



METROPOLIS CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8621



2021

Interim Report

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

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

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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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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chau David (周大為)
Ms. Zhou Hui (周卉)

Non-executive Director

Ms. Chau On (周安)

Independent non-executive Directors

Mr. Lau Chung Wai (劉仲緯)
Mr. Mo Luojiang (莫羅江)
Mr. Lin Peicong (林培聰)

AUDIT COMMITTEE

Mr. Lau Chung Wai (*Chairman*)
Mr. Mo Luojiang
Mr. Lin Peicong

REMUNERATION COMMITTEE

Mr. Mo Luojiang (*Chairman*)
Mr. Lau Chung Wai
Mr. Lin Peicong

NOMINATION COMMITTEE

Mr. Lin Peicong (*Chairman*)
Mr. Mo Luojiang
Mr. Lau Chung Wai

AUTHORISED REPRESENTATIVES

Mr. Chau David
Ms. Zhou Hui

COMPLIANCE OFFICER

Ms. Zhou Hui

COMPANY SECRETARY

Mr. Tsang Martin Yiu Ting

REGISTERED OFFICE

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Shanghai
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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1 Connaught Place
Central
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

AUDITORS

Mazars CPA Limited
Certified Public Accountants
42/F., Central Plaza,
18 Harbour Road, Wanchai
Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

Agricultural Bank of China Limited
China Merchants Bank Co. Ltd.

STOCK CODE

8621

COMPANY WEBSITE

<http://www.metropolis-leasing.com/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

For the six months ended 30 June 2021 (the “Reporting Period”), as a result of the strong leadership and effective measures taken by the central government of the People’s Republic of China (the “PRC”), the PRC saw a strong growth recovery amid the continued spread of the novel coronavirus (“COVID-19”) epidemic around the world. According to the National Bureau of Statistics of the PRC, the gross domestic product (GDP) of the PRC in the first half of 2021 increased by approximately 12.7% compared with that for the corresponding period of 2020. In terms of industry sector, most of our customers in the transportation and logistics sectors have been experiencing a gradual recovery in their businesses, therefore, the asset quality of finance lease receivables and receivables arising from sale and leaseback arrangements (collectively, “Lease Receivables”) in relation to the vehicles finance leasing of the Group began to improve.

During the Reporting Period, finance leasing advisory services of the Group grew rapidly and accounted for approximately 26.6% of its total revenue. The finance leasing advisory services were rendered to serve as an intermediary between individual clients with financing needs and independent financial institutions who provide sale and leaseback arrangement services in relation to second-hand vehicles to individual clients. The Group advised individual clients on their financing options based on their specific needs, and assisted with mediating the financial leasing contracts between the independent financial institutions and the individual clients, after assessing those clients’ risk profiles. Finance leasing advisory services of the Company include but are not limited to: credit background referencing and vehicle value assessment; leasing application mediation, document preparation and auxiliary post lending assets management services and so on.

In order to further support development of business and diversify the revenue sources, the management may consider increasing its inputs into the factoring business by incorporating a new subsidiary as a new independent business entity. In addition, we may leverage on our experience and competitiveness accumulated from vehicle-financing market to enter and explore further into some new and potentially more profitable finance leasing markets such as the medical equipment and devices and culture-related sectors.

FINANCIAL REVIEW

Revenue

The Group's revenue was principally derived from provision of finance lease, finance leasing advisory and factoring services in the PRC, the Group's revenue increased by approximately RMB7.0 million or approximately 43.4% to approximately RMB23.1 million from approximately RMB16.1 million for the six months ended 30 June 2020 (the "Corresponding Period"). The increase in revenue for the Reporting Period was mainly attributable to the significant increase in the interest income generated from sale and leaseback arrangements and finance leasing advisory services income.

Since the second half of 2020, the Company has seen a significant growth of its second-hand vehicle sale and leaseback business. During the Reporting Period, the interest income generated from our sale and leaseback arrangements was approximately RMB10.1 million, an increase of approximately RMB4.7 million or approximately 87.5% compared to approximately RMB5.4 million for the Corresponding Period.

At the same time, the income from finance leasing advisory services also increased significantly. During the Reporting Period, income from finance leasing advisory services of the Group was approximately RMB6.1 million, an increase of approximately RMB3.5 million or approximately 132.2% compared with approximately RMB2.6 million for the Corresponding Period.

Other income

During the Reporting Period, other income of the Group was approximately RMB0.9 million, an increase of approximately RMB0.4 million or approximately 70.9% compared with approximately RMB0.5 million for the Corresponding Period. The increase was mainly attributable to the increase in government subsidies.

Other gains and losses

During the Reporting Period, the Group recorded other losses of approximately RMB0.2 million, whereas the Group recorded other gains of approximately RMB0.5 million during the Corresponding Period. Other losses recorded during the Reporting Period was primarily due to the currency exchange losses of the current accounts denominated in Hong Kong dollar held by the Group which depreciated against Renminbi over the Reporting Period.

Staff costs

During the Reporting Period, the staff cost of the Group was approximately RMB6.6 million, an increase of approximately 7.9% compared with approximately RMB6.2 million for the Corresponding Period. Staff cost changed slightly mainly due to the increase in retirement benefit scheme contributions (excluding the Directors).

Other operating expenses

During the Reporting Period, the Group's other operating expenses were approximately RMB8.4 million, an increase of approximately RMB4.8 million or approximately 130.1% compared with approximately RMB3.6 million for the Corresponding Period. The increase was mainly due to the increase of approximately RMB4.5 million in the finance leasing advisory services costs and the increase of approximately RMB1.0 million in the recognised short-term leasing expense. The increase in the expenses recognised under short-term leases is mainly due to the fact that the headquarters office signed a short-term lease contract this period, with rent for a half of year being approximately RMB0.6 million. In addition, the rent was increased by approximately RMB0.4 million due to operation of several new branch stores.

Finance costs

During the Reporting Period, the Group's financing cost was approximately RMB5.4 million, an increase of approximately RMB2.4 million or approximately 78.4% compared with approximately RMB3.0 million for the Corresponding Period. The increase was mainly attributable to the increase of approximately RMB3.7 million in the interest on bank loan and other borrowings as the balance of bank and other loans significantly increased to approximately RMB74.4 million as at the end of the Reporting Period, while the balance as at the end of the Corresponding Period was approximately RMB13.6 million. In addition, the interest expense of customers' deposits received from finance leasing customers decreased by approximately RMB1.4 million compared with that for the Corresponding Period.

Reversal of loss allowances on finance lease receivables and receivables arising from sale and leaseback arrangements

The application of International Financial Reporting Standard 9 ("IFRS 9") requires the management to assess the finance lease receivables and receivables arising from sale and leaseback arrangements on the basis of future expected credit losses incidents. Since the Group enhanced its efforts to lease payment collection, the quality of lease receivables tended to have held up from its deterioration and started to improve. In addition, the satisfactory performance of the assets of the lease receivables in relation to the second-hand vehicles has also partly contributed to the gradual overall quality improvement of the lease receivables portfolios. During the Reporting Period, the Group recorded a reversal of loss allowances on finance lease receivables and receivables arising from sale and leaseback arrangements of approximately RMB1.5 million while a recognition of loss allowances of approximately RMB1.1 million was recognised during the Corresponding Period.

Profit before tax

Profit before tax of the Group increased by approximately 69.9% from approximately RMB2.9 million for the Corresponding Period to approximately RMB4.9 million during the Reporting Period. Such significant increase was mainly due to (i) a decrease in the recognition of loss allowances; and (ii) the Group's revenue increased during the Reporting Period, as compared with the Corresponding Period.

Income tax expense

During the Reporting Period, the Group's income tax expenses decreased by approximately 61.5% from approximately RMB1.8 million for the Corresponding Period to approximately RMB0.7 million. Decrease in income tax expenses for the Reporting Period as compared to the Corresponding Period was mainly due to the utilisation of previously unrecognised temporary difference arising from loss allowances on finance lease and sale and leaseback receivables which offset the current period income tax expenses.

Liquidity and capital resources

	Six months ended 30 June	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Cash at bank and in hand (as at 30 June)	18,658,246	25,171,144
Net cash used in operating activities	(16,346,206)	(9,913,323)
Net cash from investing activities	4,769,990	4,627,640
Net cash from (used in) financing activities	13,663,896	(13,406,484)

As at 30 June 2021, cash at bank and in hand of the Group was approximately RMB18.7 million, as compared with approximately RMB25.2 million as at 30 June 2020.

For the Reporting Period, net cash used in operating activities was approximately RMB16.3 million, as compared with net cash used in operating activities of approximately RMB9.9 million for the Corresponding Period. For the Reporting Period, net cash generated from investing activities was approximately RMB4.8 million, as compared with net cash generated from investing activities of approximately RMB4.6 million for the Corresponding Period. For the Reporting Period, net cash generated from financing activities was approximately RMB13.7 million, as compared with net cash used in financing activities of approximately RMB13.4 million for the Corresponding Period.

Capital management

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

At the end of the Reporting Period, the gearing ratio (defined as overall financing divided by total equity) of the Group was increased to approximately 35.6% from approximately 24.2% as at 31 December 2020.

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 bank deposits and loans to related parties of the Group which were denominated in Hong Kong dollar. The Group currently does not have a foreign currency hedging policy, however, the management of the Group will monitor foreign exchange exposure closely and consider the usage of hedging instruments when the need arises.

Employment and remuneration policy

As at 30 June 2021, the Group had 48 full-time employees as compared with 138 full-time employees as at 31 December 2020. Total staff cost (including Directors’ remuneration) was approximately RMB6.6 million for the Reporting Period, as compared with approximately RMB6.2 million for the Corresponding Period. The Group believes that employees are one of its most important assets and the Group strives to offer competitive remuneration to its employees. The Group has been recruiting and promoting individuals based on merit and their development potentials. Remuneration package offered to all employees is determined with reference to their performance, qualifications, experience and the prevailing salary levels in the market. The remuneration of the Directors is determined based on, among others, the prevailing market conditions and his/her roles and responsibilities. The Group has been providing training opportunities for its employees in order to enhance their qualifications and equip them with necessary skills. The Group has adopted the share option scheme to recognise and reward the contribution of selected participants to the Group, including the employees of the Group.

Contingent liabilities

As at 30 June 2021, the Group had no significant contingent liabilities (31 December 2020: nil). The exposure of the Group’s financial guarantee contracts is set out in Note 14 to the condensed consolidated financial statements.

Pledge of assets

As at 30 June 2021 and 30 December 2020 respectively, bank and other borrowings of approximately RMB66.1 million and RMB39.1 million were secured by receivables from sale and leaseback arrangements of the Group which amounted to approximately RMB66.6 million and RMB39.6 million, respectively.

Material acquisitions or disposals

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

Significant investment

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

Future plans for material investments or capital assets

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

Capital commitments

As at 30 June 2021, the Company had no capital commitments.

Events after the Reporting Period

- (a) On 8 July 2021, Metropolis International Finance Leasing Co., Ltd.* (信都國際融資租賃有限公司) (“Metropolis Leasing”), an indirect wholly-owned subsidiary of the Company, entered into a series of factoring agreements with a customer (“Xu’s Company A”), pursuant to which Metropolis Leasing has agreed to provide accounts receivable factoring facility to Xu’s Company A with the factoring principal amount at the aggregate of up to approximately RMB4,985,000 for the respective factoring period.

On 8 July 2021, Metropolis Leasing entered into a series of factoring agreements with a customer (“Xu’s Company B”), pursuant to which Metropolis Leasing has agreed to provide accounts receivable factoring facility to Xu’s Company B with the factoring principal amount at the aggregate of up to approximately RMB3,810,000 for the respective factoring period. As one or more of the applicable percentage ratios for the transactions under each of the factoring agreements dated 8 July 2021 with Xu Company’s A and Xu’s Company B calculated in accordance with the GEM Listing Rules, together with the transactions under the factoring agreements with Xu Company’s A and Xu’s Company B entered prior to 8 July 2021, on an aggregated basis, exceeded 5% but less than 25%, the transactions contemplated under the factoring agreements entered into with Xu’s Company A and Xu’s Company B, on an aggregated basis, constituted a disclosable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. Please refer to the announcement of the Company dated 8 July 2021 for further details.

- (b) On 8 July 2021, Metropolis Leasing entered into the finance leasing agreements with the customers (collectively, the “Customers”) in relation to sale and leaseback of two luxury vehicles. Pursuant to the finance leasing agreements, Metropolis Leasing shall purchase the leased vehicles at the aggregate consideration of RMB4,287,000 and lease the leased vehicles to the Customers for lease payment. As one or more of the applicable percentage ratios for the transactions under the finance leasing agreements dated 8 July 2021 calculated in accordance with the GEM Listing Rules, together with the transactions under the finance leasing agreements entered prior to 8 July 2021, on an aggregated basis, exceeded 5% but less than 25%, the transactions contemplated under the finance leasing agreements, on an aggregated basis, constituted a disclosable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. Please refer to the announcement of the Company dated 8 July 2021 for further details.
- (c) On 14 July 2021 and 28 July 2021, Metropolis Leasing entered into the factoring agreements with a customer (“Customer D”), pursuant to which Metropolis Leasing has agreed to provide accounts receivable factoring revolving facility to the customer with the factoring principal amount at the aggregate of up to approximately RMB9,000,000 for the respective factoring period. As one or more of the applicable percentage ratios for the transactions under the factoring agreements dated 28 July 2021 calculated in accordance with the GEM Listing Rules, together with the transactions under the factoring agreements dated 14 July 2021, on an aggregated basis, exceeded 5% but less than 25%, the transactions contemplated under the factoring agreements, on an aggregated basis, constituted a disclosable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. Please refer to the announcement of the Company dated 28 July 2021 for further details.

Saved as otherwise disclosed, the Group does not have any material subsequent event after the Reporting Period.

Dividend

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

A. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

During the Reporting Period, the Group had complied with all the code provisions as set out in the CG Code, except for the deviation from code provision A.2.1. Mr. Chau David is the Chairman and also the chief executive officer of the Company and he has been managing the Group's business and supervising the overall operations of the Group since its establishment. Having considered the nature and extent of the Group's operations, and Mr. Chau David's in-depth knowledge and experience in the leasing services, in particular vehicle finance leasing market and familiarity with the operations of the Group which is beneficial to the management and business development of the Group, and all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and the management of the Company and that it is in the best interest of the Group to have Mr. Chau David taking up both roles. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

B. SHARE OPTION SCHEME

The share option scheme (the "Share Option Scheme") was conditionally adopted by resolutions in writing passed by the sole shareholder of the Company on 23 November 2018. As at 30 June 2021, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

C. COMPLIANCE WITH THE MODEL CODE AND SECURITIES DEALING CODE

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its code of conduct for dealing in securities of the Company by the Directors and the relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company (the "Securities Dealing Code"). Having made specific enquiries with all Directors and relevant employees, all Directors and relevant employees have confirmed that they have complied with the Securities Dealing Code and therefore, complied with the Model Code during the Reporting Period.

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

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO") which were notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors required to be notified to the Company and the Stock Exchange, were as follows:

1. Interest in Shares or underlying Shares of the Company

Name of Director	Nature of interest and capacity	Number of Shares (Note 1)	Approximate percentage of shareholding
Mr. Chau David (Note 2)	Interest in controlled corporation	600,000,000 (L)	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 June 2021, none of the Directors or the chief executives of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have taken under such provision of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to the Company and the Stock Exchange.

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

So far as the Directors are aware, as at 30 June 2021, 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 June 2021, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares and debentures which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

F. DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

G. 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.

H. ADVANCE TO ENTITY

Pursuant to Rules 17.15 and 17.17 of the GEM Listing Rules, a disclosure obligation arises where the relevant advance to an entity from the Group exceeds 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules. As set out in the Prospectus, the Group entered into finance leases with the following customers in the past few years which would give rise to disclosure obligation under Rule 17.15 of the GEM Listing Rules in the Prospectus, and this obligation continued to exist as at 30 June 2021:

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 entered into a debt restructuring with Customer E, the aggregated net financing amount of such finance leases under the debt restructuring was approximately RMB52.14 million. The total contract yield of such finance leases under the debt restructuring was approximately 33.46% (which was calculated by dividing the total finance leasing income by the aggregate net financing amount of such finance leases). The average term of the finance leases under the debt restructuring 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.

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

Since the date of the Company's 2020 annual report, the company's directors' information required to be disclosed in accordance with Rule 17.50A(1) of the GEM Listing Rules are set out as follows:

Mr. Lo Kai Tung (盧啟東) had tendered his resignation as an independent non-executive Director, the chairman of the nomination committee, and a member of each of the audit committee and the remuneration committee of the Board with effect from 30 March 2021.

Mr. Lin Peicong has been appointed as an independent non-executive Director, the chairman of the nomination committee, and a member of each of the audit committee and the remuneration committee of the Board with effect from 30 March 2021.

As at the date of this report, save as disclosed above, to the best knowledge of the Board, there is no other information which is required to be disclosed pursuant to Rules 17.50A(1) of the GEM Listing Rules.

J. 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. Lin Peicong. 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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Revenue					
– Finance lease income		3,035,084	3,452,534	6,102,999	8,055,855
– Interest income arising from sale and leaseback arrangements		5,290,550	3,223,378	10,141,374	5,408,113
– Finance leasing advisory service income		2,327,038	2,642,991	6,138,002	2,642,991
– Interest income arising from factoring arrangements		558,924	–	719,255	–
Total revenue	4	11,211,596	9,318,903	23,101,630	16,106,959
Other income	5a	333,542	159,072	864,237	505,688
Other gains and losses	5b	(228,113)	50,799	(151,847)	486,084
Staff costs	7	(2,454,075)	(2,976,151)	(6,644,044)	(6,155,660)
Reversal (Recognition) of loss allowances on finance lease receivables and receivables arising from sale and leaseback arrangements, net	12/13	431,054	(807,326)	1,450,851	(1,127,789)
Recognition of impairment loss on intangible assets		–	(295,598)	–	(295,598)
Other operating expenses	7	(5,350,602)	(2,017,169)	(8,375,271)	(3,639,425)
Finance costs	6	(2,900,904)	(1,150,178)	(5,360,895)	(3,005,391)

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

For the six months ended 30 June 2021

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Profit before tax	7	1,042,498	2,282,352	4,884,661	2,874,868
Income tax credit (expense)	8	732,320	(1,556,602)	(697,034)	(1,810,230)
Profit and total comprehensive income for the period		1,774,818	725,750	4,187,627	1,064,638
Profit and total comprehensive income for the period attributable to:					
– Owners of the Company		1,902,699	351,819	3,783,615	690,707
– Non-controlling interests		(127,881)	373,931	404,012	373,931
		1,774,818	725,750	4,187,627	1,064,638
		(RMB cents)	(RMB cents)	(RMB cents)	(RMB cents)
Earnings per share attributable to owners of the Company					
– Basic and diluted	9	0.20	0.04	0.39	0.07

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		At 30 June 2021 RMB (Unaudited)	At 31 December 2020 RMB (Audited)
	Notes		
NON-CURRENT ASSETS			
Property and equipment		3,892,392	4,151,695
Intangible assets		3,476,097	3,476,097
Finance lease receivables	12	37,321,198	47,119,707
Receivables arising from sale and leaseback arrangements	13	49,216,576	51,315,049
Factoring receivables	15	6,519,775	–
Deferred tax assets	20	2,670,556	3,036,405
		103,096,594	109,098,953
CURRENT ASSETS			
Loans to related parties		–	4,634,393
Prepayments, deposits and other receivables	11	10,586,828	13,947,843
Finance lease receivables	12	56,981,223	60,291,830
Receivables arising from sale and leaseback arrangements	13	41,239,159	36,348,730
Factoring receivables	15	26,772,144	5,759,206
Account receivables	14	19,096,168	21,077,782
Deferred expenses	14	14,507,709	15,578,058
Security deposits for other borrowings		61,935,607	52,000,000
Bank balances and cash		18,658,246	16,715,611
		249,777,084	226,353,453
CURRENT LIABILITIES			
Account payables	14	14,507,709	15,578,058
Other payables and accrued expenses	17	18,638,840	22,041,922
Deposits received from finance leasing customers	16	11,643,516	10,820,159
Deferred income	14	19,096,168	21,077,782
Bank and other borrowings	18	49,618,166	30,207,455
Tax payable		2,017,284	3,465,376
		115,521,683	103,190,752

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2021

	Notes	At 30 June 2021 RMB (Unaudited)	At 31 December 2020 RMB (Audited)
NET CURRENT ASSETS		134,255,401	123,162,701
TOTAL ASSETS LESS CURRENT LIABILITIES		237,351,995	232,261,654
CAPITAL AND RESERVES			
Share capital	19	8,503,450	8,503,450
Reserves		199,090,206	196,203,776
Equity attributable to owners of the Company		208,490,841	204,707,226
Non-controlling interests		628,308	1,121,481
TOTAL EQUITY		209,119,149	205,828,707
NON-CURRENT LIABILITIES			
Deposits received from finance leasing customers	16	3,465,023	6,751,101
Bank and other borrowings	18	24,767,823	19,681,846
		28,232,846	26,432,947
		237,351,995	232,261,654

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company								
	Share capital	Share premium	Merger reserve	Other reserve	Statutory surplus	Accumulated profits	Sub-total	Non-controlling interests	Total equity
					reserve	(Accumulated losses)			
RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
At 1 January 2020 (Audited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,151,975	(7,446,369)	196,545,929	-	196,545,929
Profit and total comprehensive income for the period	-	-	-	-	-	690,707	690,707	373,931	1,064,638
At 30 June 2020 (Unaudited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,151,975	(6,755,662)	197,236,636	373,931	197,610,567
At 1 January 2021 (Audited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,429,668	437,235	204,707,226	1,121,481	205,828,707
Profit and total comprehensive income for the period	-	-	-	-	-	3,783,615	3,783,615	404,012	4,187,627
Dividend	-	-	-	-	-	-	-	(897,185)	(897,185)
At 30 June 2021 (Unaudited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,429,668	4,220,850	208,490,841	628,308	209,119,149

Notes:

- (i) The other reserves represented the net effect of the following:
- the deemed capital contribution of shareholder's loans advanced from View Art Investment Limited ("View Art") to the Group totalling RMB131,831,735, which were not required to repay to View Art pursuant to the agreements entered into on 31 December 2014; and
 - net of the fair value adjustments on non-current interest-free loans previously advanced to Mr. Chau David and related parties as deemed distribution in the total amount of RMB9,942,671.
- (ii) Pursuant to the articles of association of the subsidiaries 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 owners each year to the statutory surplus reserve until the balance reaches 50% of their registered capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(16,346,206)	(9,913,323)
INVESTING ACTIVITIES		
Payments for property and equipment and intangible assets	(19,832)	(313,583)
Proceeds on disposal of property and equipment	61,275	–
Loans to related parties	–	(5,379,926)
Repayments from related parties	4,634,393	–
Purchase of financial assets at FVPL	(44,000,000)	(30,000,000)
Proceeds on disposal of financial assets at FVPL	44,094,154	40,165,027
Proceeds from dissolution of an associate	–	156,122
NET CASH FROM INVESTING ACTIVITIES	4,769,990	4,627,640
FINANCING ACTIVITIES		
New bank and other borrowings raised	55,109,216	–
Repayments of bank and other borrowings	(30,612,528)	(12,795,535)
Repayments of lease liabilities	–	(610,951)
Payments of security deposits as to obtain other borrowings	(9,935,607)	–
Dividends paid to non-controlling interests	(897,185)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	13,663,896	(13,406,486)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,087,680	(18,692,169)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	16,715,611	43,336,137
EFFECT OF EXCHANGE RATE CHANGE	(145,045)	527,176
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY	18,658,246	25,171,144
Bank balances and cash	18,658,246	25,171,144

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended of 30 June 2021

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”).

The principal business of the Company is investment holding and the principal activities of the Group are provision of finance lease, finance leasing advisory and factoring services in the PRC.

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

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements (the “Interim Financial Statements”) of the Group for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard (“IASs”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange (the “GEM Listing Rules”).

3. PRINCIPAL ACCOUNTING POLICIES

The preparation of the Interim Financial Statements in conformity with IAS 34 requires the management of the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2020, 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 2020 (the “Annual Report”).

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

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the 2020 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 2021.

Adoption of new/revised IFRSs

In the Reporting Period, the Group has applied, for the first time, the following new/revised IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Interim Financial Statements:

Amendments to IAS 39, IFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2
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The adoption of the new/revised IFRSs has no significance impact on the Interim Financial Statements. Other than the above new/revised IFRSs, at the date of authorisation of the Interim 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 AND SEGMENT INFORMATION

Entity-wide disclosures

Geographical information

The Group's operation is in the PRC and its specified non-current assets, i.e. property and equipment and intangible assets are situated in the PRC.

Major customer

Revenue from customer individually contributing 10% or more of the total revenue of the Group was as follows:

	Three months ended to 30 June		Six months ended to 30 June	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Customer A	1,647,120	(Note)	3,430,005	(Note)

Note: The Group carried out transactions with this customer but the amount of the revenue recognised was less than 10% of the total revenue of the Group for the respective reporting periods.

4. REVENUE AND SEGMENT INFORMATION (Continued)

Entity-wide disclosures (Continued)

Revenue by nature

The following is an analysis of revenue by nature:

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Finance lease income				
Vehicle finance leasing	3,035,084	3,431,039	6,102,999	7,882,576
Machinery and equipment finance leasing	–	21,495	–	173,279
	3,035,084	3,452,534	6,102,999	8,055,855
Interest income arising from sale and leaseback arrangements	5,290,550	3,223,378	10,141,374	5,408,113
Finance leasing advisory service income (Note)	2,327,038	2,642,991	6,138,002	2,642,991
Interest income arising from factoring arrangements	558,924	–	719,255	–
Total revenue	11,211,596	9,318,903	23,101,630	16,106,959

Note: It represents income arising from provision of bundle services, including (i) intermediary services between individual clients with financing needs (the “Finance Leasing Advisory Customers”) and financial institutions (the “Finance Leasing Funders”) who provide sale and leaseback arrangement services and (ii) guarantee services to the Finance Leasing Advisory Customers in support for their application for certain leasing arrangements provided by the Finance Leasing Funders (the “Group’s Financial Guarantees”) (Note 14). The timing of revenue recognition of the Group’s revenue from provision of finance leasing advisory service was over time under IFRS 15.

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
(a) Other income				
Bank interest income	20,149	16,567	35,961	44,465
Government subsidies (Note i)	135,693	31,000	354,091	31,000
Others (Note ii)	177,700	111,505	474,185	430,223
	333,542	159,072	864,237	505,688
(b) Other gains and losses				
Gain on disposal of property and equipment	10	–	10	–
Other investment gain (Note iii)	71,358	73,222	94,154	165,027
Exchange (loss) gain, net	(299,481)	(22,423)	(246,011)	321,057
	(228,113)	50,799	(151,847)	486,084
	105,429	209,871	712,390	991,772

Notes:

- (i) Government subsidies primarily consist of the fiscal support that local government offers 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 vehicles owned by the Group's certain customers from finance lease and sale and leaseback arrangements.
- (iii) Other investment gain represented the realised gain arising from the Group's investment in the short-term unlisted financial products (recognised as financial assets at fair value through profit or loss) which were purchased and redeemed upon maturity from banks in the PRC and are low risk in nature.

6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Interest on bank and other borrowings	2,646,556	396,196	4,828,922	1,060,479
Imputed interest expense arising from deposits received from finance leasing customers	254,348	728,032	531,973	1,893,511
Interest on lease liabilities	–	25,950	–	51,401
Total finance costs	2,900,904	1,150,178	5,360,895	3,005,391

7. PROFIT BEFORE TAX

Profit for the period has been arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Staff costs				
Directors' emoluments	290,804	267,867	609,190	581,782
Salaries, bonus and other benefits (excluding directors)	1,610,824	2,673,921	4,692,045	4,864,575
Retirement benefit scheme contributions (excluding directors) (Note i)	552,447	34,363	1,342,809	709,303
Total staff costs	2,454,075	2,976,151	6,644,044	6,155,660

7. PROFIT BEFORE TAX (Continued)

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Impairment loss on lease receivables and other financial assets measured at amortised cost				
Recognition (Reversal) of loss allowances on finance lease receivables and receivables arising from sale and leaseback arrangements, net	431,054	(807,326)	1,450,851	(1,127,789)
Reversal of loss allowances on other financial assets measured at amortised cost, net	–	(295,598)	–	(295,598)
	431,054	(1,102,924)	1,450,851	(1,423,387)
Other operating expenses				
Depreciation of property and equipment	203,109	25,175	217,870	48,084
Depreciation of right-of-use assets	–	296,757	–	593,514
	203,109	321,932	217,870	641,598
Auditors' remuneration	325,000	238,212	625,000	688,212
Finance leasing advisory service costs (Note ii)	3,120,416	–	4,479,394	–
Professional fees (Note iii)	481,451	318,439	789,966	712,160
Other professional fees	277,362	516,707	468,439	641,060
Travelling and entertainment expenses	258,196	159,687	368,280	281,278
Office expenses	118,604	426,983	344,298	632,815
Expenses recognised under short-term leases	566,464	35,209	1,082,024	42,302
	5,147,493	1,695,237	8,157,401	2,997,827
Total other operating expenses	5,350,602	2,017,169	8,375,271	3,639,425

7. PROFIT BEFORE TAX (Continued)

Notes:

- (i) To support the PRC entities under COVID-19, from February 2020 to December 2020, the relevant PRC government authorities has given certain temporary reliefs to entities incorporated in the PRC to exempt from payment of certain amount of levies on the society security insurance.
- (ii) The amount represents the costs for requesting guarantees from other service providers (the "Auxiliary Service Providers") as a condition in providing counter guarantees to the customers under sale and leaseback arrangements for which the Group or the Finance Leasing Funders is acting as the funder (the "Counter Guarantees") (Note 14).
- (iii) The amounts mainly represent the professional fees paid/payable for the Company's listing compliance.

8. INCOME TAX (CREDIT) EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
PRC enterprise income tax ("EIT")	(127,057)	1,556,602	331,185	1,810,230
Deferred tax (credit) charge (Note 20)	(605,263)	–	365,849	–
Total income tax (credit) expense	(732,320)	1,556,602	697,034	1,810,230

9. EARNINGS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Earnings: Profit for the period attributable to owners of the Company	1,902,699	351,819	3,783,615	690,707

9. EARNINGS PER SHARE (Continued)

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	Number of shares	Number of shares	Number of shares	Number of shares
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	960,000,000	960,000,000	960,000,000	960,000,000

Diluted earnings per share is the same as basic earnings per share as there were no potential ordinary shares in issue during the period ended 30 June 2021 and 2020.

10. DIVIDENDS

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

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2021 RMB (Unaudited)	At 31 December 2020 RMB (Audited)
Other receivables		
Staff advance (Note i)	494,485	481,113
Others (Note ii)	3,299,083	5,944,639
	3,793,568	6,425,752
Prepayments	228,537	1,576,736
Deposits (Note iii)	6,429,031	5,868,220
Value added tax ("VAT") recoverable	135,692	77,135
	10,586,828	13,947,843

Notes:

- (i) The management of the Group expects the amounts will be received or settled within one year.
- (ii) The balance at 31 December 2020 included payments of RMB4,889,020 made on behalf of independent third parties. Such receivables were subsequently received in January 2021. No such payments included in the balance at 30 June 2021.
- (iii) The balances at 30 June 2021 and 31 December 2020 mainly represent the deposits paid in relation to the Group's finance leasing advisory services.

12. FINANCE LEASE RECEIVABLES

The Group entered into finance lease arrangements as lessor for vehicles which included purchase or termination options. The average terms of finance leases entered into usually ranged from 1 to 5 years (31 December 2020: 1 to 5 years). All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	At 30 June 2021	
	Minimum lease payments RMB (Unaudited)	Present value of minimum lease payments RMB (Unaudited)
Finance lease receivables comprise:		
Within one year	93,269,916	80,320,980
In the second year	29,107,172	24,359,721
In the third year	17,142,243	14,664,118
In the fourth year	13,918,006	12,924,223
In the fifth year	2,250,444	2,216,421
	155,687,781	N/A
Gross investment in the lease		
Less: Unearned finance income	(21,202,318)	N/A
	134,485,463	134,485,463
Present value of minimum lease payment receivables		
Less: Loss allowances	(40,183,042)	(40,183,042)
	94,302,421	94,302,421
Analysed as:		
Current	56,981,223	56,981,223
Non-current	37,321,198	37,321,198
	94,302,421	94,302,421

12. FINANCE LEASE RECEIVABLES (Continued)

	At 31 December 2020	
	Minimum lease payments RMB (Audited)	Present value of minimum lease payments RMB (Audited)
Finance lease receivables comprise:		
Within one year	99,751,818	84,204,327
In the second year	35,590,182	29,662,041
In the third year	20,970,136	17,837,298
In the fourth year	13,918,006	12,256,829
In the fifth year	9,209,448	8,849,804
	<hr/>	<hr/>
Gross investment in the lease	179,439,590	N/A
Less: Unearned finance income	(26,629,291)	N/A
	<hr/>	<hr/>
Present value of minimum lease payment receivables	152,810,299	152,810,299
	<hr/>	<hr/>
Less: Loss allowances	(45,398,762)	(45,398,762)
	<hr/>	<hr/>
	107,411,537	107,411,537
	<hr/>	<hr/>
Analysed as:		
Current	60,291,830	60,291,830
Non-current	47,119,707	47,119,707
	<hr/>	<hr/>
	107,411,537	107,411,537
	<hr/>	<hr/>

The Group's finance lease receivables are denominated in RMB which is the functional currency of the relevant group entities. The effective interest rates of the above finance leases range from approximately 10.34% to 24.10% for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 7.87% to 28.01%).

12. FINANCE LEASE RECEIVABLES (Continued)

Movements of loss allowances on finance lease receivables during the period

	Stage 1 12m ECL RMB	Stage 2 Lifetime ECL not credit- impaired RMB	Stage 3 Lifetime ECL credit- impaired RMB	Total RMB
At 1 January 2021 (Audited)	151,306	2,074,586	43,172,870	45,398,762
Changes in the loss allowances:				
– Transfer to Stage 2	(12,044)	12,044	–	–
– Transfer to Stage 3	(344)	–	344	–
– Credited to profit or loss	(98,061)	(1,510,177)	(618,800)	(2,227,038)
Written-off	–	–	(2,988,682)	(2,988,682)
At 30 June 2021 (Unaudited)	40,857	576,453	39,565,732	40,183,042
	Stage 1 12m ECL RMB	Stage 2 Lifetime ECL not credit- impaired RMB	Stage 3 Lifetime ECL credit- impaired RMB	Total RMB
At 1 January 2020 (Audited)	1,082,746	8,946,618	37,948,150	47,977,514
Changes in the loss allowances:				
– Transfer to Stage 2	(25,456)	25,456	–	–
– Transfer to Stage 3	(158,612)	(4,845,859)	5,004,471	–
– (Credited) Charged to profit or loss	(598,992)	(552,472)	3,107,077	1,955,613
Written-off	–	–	16,406	16,406
At 30 June 2020 (Unaudited)	299,686	3,573,743	46,076,104	49,949,533

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

13. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS

The Group entered into sale and leaseback arrangements as a lessor for vehicles. The average terms of sale and leaseback arrangements entered into usually ranged from 1 to 3 years (31 December 2020: 1 to 3 years). All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	At 30 June 2021	
	Gross amount RMB (Unaudited)	Present value RMB (Unaudited)
Within one year	57,267,664	42,185,413
In the second year	43,557,994	36,436,264
In the third year	14,602,037	13,570,694
	115,427,695	N/A
Less: Unearned finance income	(23,235,324)	N/A
Present value of receivables arising from sale and leaseback arrangements	92,192,371	92,192,371
Less: Loss allowances	(1,736,636)	(1,736,636)
	90,455,735	90,455,735
Analysed as:		
Current	41,239,159	41,239,159
Non-current	49,216,576	49,216,576
	90,455,735	90,455,735

13. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS (Continued)

	31 December 2020	
	Gross amount RMB (Audited)	Present value RMB (Audited)
Within one year	51,281,317	36,753,964
In the second year	43,360,206	35,705,608
In the third year	17,782,405	16,164,656
	112,423,928	N/A
Less: Unearned finance income	(23,799,700)	N/A
Present value of receivables arising from sale and leaseback arrangements	88,624,228	88,624,228
Less: Loss allowances	(960,449)	(960,449)
	87,663,779	87,663,779
Analysed as:		
Current	36,348,730	36,348,730
Non-current	51,315,049	51,315,049
	87,663,779	87,663,779

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

13. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS (Continued)

Movements of loss allowances on receivables arising from sale and leaseback arrangements during the period

	Stage 1 12m ECL RMB	Stage 2 Lifetime ECL not credit- impaired RMB	Stage 3 Lifetime ECL credit- impaired RMB	Total RMB
At 1 January 2021 (Audited)	719,107	113,339	128,003	960,449
Changes in the loss allowances:				
– Transfer to Stage 1	33,043	(33,043)	–	–
– Transfer to Stage 2	(32,534)	32,534	–	–
– Transfer to Stage 3	(9,164)	(77,536)	86,700	–
– (Credited) Charged to profit or loss	(154,772)	403,638	527,321	776,187
At 30 June 2021 (Unaudited)	555,680	438,932	742,024	1,736,636
	Stage 1 12m ECL RMB	Stage 2 Lifetime ECL not credit- impaired RMB	Stage 3 Lifetime ECL credit- impaired RMB	Total RMB
At 1 January 2020(Audited)	989,060	–	–	989,060
Changes in the loss allowances:				
– Transfer to Stage 2	(8,092)	8,092	–	–
– (Credited) Charged to profit or loss	(867,869)	17,134	22,911	(827,824)
At 30 June 2020 (Unaudited)	113,099	25,226	22,911	161,236

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

14. ACCOUNT RECEIVABLES/PAYABLES & DEFERRED EXPENSES/INCOME

The finance leasing advisory service income was payable by the Finance Leasing Funders to the Group on equal monthly installments over the agreed period of services.

On the other hand, the Group was required to pay to the Auxiliary Service Providers in connection with their Counter Guarantees services by equal monthly installments over the agreed period of services.

Account receivables/payables at the end of the reporting period represented total outstanding monthly installments to be received from/paid to the Finance Leasing Funders/Auxiliary Service Providers, after considering the effects for the time value of money, if significant. The account receivables and payable were not over-due.

Deferred expenses/income at the end of the reporting period represented unamortised value for the services of the Auxiliary Service Providers/the Group.

At the end of each reporting period, the Group would measure the exposure on the Group's Financial Guarantees at the higher of (1) the carrying value of the deferred income; and (2) the amount of loss allowance on the guaranteed amount determined in accordance with IFRS 9. Should there is any loss to be recognised on the Group's Financial Guarantees, the Group would only recognise a receivable under the Counter Guarantees to the extent that it is recoverable.

At 30 June 2021, the underlying guaranteed value of the Group's Financial Guarantees and the Counter Guarantees which included in finance leasing advisory services and certain sale and leaseback arrangements, were RMB54,348,940 (31 December 2020: RMB100,963,180) and RMB88,210,014 (31 December 2020: RMB117,192,736), respectively. In addition, there is no material loss exposure on the Group's Financial Guarantees and thus, no material receivables to be recognised for the Counter Guarantees.

15. FACTORING RECEIVABLES

As at the end of the periods, the ageing analysis of factoring receivables, based on the maturity date of the contracts, is as follows:

	At 30 June 2021 RMB (Unaudited)	At 31 December 2020 RMB (Audited)
Within one year	26,772,144	5,759,206
In the second year	3,310,597	–
In the third year	3,209,178	–
	33,291,919	5,759,206
Analysed as:		
Current	26,772,144	5,759,206
Non-current	6,519,775	–
	33,291,919	5,759,206

The factoring receivables are measured at amortised cost and generally with maturity ranged from 3 to 36 months (31 December 2020: 3 to 11 months). The effective interest rates of factoring receivables for the six months ended 30 June 2021 ranged from 11.49% to 18.00% (for the six months ended 30 June 2020: 11.72% to 19.08%). The Group has recourse right on the debts in the events of default.

16. DEPOSITS RECEIVED FROM FINANCE LEASING CUSTOMERS

The deposit is required and calculated as a certain percentage of the contract value and paid back throughout or by the end of the contract as stipulated in 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.

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

	At 30 June 2021 RMB (Unaudited)	At 31 December 2020 RMB (Audited)
Current	11,643,516	10,820,159
Non-current	3,465,023	6,751,101
	15,108,539	17,571,260

The deposits received are interest-free and measured at amortised cost using the effective interest method. The weighted average effective interest rate adopted is 15.82% for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 17.56%).

17. OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2021 RMB (Unaudited)	At 31 December 2020 RMB (Audited)
Other payables (Note)	16,013,842	17,348,436
Payroll payables	2,145,863	4,000,379
Other tax payables	479,135	693,107
	18,638,840	22,041,922

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

18. BANK AND OTHER BORROWINGS

For the six months ended 30 June 2021, the Group obtained new bank and other borrowings amounting to RMB55,109,216 (for the six months ended 30 June 2020: nil) and repaid bank and other borrowings amounting to RMB30,612,528 (for the six months ended 30 June 2020: RMB12,795,535).

19. SHARE CAPITAL

	Number of shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
On 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021	4,000,000,000	40,000,000
Issued and fully paid:		
On 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021	960,000,000	9,600,000
		RMB
Shown in the condensed consolidated statement of financial position		8,503,450

20. DEFERRED TAX ASSETS

	At 30 June 2021 RMB (Unaudited)	At 31 December 2020 RMB (Audited)
Deferred tax assets	2,670,556	3,036,405

20. DEFERRED TAX ASSETS (Continued)

The movement in deferred tax assets is as follows:

	Loss allowances on finance lease receivables, receivables arising from sale and leaseback arrangements and other financial assets measured at amortised cost RMB	Depreciation of property and equipment RMB	Amortisation of intangible asset losses RMB	Total RMB
At 31 December 2020 and 1 January 2021 (Audited)	2,945,840	737	89,828	3,036,405
Charge to profit or loss	(354,485)	(120)	(11,244)	(365,849)
At 30 June 2021 (Unaudited)	2,591,355	617	78,584	2,670,556

Notes:

- i) At the end of the reporting period, the Group has deductible temporary differences of RMB42,236,482 (31 December 2020: RMB46,721,474).

As at 30 June 2021, deferred tax assets of RMB2,670,556 (31 December 2020: RMB3,036,405) has been recognised in respect of deductible temporary differences of RMB10,682,224 (31 December 2020: RMB12,145,621) as it is forecasted that taxable profit will be available against which the deductible temporary differences can be utilised. The remaining deductible temporary differences of RMB31,554,258 (31 December 2020: RMB34,575,853) has not been recognised as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

- ii) Under the enterprise income tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. At 30 June 2021, deferred taxation has not been provided in the condensed consolidated financial statements in respect of temporary differences attributable to retained profits of an operating subsidiary of the Group amounting to RMB1,570,771 (31 December 2020: RMB2,803,703) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Except for the above, the Group's operating subsidiary in the PRC suffered accumulated losses amounting to RMB3,770,172 (31 December 2020: RMB7,583,183) at 30 June 2021.

21. RELATED PARTY DISCLOSURES

(a) Related party transactions

Apart from details of the balances with related parties disclosed elsewhere in the condensed consolidated financial statements, the Group had also entered into the following significant related party transactions during the reporting period.

Name of related parties	Relationship	Nature of transactions	Six month ended 30 June	
			2021 RMB (Unaudited)	2020 RMB (Unaudited)
Xin You (Cang Zhou) Real Estate Development Co. Ltd* (信友(滄州)房地產開發有限公司) ("Xin You")(Note i)	Related party	Finance lease income	-	173,279
Mr. Chow Chuen Chung (Note ii)	Related party	Interest expense on lease liabilities	-	41,784
		Leasing expense	689,195	-

Notes:

- (i) Xin You was a related party which equity interests were 100% owned and controlled by a close family member of Mr. Chau and Mr. Chau acted as the legal representative and chairman of Xin You.
- (ii) Mr. Chow Chuen Chung is a close family member of Mr. Chau and therefore a related party of the Group.

* For identification purpose only

(b) Compensation of key management personnel

	Six months ended 30 June	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Salaries, bonus and other benefits	987,818	800,843
Retirement benefits scheme contributions	217,984	75,342
	1,205,802	876,185