



METROPOLIS CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8621



2020
Third Quarterly
Report

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

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

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

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

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2020

| | Notes | Three months ended 30 September | | Nine months ended 30 September | |
|--|-------|------------------------------------|----------------------------|-----------------------------------|----------------------------|
| | | 2020 RMB (Unaudited) | 2019 RMB (Unaudited) | 2020 RMB (Unaudited) | 2019 RMB (Unaudited) |
| Revenue | 4 | 10,030,181 | 9,033,722 | 26,137,140 | 29,402,234 |
| Other income | 4 | 1,722,935 | 21,376 | 2,228,623 | 673,297 |
| Other gains and losses | 4 | (684,482) | 288,298 | (198,398) | (308,760) |
| Share of losses of an associate | | – | (178,840) | – | (412,072) |
| Staff costs | | (3,550,869) | (2,750,916) | (9,706,529) | (7,584,468) |
| Recognition of loss allowance on finance lease receivables and receivables arising from sales and leaseback arrangements, net | | (1,838,727) | (3,527,652) | (2,966,516) | (5,524,462) |
| Reversal of impairment loss on intangible assets | | 385,428 | – | 89,830 | – |
| Other operating expenses | | (2,382,386) | (3,057,590) | (6,021,811) | (9,925,621) |
| Finance cost | 5 | (816,627) | (2,552,834) | (3,822,018) | (8,127,882) |
| Profit (Loss) before tax | 6 | 2,865,453 | (2,724,436) | 5,740,321 | (1,807,734) |
| Income tax (expense)/credit | 7 | (849,123) | 515,571 | (2,659,353) | (122,677) |
| Profit (Loss) and total comprehensive income (loss) for the period | | 2,016,330 | (2,208,865) | 3,080,968 | (1,930,411) |
| Profit (loss) and total comprehensive income (loss) for the period attributable to: | | | | | |
| – Owners of the company | | 1,309,316 | (2,208,864) | 2,000,023 | (1,930,411) |
| – Non-controlling interests | | 707,014 | – | 1,080,945 | – |
| | | 2,016,330 | (2,208,864) | 3,080,968 | (1,930,411) |
| Earnings (Loss) per share | | | | | |
| – Basic (RMB cents) | 8 | 0.14 | (0.28) | 0.21 | (0.24) |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

| | Share capital RMB | Share premium RMB | Merger reserve RMB | Other reserve RMB | Statutory surplus reserve RMB | Retained profits RMB | Sub-total RMB | Non-controlling interests RMB | Total equity RMB |
|--|-------------------------|-------------------------|--------------------------|-------------------------|--|----------------------------|------------------|-------------------------------------|------------------------|
| At 1 January 2019 (audited) | 7,067,962 | 187,016,425 | (138,043,162) | 121,889,064 | 3,151,975 | 42,536,587 | 223,618,851 | | 223,618,851 |
| Loss and total comprehensive income for the period | - | - | - | - | - | (1,930,411) | (1,930,411) | - | (1,930,411) |
| At 30 September 2019 (unaudited) | 7,067,962 | 187,016,425 | (138,043,162) | 121,889,064 | 3,151,975 | 40,606,176 | 221,688,440 | - | 221,688,440 |
| At 1 January 2020 (audited) | 8,503,450 | 208,490,971 | (138,043,162) | 121,889,064 | 3,151,975 | (7,446,369) | 196,555,929 | - | 196,555,929 |
| Profit and total comprehensive expense for the period | - | - | - | - | - | 2,000,023 | 2,000,023 | 1,080,945 | 3,080,968 |
| At 30 September 2020 (unaudited) | 8,503,450 | 208,490,971 | (138,043,162) | 121,889,064 | 3,151,975 | (5,446,346) | 198,555,952 | 1,080,945 | 199,636,897 |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 30 September 2020

1. CORPORATE INFORMATION

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

The principal business of the Company is investment holding and the Group is principally engaged in finance leasing and financial advisory services in the People’s Republic of China (“PRC”).

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

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

2. BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2020 (the “Reporting Period”) (the “Unaudited Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

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



3. APPLICATION OF NEW IFRSs

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

The Unaudited Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2019, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“IFRSs”) issued by the IASB, which collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB. They shall be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2019 (the “2019 Audited Financial Statements”).

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

The accounting policies and methods of computation applied in the preparation of the Unaudited Financial Statements are consistent with those applied in the preparation of the 2019 Audited Financial Statements except for the adoption of the new/revised IFRSs further described in the “Adoption of new/revised IFRSs” section which are relevant to the Group and effective for the Group’s financial year beginning on 1 January 2020.

Adoption of new/revised IFRSs

In the Reporting Period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s Unaudited Financial Statements:

| | |
|-------------------------------------|--------------------------------|
| Amendments to IASs 1 and 8 | Definition of Material |
| Amendments to IAS 39, IFRSs 7 and 9 | Interest Rate Benchmark Reform |
| Amendments to IFRS 3 | Definition of a Business |

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

4. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES

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

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|----------------------------|-----------------------------------|----------------------------|
| | 2020 RMB (Unaudited) | 2019 RMB (Unaudited) | 2020 RMB (Unaudited) | 2019 RMB (Unaudited) |
| Finance leasing income | | | | |
| Vehicle finance leasing | 3,553,233 | 5,997,770 | 11,435,809 | 23,446,019 |
| Machinery and equipment finance leasing | 67,003 | 102,075 | 240,282 | 319,026 |
| | 3,620,236 | 6,099,845 | 11,676,091 | 23,765,045 |
| Interest income arising from sales and leaseback arrangements | 3,585,159 | 2,933,877 | 8,993,272 | 5,637,189 |
| Financial advisory income | 2,824,786 | – | 5,467,777 | – |
| Total revenue | 10,030,181 | 9,033,722 | 26,137,140 | 29,402,234 |
| Other income | | | | |
| Bank interest income | 35,289 | 14,431 | 79,754 | 37,018 |
| Government subsidies (note i) | 1,496,992 | – | 1,527,992 | 544,100 |
| Others (note ii) | 190,654 | 6,945 | 620,877 | 92,179 |
| | 1,722,935 | 21,376 | 2,228,623 | 673,297 |
| Other gains and losses | | | | |
| Other investment gain (note iii) | – | 153,565 | 165,027 | 227,129 |
| Exchange gain (loss), net | (684,482) | 134,733 | (363,425) | (535,889) |
| | (684,482) | 288,298 | (198,398) | (308,760) |



Notes:

- (i) Government subsidies primarily consist of the fiscal support that local governments offer to the Group's entities engaged in the finance leasing business in the PRC.
- (ii) Others included net income arising from installation of Global Positioning System into the vehicles owned by certain Group's customers from finance lease and sales and leaseback arrangements.
- (iii) Other investment gain represented the realised gain arising from the Group's investment in the short-term unlisted financial products which were purchased and redeemed upon maturity from the banks in the PRC and are low risk in nature.

5. FINANCE COST

| | Three months ended 30 September 2020 | | Nine months ended 30 September 2020 | |
|---|--|----------------------------|---|----------------------------|
| | RMB (Unaudited) | 2019 RMB (Unaudited) | RMB (Unaudited) | 2019 RMB (Unaudited) |
| Interest on bank and other borrowings | 307,795 | 355,736 | 1,368,274 | 1,201,693 |
| Imputed interest expense arising from deposits from finance lease customers | 501,893 | 2,145,468 | 2,395,404 | 6,748,779 |
| Interest on lease liabilities | 6,939 | 51,630 | 58,340 | 177,410 |
| Total finance costs | 816,627 | 2,552,834 | 3,822,018 | 8,127,882 |

6. PROFIT (LOSS) BEFORE INCOME TAX

Profit (loss) before income tax is arrived at after charging:

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|----------------------------|-----------------------------------|----------------------------|
| | 2020 RMB (Unaudited) | 2019 RMB (Unaudited) | 2020 RMB (Unaudited) | 2019 RMB (Unaudited) |
| Depreciation of property and equipment | 31,289 | 31,612 | 79,373 | 97,643 |
| Depreciation charge for the right-of-use assets | 296,757 | 303,725 | 890,271 | 911,174 |
| Total depreciation and amortisation | 328,046 | 335,337 | 969,644 | 1,008,817 |
| Directors' emoluments | 313,252 | 275,097 | 895,034 | 882,915 |
| Salaries, bonus and other benefits (excluding directors) | 2,710,159 | 1,984,920 | 7,574,734 | 5,149,738 |
| Retirement benefit scheme contributions (excluding directors) (Note) | 527,458 | 490,899 | 1,236,761 | 1,551,815 |
| Total staff cost | 3,550,869 | 2,750,916 | 9,706,529 | 7,584,468 |

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

7. INCOME TAX EXPENSE/(CREDIT)

| | Three months ended 30 September | | Nine months ended 30 September | |
|-----------------------------------|------------------------------------|----------------------------|-----------------------------------|----------------------------|
| | 2020 RMB (Unaudited) | 2019 RMB (Unaudited) | 2020 RMB (Unaudited) | 2019 RMB (Unaudited) |
| PRC enterprise income tax | 849,123 | 387,955 | 2,659,353 | 1,343,501 |
| Deferred tax credit | - | (903,526) | - | (1,220,824) |
| Total income tax expense/(credit) | 849,123 | (515,571) | 2,659,353 | 122,677 |

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

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

8. EARNINGS (LOSS) PER SHARE

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

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|------------------------------------|---------------------|-----------------------------------|---------------------|
| | 2020 (Unaudited) | 2019 (Unaudited) | 2020 (Unaudited) | 2019 (Unaudited) |
| Earnings (in RMB): | | | | |
| Profit (Loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share | 1,309,316 | (2,208,865) | 2,000,023 | (1,930,411) |
| Number of shares: | | | | |
| Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share | 960,000,000 | 800,000,000 | 960,000,000 | 800,000,000 |

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



9. DIVIDENDS

No dividends were paid, declared or proposed during the Reporting Period (2019: nil). The Directors do not recommend the payment of a dividend in respect of the Reporting Period (2019: nil).



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The negative impact brought by the worldwide pandemic of the novel coronavirus (“COVID-19”) to the world economy was worse than previously perceived, according to the report released by the International Monetary Fund (IMF) in July 2020. Such IMF Report states that the economy of Asia is forecast to shrink by 1.6% this year and the PRC might be the only country whose economy would expand in the year of 2020. During the Reporting Period, the PRC’s domestic economic activities indeed were gradually yet still slowly recovering, thanks to the effective measures taken by the PRC government.

To cope with the pressure of COVID-19 and the related market uncertainties, the Group focused its efforts and resources on its business plan and witnessed its business beginning to return to normal. The second-hand vehicles finance leasing business was expanding steadily. To further support the expansion of this business line, three direct outlet stores were opened in Shanghai, Wuxi and Chongqing in the PRC during the Reporting Period. This has greatly broadened and enhanced our business development capacity and the management will consider further expansion if the new direct outlets sale model proves to be successful.

In addition, our finance leasing advisory business also grew as planned. During the third quarter of 2020, we have contracted another reputable non-financial institution successfully. With the market recognition of our services and experience in the vehicle finance leasing sector, the management was increasingly confident in the prospects of the finance leasing advisory service business.

FINANCIAL REVIEW

Overall performance

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, the Group’s revenue decreased by approximately RMB3.3 million or approximately 11.1% to approximately RMB26.1 million from approximately RMB29.4 million for the nine months ended 30 September 2019 (the “Corresponding Period”). The decrease in revenue for the Reporting Period was mainly attributable to (i) the new finance leasing business line which targeted at the second-hand vehicles finance leasing market demands less amounts of deposits from the lessees. Therefore, the imputed interest revenue derived from those deposits decreased significantly; and (ii) the average balance of finance lease receivables and receivables arising from sales and leaseback arrangements during the Reporting Period decreased as compared to those of the Corresponding Period being affected by the outbreak of the COVID-19 pandemic and the intensifying price competition in the vehicle-related financing business. The finance leasing advisory business continued its rapid growth momentum and cumulatively contributed approximately RMB5.5 million or 20.9% to the total revenue of RMB26.1 million by the end of the Reporting Period.



The Group's profit before tax was approximately RMB5.7 million as compared with a loss of RMB1.8 million for the Corresponding Period. The increase in profit was mainly due to the decrease of other operating expenses and less impairment loss allowance provided as compared with the Corresponding Period.

Other income

During the Reporting Period, the Group's other income amounted to approximately RMB2.2 million, representing an increase of approximately 231.0% from approximately RMB0.7 million for the Corresponding Period. The increase was primarily due to the increase in government subsidies to the Group in respect of value added tax and corporate tax contribution.

Other gains and losses

During the Reporting Period, the Group recorded other losses of approximately RMB0.2 million, whereas the Group recorded other losses of approximately RMB0.3 million during the Corresponding Period representing a decrease of approximately 35.7%. The other losses of the Group during the Reporting Period arose mainly from the currency exchange losses of bank balances denominated in Hong Kong dollar held by the Group which was depreciated against Renminbi over the Reporting Period.

Staff costs

During the Reporting Period, the Group's staff costs amounted to approximately RMB9.7 million, representing an increase of approximately 28.0% from approximately RMB7.6 million for the Corresponding Period. The increase was mainly due to the new recruits for the sales and business development staff for the outlet stores, which was in line with the Group's plan to expand the finance leasing advisory services and second-hand vehicle finance leasing business.

Other operating expenses

During the Reporting Period, the Group's total other operating expenses amounted to approximately RMB6.0 million, representing a decrease of approximately 39.3% from approximately RMB9.9 million during the Corresponding Period. The outbreak of COVID-19 pandemic led to the temporary suspension or restrictions on normal business operation activities in the first few months of 2020 but those activities gradually recovered during the Reporting Period. Therefore, the cumulative total operating expenses have decreased much as compared against the Corresponding Period. The decrease was mainly due to (i) the decrease of auditor's remuneration and the professional fee charges in relation to the Company's listing compliance matter; and (ii) the decrease of travelling and entertainment expenses and other professional fees such as the litigation expenses in connection with the collection of overdue lease payments from customers.



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

The application of the 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 challenging macroeconomic environment, the management still kept the cautious attitude towards future credit risk incidents and kept its efforts on debt recollection even though the total assets quality has become stable and tended to improve. By the end of the Reporting Period, the Group has cumulatively provided for an impairment loss of approximately RMB3.0 million representing a decrease of approximately RMB2.5 million from an impairment loss of approximately RMB5.5 million for the Corresponding Period.

Finance cost

During the Reporting Period, the Group's finance cost amounted to approximately RMB3.8 million, representing a decrease of approximately 53.0% from approximately RMB8.1 million during the Corresponding Period. The decrease was mainly because the finance leasing services to the second-hand vehicles market demanded less amount of deposits from the lessees and therefore the imputed interests finance cost derived from those deposits was only RMB2.4 million, which was approximately RMB4.4 million less when compared with the Corresponding Period.

Income tax expense

During the Reporting Period, the Group's income tax expense was approximately RMB2.7 million, and the income tax expense for the Corresponding Period was approximately RMB0.1 million. The increase was mainly due to the significant increase of the profit before tax to approximately RMB5.7 million for the Reporting Period as compared with the loss of approximately RMB1.8 million for the Corresponding Period.

Dividend

The Board did not recommend any dividend for the Reporting Period (nine months ended 30 September 2019: nil).



CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

During the Reporting Period, the Group had complied with all the code provisions as set out in the CG Code, except for the deviation from code provision 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.

SHARE OPTION SCHEME

The share option scheme (the "Share Option Scheme") was conditionally adopted by resolutions in writing passed by the sole shareholder of the Company on 23 November 2018. As at 30 September 2020, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.



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

As at 30 September 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO") which were notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors required to be notified to the Company and the Stock Exchange, were as follows:

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

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

Notes:

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

2. Interest in shares of associated corporations of the Company

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

Notes:

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

Save as disclosed above, as at 30 September 2020, none of the Directors or the chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have taken under such provision of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to the Company and the Stock Exchange.



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

So far as the Directors are aware, as at 30 September 2020, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules on the Stock Exchange:

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

Notes:

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

Save as disclosed above, as at 30 September 2020, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares and debentures which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



ADVANCE TO ENTITY

Pursuant to Rules 17.15 and 17.17 of the GEM Listing Rules, a disclosure obligation arises where the relevant advance to an entity from the Group exceeds 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules. As set out in the Prospectus, the Group entered into finance leases with the following customer(s) in the past few years which would give rise to disclosure obligation under Rule 17.15 of the GEM Listing Rules in the Prospectus, and this obligation continued to exist as at 30 September 2020:

In 2018, the Group entered into finance leases with a corporate customer (“Customer E”), which is an independent third party, in respect of sale and leaseback of vehicles. The aggregate net financing amount under such finance leases was approximately RMB46.1 million for the year ended 31 December 2018. The total contract yield of such finance leases was approximately 22.7% (which was calculated by dividing the total finance leasing income by the aggregate net financing amount of such finance leases). The average term of the finance leases was approximately 36.0 months and Customer E would make either monthly or quarterly repayment to the Group. In 2020, the Group underwent debt restructuring with Customer E and the aggregated net financing amount of such finance leases was approximately RMB42.3 million as at 30 September 2020. The total contract yield of such finance leases was approximately 33.5% (which was calculated by dividing the total finance leasing income by the aggregate net financing amount of such finance leases). The average term of the finance leases was approximately 66 months and Customer E would make monthly repayment to the Group. Pursuant to Rule 17.15 of the GEM Listing Rules, the relevant advance to Customer E exceeded 8% under the assets ratio defined under Rule 19.07(1) of the GEM Listing Rules.

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.



COMPETING INTEREST

The Directors have confirmed that, as at 30 September 2020, none of the Directors, Controlling Shareholders and their respective close associates (as defined in the GEM Listing Rules) had any interests in any business (other than that of the Group) which competes or may compete with the business of the Group or any other conflicts of interest which such person has or may have with the Group which must be disclosed in this report.

INTEREST OF THE COMPLIANCE ADVISER

The Company has appointed Octal Capital Limited (“Octal Capital”) as its compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. As advised by Octal Capital, as at 30 September 2020, save for the compliance adviser agreement entered into between the Company and Octal Capital dated 14 March 2018, neither Octal Capital, its directors, employees and close 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.

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.



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 quarterly financial statements for the Reporting Period, together with this report.

On behalf of the Board

Metropolis Capital Holdings Limited

Chau David

Chairman, chief executive officer and executive Director

Hong Kong

6 November 2020

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