



METROPOLIS

METROPOLIS CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8621

2021

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 2021

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Revenue					
– Finance lease income		2,214,254	3,620,236	8,317,253	11,676,091
– Interest income arising from sale and leaseback arrangements		4,622,975	3,585,159	14,764,349	8,993,272
– Finance leasing advisory service income		2,131,270	2,824,786	8,269,272	5,467,777
– Interest income arising from factoring arrangements		1,132,198	–	1,851,453	–
Total revenue	4	10,100,697	10,030,181	33,202,327	26,137,140
Other income	4	432,783	1,722,935	1,297,020	2,228,623
Other gains and losses	4	10,224	(684,482)	(141,623)	(198,398)
Staff costs		(2,302,708)	(3,550,869)	(8,946,752)	(9,706,529)
Reversal (Recognition) of loss allowances on finance lease receivables and receivables arising from sale and leaseback arrangements, net		408,057	(1,838,727)	1,858,908	(2,966,516)
Reversal of impairment loss on intangible assets		–	385,428	–	89,830
Other operating expenses		(4,056,327)	(2,382,386)	(12,431,598)	(6,021,811)
Finance costs	5	(2,410,452)	(816,627)	(7,771,347)	(3,822,018)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Profit before tax	6	2,182,274	2,865,453	7,066,935	5,740,321
Income tax expense	7	(620,015)	(849,123)	(1,317,049)	(2,659,353)
Profit and total comprehensive income for the period		1,562,259	2,016,330	5,749,886	3,080,968
Profit and total comprehensive income for the period attributable to:					
– owners of the company		1,499,816	1,309,316	5,283,431	2,000,023
– non-controlling interests		62,443	707,014	466,455	1,080,945
		1,562,259	2,016,330	5,749,886	3,080,968
Earnings per share					
– Basic (RMB cents)	8	0.16	0.14	0.55	0.21

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	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 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 income 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
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 expense for the period	-	-	-	-	-	5,283,431	5,283,431	466,455	5,749,886
At 30 September 2021 (unaudited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,429,668	5,720,666	209,990,657	1,587,936	211,578,593

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 30 September 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”) since 12 December 2018.

The principal activity 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 People’s Republic of China (the “PRC”).

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

2. BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed consolidated financial statements (the “Unaudited Financial Statements”) of the Group for the nine months ended 30 September 2021 (the “Reporting Period”) 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 condensed consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Group entities.

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 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 International Accounting Standards Board (“IASB”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“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 “2020 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 2020 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 2021.

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 2021 for the preparation of the Group’s Unaudited Financial Statements:

Amendments to IAS 39, IFRSs 4, 7, 9 and 16

Interest Rate Benchmark Reform –
Phase 2

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	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Finance leasing income				
Vehicle finance leasing	2,214,254	3,553,233	8,317,253	11,435,809
Machinery and equipment finance leasing	–	67,003	–	240,282
	2,214,254	3,620,236	8,317,253	11,676,091
Interest income arising from sales and leaseback arrangements	4,622,975	3,585,159	14,764,349	8,993,272
Finance leasing advisory service income (Note i)	2,131,270	2,824,786	8,269,272	5,467,777
Interest income arising from factoring arrangements	1,132,198	–	1,851,453	–
Total revenue	10,100,697	10,030,181	33,202,327	26,137,140
Other income				
Bank interest income	17,372	35,289	53,333	79,754
Government subsidies (Note ii)	229,540	1,496,992	583,631	1,527,992
Others (Note iii)	185,871	190,654	660,056	620,877
	432,783	1,722,935	1,297,020	2,228,623
Other gains and losses				
Gain on disposal of property and equipment	–	–	10	–
Other investment gain (Note iv)	–	–	94,154	165,027
Exchange gain (loss), net	10,224	(684,482)	(235,787)	(363,425)
	10,224	(684,482)	(141,623)	(198,398)

Notes:

- (i) 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”). The timing of revenue recognition of the Group’s revenue from provision of finance leasing advisory service was over time under IFRS 15.
- (ii) 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.
- (iii) Others included net income arising from installation of global positioning system into vehicles owned by the Group’s certain customers from finance leasing and sale and leaseback arrangements.
- (iv) 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		Nine months ended 30 September	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Interest on bank and other borrowings	2,196,163	307,795	7,025,085	1,368,274
Imputed interest expense arising from deposits from finance lease customers	214,289	501,893	746,262	2,395,404
Interest expense on lease liabilities	–	6,939	–	58,340
Total finance costs	2,410,452	816,627	7,771,347	3,822,018

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Directors' emoluments	318,780	313,252	927,970	895,034
Salaries, bonus and other benefits (excluding directors)	1,436,133	2,710,159	6,128,178	7,574,734
Retirement benefit scheme contributions (excluding directors) (Note i)	547,795	527,458	1,890,604	1,236,761
Total staff cost	2,302,708	3,550,869	8,946,752	9,706,529
Depreciation of property and equipment	100,720	31,289	318,590	79,373
Depreciation charge for the right- of-use assets	–	296,757	–	890,271
Total depreciation	100,720	328,046	318,590	969,644
Auditors' remuneration	312,500	380,647	937,500	1,068,859
Finance leasing advisory service costs (Note ii)	2,339,217	–	6,818,611	–
Professional fees (Note iii)	253,828	467,517	1,043,794	1,179,676.75
Other professional fees	337,328	632,516	805,767	1,273,576
Travelling and entertainment expenses	187,011	217,494	555,291	498,772
Office expenses	161,088	204,343	505,386	837,158
Expenses recognised under short- term leases	364,635	151,823	1,446,659	194,125
Total other operating expenses	3,955,607	2,054,340	12,113,008	5,052,167
Total other operating expenses	4,056,327	2,382,386	12,431,598	6,021,811

Note:

- (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 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.
- (iii) The amounts mainly represent the professional fees paid/payable for the Company's listing compliance.

7. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
PRC enterprise income tax	518,001	849,123	849,186	2,659,353
Deferred tax charge	102,014	–	467,863	–
Total income tax expense	620,015	849,123	1,317,049	2,659,353

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 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	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Earnings:				
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	1,499,816	1,309,316	5,283,431	2,000,023
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic earnings per share	960,000,000	960,000,000	960,000,000	960,000,000

No diluted earnings 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 (nine months ended 30 September 2020: nil). The Directors do not recommend the payment of a dividend in respect of the Reporting Period (nine months ended 30 September 2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the nine months ended 30 September 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. 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 24.9% 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 finance 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.

FINANCIAL REVIEW

Overall performance

During the Reporting Period, the Group recorded a revenue of approximately RMB33.2 million, representing an increase of approximately 27.0% from approximately RMB26.1 million for the nine months ended 30 September 2020 (the “Corresponding Period”). The increase in revenue for the Reporting Period was mainly attributable to the significant increase in the interest income arising from sale and leaseback arrangements and finance leasing advisory service income.

Consequently the Group’s profit before tax increased to approximately RMB7.1 million for the Reporting Period, as compared to approximately RMB5.7 million for the Corresponding Period. The increase in profit was mainly due to (i) the decrease in the recognition of loss allowances; and (ii) the increase in the Group’s revenue during the Reporting Period, as compared with the Corresponding Period. Although operating expenses and financing costs have increased, profit before taxation has increased compared to the Corresponding Period.

Other income

During the Reporting Period, the Group's other income amounted to approximately RMB1.3 million, representing a decrease of approximately 41.8% from approximately RMB2.2 million for the Corresponding Period. The decrease was primarily due to the decrease 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 RMB0.1 million, whereas the Group recorded other losses of approximately RMB0.2 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 dollars held by the Group which depreciated against Renminbi over the Reporting Period.

Staff costs

During the Reporting Period, the Group's staff costs amounted to approximately RMB8.9 million, representing a decrease of approximately 7.8% from approximately RMB9.7 million for the Corresponding Period. The decrease was mainly due to the decrease of sales staff in direct sales stores and business development staff. In 2020, due to the impact of COVID-19, the PRC government has adopted a policy of temporarily reducing and exempting certain social insurance contributions offered to business. In 2021, due to the improvement in COVID-19, the PRC government no longer implement such policy, which has resulted in an increase in social insurance expenses that the Group was required to pay compared with the Corresponding Period.

Other operating expenses

During the Reporting Period, the Group's other operating expenses amounted to approximately RMB12.4 million, representing an increase of approximately 106.4% from approximately RMB6.0 million for the Corresponding Period. The increase was mainly due to the increase of approximately RMB6.8 million for the finance leasing advisory services costs.

Recognition of loss allowance on finance lease receivables and receivables arising from sales 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 RMB1.9 million while a recognition of loss allowances of approximately RMB3.0 million was recognised during the Corresponding Period.

Finance costs

During the Reporting Period, the Group’s finance costs amounted to approximately RMB7.8 million, representing an increase of approximately 103.3% from approximately RMB3.8 million during the Corresponding Period. The increase was mainly due to the increase of approximately RMB5.7 million in the interest on bank loan and other borrowings as the balance of bank and other loans significantly increased to approximately RMB61.1 million as at the end of the Reporting Period, while the balance as at the end of the Corresponding Period was approximately RMB12.9 million. In addition, the interest expense of customers’ deposits received from finance leasing customers decreased by approximately RMB1.6 million compared with the Corresponding Period.

Income tax expense

During the Reporting Period, the Group’s income tax expense was approximately RMB1.3 million, and the income tax expense for the Corresponding Period was approximately RMB2.7 million. The decrease 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.

Dividend

The Board did not recommend any dividend for the Reporting Period (nine months ended 30 September 2020: 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 the 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 2021, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

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.

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

As at 30 September 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 ("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 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.

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 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 September 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.

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 September 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 repayments 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.

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.

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.

On behalf of the Board

Metropolis Capital Holdings Limited

Chau David

Chairman, chief executive officer and executive Director

Hong Kong

8 November 2021

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. Lin Peicong.