
Exchange loss, net	**(588,954)**	(931,237)
	(268,859)	(775,767)
	1,311,424	170,682

Notes:

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

(ii) 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	
	2019	2018
	RMB	*RMB*
	(Unaudited)	*(Audited)*
Interest on bank and other borrowings	**1,941,084**	7,557,274
Imputed interest expense arising from deposits received from finance lease customers	**8,515,843**	12,306,614
Interest on lease liabilities	**217,482**	–
Total finance costs	**10,674,409**	19,863,888

7. (LOSS) PROFIT FOR THE YEAR

Loss (profit) for the year has been arrived at after charging (crediting):

	Year ended 31 December	
	2019	2018
	RMB	*RMB*
	(Unaudited)	*(Audited)*
Depreciation of property and equipment	**126,850**	425,974
Depreciation of right-of-use assets	**1,214,898**	–
Amortisation of intangible assets	**–**	6,634
Total depreciation and amortisation	**1,341,748**	432,608
Recognition of loss allowance of finance lease receivables and receivables arising from sale and leaseback arrangements	**20,739,633**	751,821
Recognition (reversal) of loss allowance of other receivables	**249,729**	(427,242)
Total impairment loss recognised	**20,989,362**	324,579
Auditors' remuneration	**2,043,558**	648,402
Directors' emoluments	**1,233,419**	685,450
Salaries, bonus and other benefits (excluding directors)	**7,859,780**	7,178,164
Retirement benefit scheme contributions (excluding directors)	**2,288,960**	2,278,942
Total staff cost	**11,382,159**	10,142,556

8. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 December	
	2019	2018
	RMB	*RMB*
	(Unaudited)	*(Audited)*
PRC enterprise income tax ("**EIT**")	**(1,070,559)**	(798,884)
Deferred tax (charge) credit	**(2,385,949)**	474,354
Total income tax expense/(credit)	**(3,456,508)**	(324,530)

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 International Leasing Co., Ltd.* (信都國際租賃有限公司) ("**Metropolis Leasing**") was 25% for both years.

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	
	2019	2018
	RMB	*RMB*
	(Unaudited)	*(Audited)*
(Loss) profit before tax	**(21,793,226)**	768,765
Tax charge at PRC EIT rate of 25% (2018: 25%)	**5,448,306**	(192,191)
Tax effect of expense not deductible for tax purpose	**(539,102)**	(132,339)
Tax effect of deductible temporary differences not recognised	**(8,365,712)**	–
Income tax expense for the year	**(3,456,508)**	(324,530)

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	
	2019	2018
	RMB	*RMB*
	(Unaudited)	*(Audited)*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**(25,249,734)**	444,235
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**817,972,603**	610,958,904

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 14 had been effective on 1 January 2018.

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

10. FINANCE LEASE RECEIVABLES

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

	Minimum lease payments as at 31 December 2019 *(Unaudited)* *RMB*	**Present value of minimum lease payments as at 31 December 2019** *(Unaudited)* *RMB*
Finance lease receivables comprise:		
Within one year	**166,430,795**	**155,511,473**
In the second year	**61,759,679**	**55,906,009**
In the third year	**15,691,733**	**13,477,708**
Gross investment in the lease	**243,882,207**	**N/A**
Less: unearned finance income	**18,987,017**	**N/A**
Present value of minimum lease payment receivables	**224,895,190**	**224,895,190**
Less: Loss allowance on finance lease receivables	**25,249,428**	**25,249,428**
	199,645,762	**199,645,762**
Analysed as:		
Current	**139,638,723**	**139,638,723**
Non-current	**60,007,039**	**60,007,039**
	199,645,762	**199,645,762**

	Minimum lease payments as at 31 December 2018 *(Audited)* *RMB*	Present value of minimum lease payments as at 31 December 2018 *(Audited)* *RMB*
Finance lease receivables comprise:		
Within one year	193,742,041	171,634,410
One year to three years	117,528,033	95,701,052
Gross investment in the lease	311,270,074	N/A
Less: unearned finance income	43,934,612	N/A
Present value of minimum lease payment receivables	267,335,462	267,335,462
Less: Loss allowance on finance lease receivables	6,050,269	6,050,269
	261,285,193	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 30.26% during the year ended 31 December 2019 (unaudited) (2018: 7.87% to 42.21%).

As at 31 December 2019, 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**") (as a related party) was RMB5,911,322 (unaudited) (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 year

	Stage 1 12m expected credit loss ("ECL") *RMB*	**Stage 2 Lifetime ECL not credit-impaired** *RMB*	**Stage 3 Lifetime ECL credit-impaired** *RMB*	**Total** *RMB*
(Unaudited)				
As at 1 January 2019	**413,176**	**592,591**	**5,044,502**	**6,050,269**
Changes in the loss allowance:				
– Transfer to Stage 1	**212,819**	**(102,495)**	**(110,324)**	**–**
– Transfer to Stage 2	**(41,185)**	**41,185**	**–**	**–**
– Transfer to Stage 3	**(35,077)**	**(222,162)**	**257,239**	**–**
– Charged to profit or loss	**885,109**	**6,326,698**	**12,578,721**	**19,790,528**
Written-off	**–**	**–**	**(591,369)**	**(591,369)**
As at 31 December 2019	**1,434,842**	**6,635,817**	**17,178,769**	**25,249,428**
As at 1 January 2018	904,686	759,232	3,634,530	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	413,176	592,591	5,044,502	6,050,269

The finance lease receivables are secured by the leased assets and deposits (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 years.

11. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS

The table below illustrates the gross and net amounts of receivables arising from sale and leaseback arrangements.

	Gross amount as at 31 December 2019 (Unaudited) *RMB*	Present value as at 31 December 2019 (Unaudited) *RMB*
Within one year	26,847,782	22,079,726
In the second year	23,365,227	18,875,320
In the third year	17,533,374	13,978,610
	67,746,383	N/A
Less: interest adjustment	12,812,727	N/A
Present value of receivables arising from sale and leaseback arrangements	54,933,656	54,933,656
Less: loss allowance	949,105	949,105
	53,984,551	53,984,551
Analysed as:		
Current	21,703,597	21,703,597
Non-current	32,280,954	32,280,954
	53,984,551	53,984,551

Upon the application of IFRS 16 on 1 January, 2019, the receivables from sale and leaseback transactions newly entered into on or after 1 January, 2019 is classified as receivables arising from sale and leaseback arrangements within the scope of IFRS 9. The measurement of sale and leaseback transactions entered into before 1 January, 2019 remains unchanged.

The Group's receivables arising from sale and leaseback arrangements are denominated in RMB which is the functional currency of the relevant group entity.

Movements of loss allowance on receivables arising from sale and leaseback arrangements during the year

	Stage 1 12m ECL *RMB*	Stage 2 Lifetime ECL not credit-impaired *RMB*	Stage 3 Lifetime ECL credit-impaired *RMB*	Total *RMB*
(Unaudited)				
As at 1 January 2019				
Changes in the loss allowance:				
– Charged to profit or loss	**949,105**	**–**	**–**	**949,105**
As at 31 December 2019	**949,105**	**–**	**–**	**949,105**

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

12. BANK AND OTHER BORROWINGS

	As at 31 December	
	2019	2018
	RMB	*RMB*
	(Unaudited)	*(Audited)*
Fixed-rate borrowings		
Bank borrowings		
– Secured and guaranteed (Note (a))	**2,478,939**	14,694,100
Other borrowings from independent third parties		
– Secured and unguaranteed (Note (a))	**23,957,063**	25,878,448
	26,436,002	40,572,548
Analysed as:		
– Within one year		
Bank borrowings	**2,478,939**	12,215,161
Other borrowings	**17,884,543**	25,878,448
	20,363,482	38,093,609
– More than one year but not exceeding two years		
Bank borrowings	**–**	2,478,939
Other borrowings	**6,072,520**	–
	26,436,002	40,572,548
Effective interest rate for fixed rate borrowings (per annum)	**9.14%~12.23%**	5.73%~19.29%

Note:

(a) As at 31 December 2019, the Group's bank and other borrowings of RMB26,436,002 (unaudited) (31 December 2018: RMB40,572,548) were granted by a bank and several independent third parties in the PRC and secured by charges over certain finance lease receivables of the Group. As at 31 December 2019, the Group's secured bank borrowing of RMB2,478,939 (unaudited) (31 December 2018: RMB14,694,100) was guaranteed by an independent third party.

As at 31 December 2019, RMB14,499,144 (unaudited) of other borrowings, which were secured and unguaranteed, represented the Group's financing arrangement with an independent third party during the current year. Under the financing arrangement, the Group entered into agreements to transfer its finance lease receivables with gross amount of RMB18,667,716 (unaudited) to the independent third party at a consideration of RMB18,425,926 (unaudited) in October 2019, but without transferring the significant risks and rewards to the independent third party. The Group accounted the proceeds received as "other borrowing", which was subsequently measured at amortised cost using the effective interest method with an effective interest rate of 12.23% (unaudited) and continued to recognize the full carrying amount of the transferred finance lease receivables.

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

13. 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.

14. SHARE CAPITAL

	Number of shares	Amount HK$
Ordinary shares of HK$0.01 each		
Authorised:		
On 1 January 2018	38,000,000	380,000
Increase on 23 November 2018 (Note a)	3,962,000,000	39,620,000
On 31 December 2018 and 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
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
Issuance of ordinary shares-placing (Note d)	160,000,000	1,600,000
On 31 December 2019	960,000,000	9,600,000

	RMB (Unaudited)
Shown in the statement of financial position	8,503,450

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.

(d) On 21 November 2019, the Company has completed a placing of 160,000,000 new Shares under the general mandate at the placing price of HK$0.162 per placing Share to not less than six placees who are independent third parties.

15. DEFERRED TAX ASSETS

	As at 31 December	
	2019	2018
	RMB	*RMB*
	(Unaudited)	*(Audited)*
Deferred tax assets	**–**	2,385,949

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 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	2,358,949
Charge to profit or loss (unaudited)	(1,512,567)	(22,469)	(135,089)	–	(715,824)	(2,358,949)
At 31 December 2019 (unaudited)	–	–	–	–	–	–

At the end of the Reporting Period, the Group has deductible temporary differences of RMB33,462,850 (unaudited) (2018: RMB9,543,797). As at 31 December 2019, no deferred tax asset has been recognised in relation to such deductible temporary difference as based on information available at the end of 2019, the future taxable profit may not probably utilize the deferred tax assets that would arise from the deductible temporary differences.

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 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 subsidiary amounting to RMB7,007,191 (unaudited) (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 will not reverse in the foreseeable future.

16. DEPOSITS RECEIVED FROM LEASING CUSTOMERS

A 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 certain 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 2019, the outstanding deposits received from leasing customers were RMB47,069,141 (unaudited) (31 December 2018: RMB50,887,966).

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

	At 31 December	
	2019	2018
	(Unaudited)	*(Audited)*
	RMB	*RMB*
Non-current liabilities	**32,404,192**	29,883,442
Current liabilities	**14,664,949**	21,004,524
	47,069,141	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 17.58% (unaudited) for the year ended 31 December 2019 (2018:18.87%).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The year of 2019 was a year full of challenges when the PRC witnessed its slowest economy growth. The structural economy reform undertaken domestically together with the Sino-US trade war made the business environment much harsher than ever before. At the industry level, the auto-vehicle sector did not present a good picture either. According to the statistics published in January 2020 from the China Associations of Automobiles Manufacturers, the production and sales volume of auto-vehicles in the PRC for the twelve months ended 31 December 2019 decreased by 7.5% and 8.2% respectively compared with the same period last year. Furthermore, the market for passenger vehicles was worse than that of the commercial vehicles as its production and sales volumes decreased by 9.2% and 9.6% respectively. The two years' consecutive decline of volumes of production and sales of auto-vehicles has put a stop to the continuous and high-growth momentum of the PRC auto-vehicle industry that lasted for 28 years from 1990. Such change in trend will bring significant impact to all the businesses on the supply chain of auto-vehicles industry, forcing us to be more innovative and productive to cater for new challenges. Another factor that affected our business in 2019 was the earlier-than-planned implementation of the new national auto-vehicle emission standard (the "**CN6 Standard**"), which was initially scheduled to be effective from 1 July 2020. The CN6 Standard was implemented one year earlier than planned on 1 July 2019, and it disturbed the automobile market and created uncertainties to vehicles valuation for the inventories held by the auto dealers.

During the year of 2019, even though the external environment has constantly brought challenges to the Group, we have strived to safeguard the Shareholders' interests and create long-term values for the Group. We had carried out our own internal control review exercise after the listing of the Company's shares (the "**Shares**") on GEM of the Stock Exchange (the "**Listing**") in December 2018, aiming at identifying possible aspects of deficiencies in our corporate governance system. We believe that a good corporate governance system is crucial to our Group's sustainable development, and we will continue to improve and optimise our corporate governance goals by planning to carry out the review exercise at least on an annual basis.

The Group's revenue for the Reporting Period, based on unaudited financial information, was approximately RMB37.4 million (unaudited), which represented a decrease of 22.1% from approximately RMB48.0 million (audited) for the Corresponding Period. However, the financing cost which was directly related to our leasing business also decreased to approximately RMB10.7 million (unaudited) from approximately RMB19.9 million (audited) for the Corresponding Period, representing a decrease of approximately 46.3%. That means after netting off the direct financing cost, the company's business profitability for the Reporting Period remained stable as compared to the year of 2018.

OUTLOOK

The Group must adapt to the changing external macro and micro-economic environment. We have reviewed and assessed our existing business models and clientele to conclude that it is the time for the Group to evolve and develop new business models to accommodate the changes.

In fact, during the year of 2019, we had taken actions to allow our Group to accommodate the changing external macro and micro-economic environment. For example, we have restructured our management team and recruited new but experienced staff to the Group. Entering 2020, the Group will allocate more resources to leasing advisory services. In addition, we will prudently explore other business opportunities which are expected to have higher profit margins with lower risks. For example, we are planning to open our first direct retail outlet which will provide a new venue to serve our customers in a more direct way and shorten the business chain in order to create values within our business. We will also consider to expand our finance leasing services to medical sector in 2020.

The management believes that the application of information technology to the financial sector is becoming more mature. The Group should therefore enhance its technological and digital competence by way of improving its internal operation and data management system. Going forward, we will increase the budget for information technology expenditure as we believe the newly upgraded information system will provide a strong advantage to our business innovation and risk management capability in the long run.

The Board would like to express its gratitude for the efforts and contributions made during the year by all of the Group's employees as well as the strong support of its business partners and customers.

UNAUDITED 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. During the Reporting Period, based on unaudited financial information, the Group's revenue decreased by approximately RMB10.6 million or approximately 22.1% to approximately RMB37.4 million (unaudited) from approximately RMB48.0 million (audited) for the Corresponding Period. The decrease in revenue for the Reporting Period was mainly attributable to the decrease of total lending amount. The overall sales and production reduction of auto vehicles in the PRC during the Reporting Period had led to fewer auto vehicle financing orders. The Sino-US trade war also led to the decreased leasing demand from the Group's customers who provide logistics services. In addition, the implementation of the CN6 Standard from 1 July 2019 disturbed consumers' purchase timing as many individuals chose to either purchase old-standard vehicles for a heavy discount just before the implementation of CN6 Standard, or to buy a new-standard vehicle after the implementation of CN6 Standard. The CN6 Standard implementation has also brought uncertainty to the value of inventories of the old-standard vehicles of the auto dealers. During the Corresponding Period, the aggregate net financing amount advanced by the Group to its customers was approximately RMB369.2 million, out of which RMB108.5 million was inventory leasing. Concerned about the uncertainty in value of the vehicles caused by the earlier-than-planned implementation of CN6 Standard, the management became very cautious and selective about inventory leasing and only approved approximately RMB6.1 million of inventory leasing during the Reporting Period. Other than inventory leasing, the Group has leased approximately RMB192.1 million to its other customers during the Reporting Period, which represented a decrease of approximately 26.3% from that of the Corresponding Period (i.e. approximately RMB260.6 million). The Group monitored the market closely and resumed its inventory finance leasing business in the second half of 2019, albeit to a very limited amount, when the market became more transparent and steady.

Other income

During the Reporting Period, the Group's other income amounted to approximately RMB1.6 million (unaudited), representing an increase of approximately RMB0.6 million (unaudited) compared to that of the Corresponding Period (i.e. approximately RMB0.9 million (audited)). The increase was primarily due to the increase in government subsidies to the Group in respect of refund upon value-added tax and other levies.

Other gains and losses

During the Reporting Period, the Group recorded other losses of approximately RMB0.3 million (unaudited), whereas the Group recorded other loss of approximately RMB0.8 million (audited) during the Corresponding Period. The other losses of the Group during the Reporting Period was mainly attributable to the exchange losses that arose from the conversion and settlement of proceeds from the Listing from Hong Kong dollars to United States dollars before finally converting to Renminbi during the year ended 31 December 2019.

Staff costs

During the Reporting Period, the Group's staff costs amounted to approximately RMB11.4 million (unaudited), representing an increase of approximately 12.2% from approximately RMB10.1 million (audited) for the Corresponding Period. The increase was partly due to the remuneration paid to the new board members who joined the Group shortly prior to the Listing. In addition, the Group restructured its workforce, including the management team, and recruited some experienced staff who also contributed to the increase in total staff costs.

Other operating expenses

During the Reporting Period, the Group's other operating expenses amounted to approximately RMB14.4 million (unaudited), representing an increase of approximately 56.6% from approximately RMB9.2 million (audited) during the Corresponding Period. The increase was mainly due to (i) the increase in compliance costs after the Listing since December 2018; and (ii) extra advisory service expenses incurred for the preparation of the Group's financial statements in compliance with the amendments and new accounting standards of IFRS 9 and IFRS 16 which became effective in 2018 and 2019 respectively.

Finance cost

During the Reporting Period, the Group's finance cost amounted to approximately RMB10.7 million (unaudited), representing a decrease of approximately 46.3% from approximately RMB19.9 million (audited) during the Corresponding Period. The decrease was mainly due to the decrease of interest-bearing loan balances. The Group raised funds of approximately RMB120 million for the Corresponding Period and raised approximately RMB28 million new funds for the Reporting Period. As at 31 December 2019, the bank and other borrowings of the Group amounted to approximately RMB26.4 million (unaudited) as compared to RMB40.6 million (audited) as at 31 December 2018. The borrowings of the Group are primarily denominated in RMB.

Quality of finance lease receivables and receivables arising from sale and leaseback arrangements (collectively, the "Lease Receivables")

Upon the application of IFRS 16 on January 1, 2019, the part of the finance receivables arising from the sale and leaseback transactions newly entered into on or after 1 January, 2019 is separately classified as receivables arising from sale and leaseback arrangements within the scope of IFRS 9. The measurement of sale and leaseback transactions entered into before 1 January, 2019 remains the same as the measurement of finance leasing receivables.

As at 31 December 2018, the balances of the finance lease receivables (before provision) were approximately RMB267.3 million (audited) and as at 31 December 2019, the balances of the finance lease receivables and receivables arising from sale and leaseback arrangements (before provision) were RMB224.9 million (unaudited) and RMB54.9 million (unaudited) respectively, which was approximately RMB279.8 million (unaudited) in total, representing an increase of RMB12.5 million (unaudited) from the balance as at 31 December 2018. The portion of overdue Lease Receivables of the Group increased during 2019 and was mainly because: (i) the management holds a more cautious market view amid the Sino-US trade war as the Group's customers at the logistics sector are facing decreasing transportation orders and prolonged settlement periods which duly affected their timely lease payments to the Group; (ii) large-scale default incidents are on the rise in the PRC and the default incidents reached its highest level in the PRC in 2019 which is potentially escalating the credit risks of the existing Lease Receivables portfolio of the Group; and (iii) the PRC government has introduced certain amendments to regulate debt collection practices which may affect the Group's debt collection process and may lengthen the Group's debt collection period. In view of these circumstances, the management has reviewed its credit risk control system and has taken remedial actions accordingly. For instance, the Group has escalated debt collection measures and legal proceedings against long overdue clients. The Group has also restructured the asset management department by increasing its headcount as well as recruited an experienced department head. In addition, the Group has also developed a new business model which focused more on individual customers who demanded smaller leasing amount but would collectively help to diversify the Group's customer base hence reducing the concentration risk of the Group. The asset performance of this new business model provided a satisfying picture with a very low overdue rate. The management believes that the quality of the Lease Receivables of the Group remains controllable as a whole and would not disrupt the business in the long run.

Impairment losses on the Lease Receivables

During the Reporting Period, the Group recognised an impairment loss of approximately RMB20.7 million (unaudited) compared with an impairment loss of approximately RMB0.8 million (audited) for the Corresponding Period. The increase in loss allowance on the Lease Receivables was made after taking into account of: (i) the management holds a more cautious market view in the worsening macro-economic environment and financial conditions in China amid the Sino-US economic relationship; (ii) the increased uncertainty over the future credit risk of the existing Lease Receivables portfolio upon considering the occurrence of large-scale default incidents in China during the year of 2019 had reached the highest level, both in terms of aggregate values and the number of default incidents. The management would like to emphasise that the loss allowance on the Lease Receivables mentioned above was of non-cash nature and did not have any material impact on the cash flows of the Group. To safeguard the interests of the Group and the Shareholders, the management has taken actions to strengthen its risk control, the details of which can be found at the paragraph headed "Quality of finance lease receivables and receivables arising from sale and leaseback arrangements" above.

Profit before tax

The Group recognised a loss before tax of approximately RMB21.8 million (unaudited) for the Reporting Period as compared to a profit before tax of approximately RMB0.8 million (audited) for the Corresponding Period. The significant loss was mainly due to the increase of the aforementioned impairment losses newly recognised during the Reporting Period. Although the Group recorded a decrease of approximately RMB10.6 million (unaudited) in 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 revenue. The Group's selling profit, being the difference between revenue and finance cost, as a lessor, for the Reporting Period remained relatively stable as compared to that of the Corresponding Period.

Income tax expense

During the Reporting Period, the Group recorded an income tax expenses of approximately RMB3.4 million (unaudited) while an income tax expenses of approximately RMB0.3 million (audited) for the Corresponding Period. Income tax expense represents the sum of the tax currently payable and deferred tax. By the end of 2019, the Group has deductible temporary differences of RMB33,462,850 (2018: RMB9,543,797). However, the Group did not recognize any deferred tax assets that arises from those temporary differences as based on information available at the end of 2019, it was probable that the future taxable profits may not utilize the deferred tax assets that would arise from the deductible temporary differences. Therefore, the Group recognised an income tax expenses in spite of a loss before tax of approximately RMB 21.8 million (unaudited).

The Company would like to remind the Shareholders that after releasing its profit warning announcement on 17 March 2020 (the "**Profit Warning Announcement**"), the Company continued the preparation of its management accounts, of which the accounting treatment on tax in relation to the deductible temporary differences was further reveiwed. Based on the current preliminary assessment, the Company adjusted its after tax total loss and comprehensive expense to approximately RMB25.2 million (unaudited), instead of approximately RMB17.0 million as stated in the Profit Warning Announcement.

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 Listing in December 2018 and the placing of new Shares completed in November 2019, which were both 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

	For the year ended 31 December	
	2019	2018
	RMB	*RMB*
	(Unaudited)	*(Audited)*
Cash and cash equivalents (as at 31 December)	**43,336,137**	53,230,923
Net cash used in operating activities	**(9,225,249)**	(17,567,138)
Net cash used in investing activities	**(6,314,654)**	(401,275)
Net cash generated from financing activities	**5,960,114**	67,352,253

As at 31 December 2019, cash and cash equivalents of the Group was approximately RMB43.3 million (unaudited), as compared with that of approximately RMB53.2 million (audited) as at 31 December 2018.

For the Reporting Period, net cash used in operating activities was approximately RMB9.2 million (unaudited), which decreased by RMB8.4 million from approximately RMB17.6 million (audited) for the Corresponding Period. For the Reporting Period, net cash used in investing activities was approximately RMB6.3 million (unaudited), which increased by approximately RMB5.9 million (unaudited) from approximately RMB0.4 million (audited) for the Corresponding Period. For the Reporting Period, net cash generated from financing activities was approximately RMB6.0 million (unaudited), which decreased by approximately RMB61.4 million (unaudited) from approximately RMB67.4 million (audited) for the Corresponding Period.

CAPITAL MANAGEMENT

The Group's overall capital management strategy remains unchanged. The Group reviews its capital structure regularly to ensure that it has a solid and healthy financial foundation whilst seeking a long-term sustainable return to the Shareholders. On the other hand, the Group attaches great importance to its fund sourcing capability and regards it as one of the key driving forces of business growth. During the Reporting Period, the Group successfully established steady relationship with several financial institutions, which provided the Group with a potential funding capacity of up to RMB170 million. Despite this strong support, the Group only utilised approximately RMB29 million because the management put risk control as its priority and decided to utilise the external funding prudently in view of the ever rising default incidents and market uncertainty caused by the implementation of CN6 Standard.

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:

	As at 31 December	
	2019	2018
	RMB	*RMB*
	(Unaudited)	*(Audited)*
Total equity	**221,279,151**	223,618,851
Overall financing		
– Bank and other borrowings	**26,436,002**	40,572,548
Gearing ratio	**11.9%**	18.1%

At the end of the Reporting Period, the gearing ratio of the Company was 11.5% (unaudited) which represents a slight decrease compared to 18.1% (audited) at the end of the Corresponding Period. The Group principally relied on bank and other borrowings as the 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 2019, the Group had 72 full-time employees, which was the same as at 31 December 2018. Total staff cost (including Directors' remuneration) was approximately RMB11.4 million (unaudited) for the Reporting Period, as compared with approximately RMB10.1 million (audited) for the Corresponding Period. The increase was partly due to the remuneration offered to the Directors who joined the Group shortly prior to the Listing. In addition, to allow the Group's business to adapt to the changing external environment, the Group has restructured its workforce, including the management, and recruited more experienced staff who are more suitable for the Group's future business needs. The Group believes that employees are one of its most important assets and has been recruiting individuals based on merits. 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.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no (unaudited) significant contingent liabilities (31 December 2018: nil (audited)).

PLEDGE OF ASSETS

	At 31 December	
	2019	2018
	(Unaudited)	*(audited)*
	RMB	*RMB*
Finance lease receivables	**18,628,624**	55,786,806
Security deposits	**–**	14,887
	18,628,624	55,801,693

Restrictions on assets

In addition, lease liabilities of RMB1,295,776 (unaudited) were recognised with related right-of-use assets of RMB1,265,253 (unaudited) as at 31 December 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

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 date of Listing on 12 December 2018, the Company issued an aggregate of 200,000,000 Shares at the offer price of HK$0.39 each (the "**Share Offer**"). After deducting underwriting commissions and all other expenses related to the Share Offer, the net proceeds from the Share Offer amounted to approximately HK$44.4 million, which had been fully utilised during the Reporting Period in line with the plan as stated in the prospectus of the Company dated 30 November 2018.

USE OF PROCEEDS FROM THE PLACING

On 21 November 2019, the Company has completed a placing (the "**Placing**") of 160,000,000 new Shares (the "**Placing Shares**") under the general mandate at the placing price of HK$0.162 per Placing Share to not less than six placees, who are independent third parties. After deducting placing commissions and all other expenses related to the Placing, the net proceeds from the Placing amounted to approximately HK$25.4 million, which was intended to be used for expanding the capital base for the Group's vehicle finance leasing operations. The net price per Placing Share was approximately HK$0.159 per Placing Share and the closing price on the date of signing the Placing agreement was HK$0.202 per Share. As at the date of this announcement, the net proceeds had not been utilised and will be used as intended during the year ending 31 December 2020.

CAPITAL COMMITMENTS

As at 31 December 2019, the Company had no capital commitments.

EVENTS AFTER THE REPORTING PERIOD

The Company would like to remind the Shareholders that in response to the severity of the novel coronavirus ("**COVID-19**"), a coronavirus identified as the cause of an outbreak of respiratory illness that was first reported in Wuhan, the PRC, in December 2019, local governments in the PRC have imposed travel restrictions in many cities in the PRC to prohibit entry and exit of individuals into and out of such cities fully or partially. The management of the Group is of the opinion that these measures would have an adverse impact on the quality of the Group's vehicle leasing assets in the first six months of 2020 as it is expected that some existing customers might have temporary difficulty in settling their payment since their business operations in providing freight and passenger transportation services might be seriously influenced or suspended due to the travel restrictions caused by the outbreak of COVID-19 as mentioned above. The Company expects that the possible increase of overdue payment may have an adverse effect on the financial results of the Group for the year of 2020 but it should not bring a long-term adverse financial impact on the Group. The management of the Group has been closely monitoring the situation and the Group will take appropriate measures as necessary and make further announcement(s) as and when appropriate.

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

During the Reporting Period, 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.

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, for the Reporting Period, 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 for the Reporting Period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited financial statements for the year end 31 December 2019.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to the reason that the audit team of the Company's auditors is based in Wuhan, which was the city where the COVID-19 case was first reported and where the PRC government first imposed lock-down measures. As such, the entry and exit of the city of Wuhan by the audit team of the Company's auditors was almost completely denied since January 2020 and up to the date of this announcement and they were unable to carry on the normal audit work at the site of the Company. The unaudited annual results contained herein have not been agreed with the Company's auditors. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. The Company's auditors had arranged resources accordingly and following the completion of the auditing process, the Group expects to publish its annual report with audited financial information according to the GEM Listing Rules before the end of April 2020.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein; (ii) the proposed date on which the forthcoming annual general meeting will be held; and (iii) the period during which the register of members holding ordinary shares will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the auditing process to keep its shareholders and investors informed.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 30 March 2020

* *For identification purpose only*

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 GEM website of the Stock Exchange at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company at www.metropolis-leasing.com.