



METROPOLIS

METROPOLIS CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8621

2022

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.

CONTENTS

	Pages
CORPORATE INFORMATION	2
MANAGEMENT DISCUSSION AND ANALYSIS	4
CORPORATE GOVERNANCE AND OTHER INFORMATION	11
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	16
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	18
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	20
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	21
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	22



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

Ms. Lo Lok Ting Teresa

REGISTERED OFFICE

PO Box 1350
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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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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

AUDITOR

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

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
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 2022 (the “Reporting Period”), according to the National Bureau of Statistics (“NBS”) of the People’s Republic of China (the “PRC”), the gross domestic product (GDP) in the first half of 2022 grew by approximately 2.5%, as compared to that of the same period in 2021. However, Shanghai was seriously affected by the novel coronavirus (“COVID-19”) in the second quarter of this year. From late March 2022 to early June 2022, city-wide lockdown measures were implemented to contain the outbreak of local COVID-19 cases caused by the divergent variants of COVID-19 in Shanghai, staggering Shanghai’s economy. According to the NBS, in the first half of 2022, Shanghai’s GDP fell 5.7 percent year-on-year. Affected by the lockdown measures to contain COVID-19 flare-ups in Shanghai, the Group’s business suffered a short period of stagnation, resulting in insufficient use of financing, leading to a decrease in the Group’s business margin. At the same time, due to the lockdown measures imposed in Shanghai, post-loan management (mainly including loan tracking inspection, credit risk supervision and early warning, loan principal and interest recovery, non-performing credit asset management and credit file management, etc.) was adversely affected, leading to an increase in credit risks in the future and credit losses are expected to increase. However, according to the NBS, the impact on the economic performance in the PRC affected by COVID-19 pandemic is temporary. With the phased results of COVID-19 epidemic prevention and control achieved in Shanghai, and the policies and measures to stabilize and revitalise the PRC economy continue to take effect, a gradual recovery of economic operation is in anticipation.

During the Reporting Period, the Group’s finance leasing advisory services were growing fast and accounted for approximately 31.3% of the total revenue. The finance leasing advisory services were rendered to serve as an intermediary between individual clients with financing needs and independent financial institutions which provide sales and leaseback arrangement services in relation to second-hand used vehicles to individual clients. The Group advised individual clients on their financing options based on their specific needs, and assisted with the negotiation of the terms in the finance leasing contracts between the independent financial institutions and the individual clients, after assessing those clients’ risk profiles. The Group’s finance leasing advisory services include but not limited to: credit background referencing and vehicle value assessment; leasing application mediation, document preparation and auxiliary post lending assets management services; providing intermediaries with the right to use information systems and so on.

FINANCIAL REVIEW

Revenue

The Group's revenue was principally derived from provision of finance lease, finance leasing advisory and factoring services in the PRC. For the Reporting Period, the Group's revenue increased by approximately RMB4.4 million or approximately 19.2% to approximately RMB27.5 million from approximately RMB23.1 million for the six months ended 30 June 2021 (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 service income as well as interest income arising from factoring arrangements.

During the Reporting Period, the Company has seen a significant growth of its second-hand vehicle sale and leaseback business. The interest income generated from our sale and leaseback arrangements was approximately RMB14.4 million, representing an increase of approximately RMB4.3 million or approximately 41.8% as compared to that of approximately RMB10.1 million for the Corresponding Period.

At the same time, the income from finance leasing advisory services also increased significantly. During the Reporting Period, finance leasing advisory service income of the Group was approximately RMB8.6 million, representing an increase of approximately RMB2.5 million or approximately 40.6% as compared to that of approximately RMB6.1 million for the Corresponding Period.

During the Reporting Period, the interest income arising from factoring arrangements was approximately RMB1.9 million, representing an increase of approximately RMB1.2 million, or approximately 164.4% as compared to that of approximately RMB0.7 million for the Corresponding Period due to the increase in the number of factoring agreements entered into by the Group.

Other income

During the Reporting Period, other income of the Group remained stable at approximately RMB0.9 million, as compared to that of the Corresponding Period i.e. approximately RMB0.9 million.

Other gains and losses

During the Reporting Period, the Group recorded other gains of approximately RMB0.4 million, whereas the Group recorded other losses of approximately RMB0.2 million during the Corresponding Period. Other gains was attributable to the net exchange gain, the change in foreign exchange gains and losses was due to appreciation of Hong Kong dollar against Renminbi during the Reporting Period, while the Hong Kong dollar depreciated against Renminbi decreased in the Corresponding Period.

Staff costs

During the Reporting Period, the staff cost of the Group was approximately RMB4.1 million, representing a decrease of approximately 38.0% as compared with that of approximately RMB6.6 million for the Corresponding Period. The decrease was mainly due to the significant decrease in the number of the employees during the Reporting Period, as compared to that of the Corresponding Period. During the Reporting Period, in order to save the Group's operating costs, the Group made business adjustment and began to reduce the number of sales staff in direct sales stores and business development staff, and the Group solicited customers through external agencies.

Other operating expenses

During the Reporting Period, the Group's other operating expenses were approximately RMB5.8 million, representing a decrease of approximately RMB2.6 million or approximately 30.9% as compared with that of approximately RMB8.4 million for the Corresponding Period. The decrease was mainly due to the decrease of approximately RMB1.9 million in the finance leasing advisory service costs.

Finance costs

During the Reporting Period, the Group's financing cost was approximately RMB9.7 million, representing an increase of approximately RMB4.3 million or approximately 80.3% as compared with that of approximately RMB5.4 million for the Corresponding Period. The increase was mainly attributable to the increase of approximately RMB4.4 million in the interest and charges on bank and other borrowings as the balance of bank and other loans increased significantly to approximately RMB164.2 million as at the end of the Reporting Period, while the balance as at the end of the Corresponding Period was approximately RMB78.9 million. In addition, the imputed interest expense arising from deposits received from leasing customers decreased by approximately RMB0.1 million as compared with that for the Corresponding Period.

Recognition of loss allowances on finance lease receivables and receivables arising from sale and leaseback arrangements (collectively, the "Lease Receivables") and factoring receivables (the "Factoring Receivables")

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. During the Reporting Period, the Group recognised loss allowances on the Lease Receivables of approximately RMB6.6 million, while there was a reversal of loss allowances on the Lease Receivables of approximately RMB1.5 million during the Corresponding Period.

During the Reporting Period, the Group recognised loss allowances on the Factoring Receivables of approximately RMB2.4 million, as compared to the nil loss allowance made on the Factoring Receivables for the Corresponding Period.

The Group recognised loss allowances on the Lease Receivables and Factoring Receivables mainly due to the increase in receivables arising from sale and leaseback arrangements and Factoring Receivables. In addition, the city-wide lockdown measures, which were implemented to contain the outbreak of local COVID-19 cases caused by the divergent variants of COVID-19 in Shanghai from late March 2022 to early June 2022, has led the Group to adopt stricter risk control measures and make provisions in order to prevent future credit risks when the Group conducted impairment assessment on the relevant Lease Receivables and Factoring Receivables.

Profit before tax

Profit before tax of the Group decreased by approximately 95.9% from approximately RMB4.9 million for the Corresponding Period to approximately RMB0.2 million during the Reporting Period. The decrease in profit before tax for the Reporting Period was primarily attributable to the (i) increase in finance costs of more than RMB4.4 million due to the increase in the interest and charges on bank and other borrowings as the balance of bank and other loans increased significantly; and (ii) change from (a) reversal of loss allowances on the Lease Receivables for the Corresponding Period to the recognition of loss allowances on the Lease Receivables for the Reporting Period, as well as (b) nil loss allowance made on the Factoring Receivables for the Corresponding Period to the recognition of loss allowances on the Factoring Receivables for the Reporting Period, which is partially off-set by a decrease in staff costs and other operating expenses in aggregate.

Income tax expense

During the Reporting Period, the Group's income tax expense was RMB0.1 million, decreased by approximately RMB0.6 million or approximately 83.1% from approximately RMB0.7 million for the Corresponding Period. The decrease in income tax expense for the Reporting Period was mainly due to a decrease in taxable profit during the Reporting Period.

Liquidity and capital resources

	Six months ended 30 June	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
Cash at bank and in hand (as at 30 June)	59,274,369	18,658,246
Net cash used in operating activities	(53,879,106)	(16,346,206)
Net cash (used in) from investing activities	(3,900,082)	4,769,990
Net cash from financing activities	89,782,363	13,663,896

As at 30 June 2022, cash at bank and in hand of the Group was approximately RMB59.3 million, as compared with that of approximately RMB18.7 million as at 30 June 2021.

For the Reporting Period, net cash used in operating activities was approximately RMB53.9 million, as compared with net cash used in operating activities of approximately RMB16.3 million for the Corresponding Period. For the Reporting Period, net cash used in investing activities was approximately RMB3.9 million, as compared with net cash from investing activities of approximately RMB4.8 million for the Corresponding Period. For the Reporting Period, net cash from financing activities was approximately RMB89.8 million, as compared with net cash from financing activities of approximately RMB13.7 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.

As at the end of the Reporting Period, the gearing ratio (defined as overall financing divided by total equity) of the Group increased to approximately 79.2% from approximately 38.1% as at 31 December 2021.

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 some of 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 2022, the Group had 40 full-time employees as compared with 44 full-time employees as at 31 December 2021. Total staff cost (including Directors' remuneration) was approximately RMB4.1 million for the Reporting Period, as compared with that of approximately RMB6.6 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 2022, the Group had no significant contingent liabilities (31 December 2021: 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 2022 and 31 December 2021, bank and other borrowings of approximately RMB164.2 million and RMB78.9 million, respectively, were secured by receivables from sale and leaseback arrangements of the Group, which amounted to approximately RMB160.2 million and RMB79.6 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 2022, the Company had no capital commitments.

Events after the Reporting Period

After the Reporting Period, 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 the factoring agreements with the following customers, pursuant to which Metropolis Leasing has agreed to provide accounts receivable factoring facility to each of the following customers, the details of which are set out below:

Date	Customer	Factoring principal amount	Date of announcement
15 July 2022	Customer A	up to approximately RMB2,200,000 for the factoring period	15 July 2022
22 July 2022	Customer B	up to approximately RMB2,160,000 for the factoring period	22 July 2022
22 July 2022	Customer C	up to approximately RMB2,580,000 for the factoring period	22 July 2022
22 July 2022	Customer D	up to approximately RMB2,210,000 for the factoring period	22 July 2022
22 July 2022	Customer E	up to approximately RMB2,650,000 for the factoring period	22 July 2022

As one or more of the applicable percentage ratios for the transaction contemplated under each of the above factoring agreements calculated in accordance with the GEM Listing Rules are more than 5% but all of them are less than 25%, each of the above factoring agreements and the transaction contemplated thereunder constituted a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

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 C.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 2022, 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 2022, 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 2022, 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 2022, 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 2022, 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 of the Company dated 30 November 2018, 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 such prospectus, and this obligation continued to exist as at 30 June 2022:

In 2018, the Group entered into finance leases with a corporate customer (“**Corporate Customer**”), 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 Corporate Customer would make either monthly or quarterly repayment to the Group. In 2020, the Group entered into a debt restructuring with Corporate Customer, 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 Corporate Customer would make monthly repayment to the Group. Pursuant to Rule 17.15 of the GEM Listing Rules, the relevant advance to Corporate Customer 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

The Company is not aware of any change in the directors’ information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the date of the Company’s 2021 annual report.

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 interim 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 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Revenue					
– Finance lease income		934,025	3,035,084	2,625,373	6,102,999
– Interest income arising from sale and leaseback arrangements		7,812,856	5,290,550	14,381,824	10,141,374
– Finance leasing advisory service income		732,659	2,327,038	8,632,120	6,138,002
– Interest income arising from factoring arrangements		956,546	558,924	1,901,651	719,255
Total revenue	4	10,436,086	11,211,596	27,540,968	23,101,630
Other income	5a	274,867	333,542	898,602	864,237
Other gains and losses, net	5b	431,083	(228,113)	367,223	(151,847)
Staff costs	7	(1,752,678)	(2,454,075)	(4,118,817)	(6,644,044)
(Recognition) Reversal of loss allowances on finance lease receivables and receivables arising from sale and leaseback arrangements (collectively, the "Lease Receivables"), net	7	(4,399,458)	431,054	(6,599,812)	1,450,851
Recognition of loss allowances on factoring receivables, net	7	(2,382,094)	–	(2,431,704)	–
Other operating expenses	7	(3,431,880)	(5,350,602)	(5,787,727)	(8,375,271)
Finance costs	6	(5,327,540)	(2,900,904)	(9,667,811)	(5,360,895)

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

For the six months ended 30 June 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
(Loss) Profit before tax	7	(6,151,614)	1,042,498	200,922	4,884,661
Income tax credit (expense)	8	1,563,548	732,320	(117,935)	(697,034)
(Loss) Profit and total comprehensive (loss) income for the period		(4,588,066)	1,774,818	82,987	4,187,627
(Loss) Profit and total comprehensive (loss) income for the period attributable to:					
– Owners of the Company		(4,175,807)	1,902,699	101,182	3,783,615
– Non-controlling interests		(412,259)	(127,881)	(18,195)	404,012
		(4,588,066)	1,774,818	82,987	4,187,627
		RMB cents	RMB cents	RMB cents	RMB cents
(Losses) Earnings per share attributable to owners of the Company					
– Basic and diluted	9	(0.43)	0.20	0.01	0.39

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		At 30 June 2022 RMB (Unaudited)	At 31 December 2021 RMB (Audited)
NON-CURRENT ASSETS			
Property and equipment		3,485,967	3,690,123
Intangible assets		3,476,097	3,476,097
Finance lease receivables	12	26,419,574	36,338,398
Receivables arising from sale and leaseback arrangements	13	107,868,370	74,240,557
Factoring receivables	15	4,939,983	7,419,284
Deferred tax assets	21	5,787,558	3,490,112
		151,977,549	128,654,571
CURRENT ASSETS			
Loans to related parties		4,750,000	853,466
Prepayments, deposits and other receivables	11	12,358,260	8,705,013
Finance lease receivables	12	29,908,069	32,736,517
Receivables arising from sale and leaseback arrangements	13	83,941,220	56,624,552
Finance leasing advisory service receivables	16	2,856,390	2,513,511
Factoring receivables	15	25,048,190	23,856,014
Account receivables	14	7,494,707	12,320,929
Deferred expenses	14	6,365,424	11,700,183
Security deposits for other borrowings		35,150,136	39,631,036
Bank balances and cash		59,274,369	27,638,418
		267,146,765	216,579,639
CURRENT LIABILITIES			
Account payables	14	6,365,424	11,700,183
Other payables and accrued expenses	18	20,348,224	20,983,871
Deposits received from leasing customers	17	7,444,064	9,567,298
Deferred income	14	7,494,707	12,320,929
Bank and other borrowings	19	70,535,830	39,393,073
Tax payable		2,925,111	938,244
		115,113,360	94,903,598

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2022

	Notes	At 30 June 2022 RMB (Unaudited)	At 31 December 2021 RMB (Audited)
NET CURRENT ASSETS		152,033,405	121,676,041
TOTAL ASSETS LESS CURRENT LIABILITIES		304,010,954	250,330,612
CAPITAL AND RESERVES			
Share capital	20	8,503,450	8,503,450
Reserves		198,287,738	198,186,556
Equity attributable to owners of the Company		206,791,188	206,690,006
Non-controlling interests		513,401	531,596
TOTAL EQUITY		207,304,589	207,221,602
NON-CURRENT LIABILITIES			
Deposits received from leasing customers	17	3,020,600	3,581,951
Bank and other borrowings	19	93,685,765	39,527,059
		96,706,365	43,109,010
		304,010,954	250,330,612

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Other reserve	Statutory surplus reserve	Retained profits	Sub-total		
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
				(Note (i))	(Note (ii))				
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 declared and paid to non-controlling interests	-	-	-	-	-	-	-	(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
At 1 January 2022 (Audited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,702,320	2,147,363	206,690,006	531,596	207,221,602
Profit (Loss) and total comprehensive income (loss) for the period	-	-	-	-	-	101,182	101,182	(18,195)	82,987
At 30 June 2022 (Unaudited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,702,320	2,248,545	206,791,188	513,401	207,304,589

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 and related parties as deemed distribution in the total amount of RMB9,942,671.
- (ii) Pursuant to the articles of association of entities established in the People's Republic of China ("PRC"), it is required to appropriate at least 10% of their profit after tax in accordance with the relevant accounting rules and financial regulations of the PRC before any distribution of dividends to owner each year to the statutory surplus reserve until the balance reaches 50% of its registered capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (Unaudited) RMB	2021 (Unaudited) RMB
NET CASH USED IN OPERATING ACTIVITIES	(53,879,106)	(16,346,206)
INVESTING ACTIVITIES		
Payments for property and equipment and intangible assets	(3,879)	(19,832)
Proceeds on disposal of property and equipment	331	61,275
Loans to related parties	(5,750,000)	–
Repayments from related parties	1,853,466	4,634,393
Purchase of financial assets at fair value through profit or loss (“FVTPL”)	–	(44,000,000)
Proceeds on disposal of financial assets at FVTPL	–	44,094,154
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(3,900,082)	4,769,990
FINANCING ACTIVITIES		
New bank and other borrowings raised	142,254,683	55,109,216
Repayments of bank and other borrowings	(56,953,220)	(30,612,528)
Withdrawal (Payments) of security deposits as to obtain bank and other borrowings	4,480,900	(9,935,607)
Dividends paid to non-controlling interests	–	(897,185)
NET CASH FROM FINANCING ACTIVITIES	89,782,363	13,663,896
NET INCREASE IN CASH AND CASH EQUIVALENTS	32,003,175	2,087,680
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	27,638,418	16,715,611
EFFECT OF EXCHANGE RATE CHANGE	(367,224)	(145,045)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	59,274,369	18,658,246

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended of 30 June 2022

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 Company and its subsidiaries (collectively, 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, 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’s major operating entities.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2022 (the “Interim Financial Statements”) 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 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 2021, 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 2021 (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 2021 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 2022.

Adoption of new/revised IFRSs

In the Reporting Period, the Group has applied, for the first time, certain new/revised IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Interim Financial Statements.

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 customers individually contributing 10% or more of the total revenue of the Group were as follows:

	Three months ended to 30 June		Six months ended to 30 June	
	2022	2021	2022	2021
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A	(Note)	1,647,120	(Note)	3,430,005

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	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance lease income				
Vehicle finance leasing	934,025	3,035,084	2,625,373	6,102,999
Interest income arising from sale and leaseback arrangements	7,812,856	5,290,550	14,381,824	10,141,374
Finance leasing advisory service income (Note)	732,659	2,327,038	8,632,120	6,138,002
Interest income arising from factoring arrangements	956,546	558,924	1,901,651	719,255
Total revenue	10,436,086	11,211,596	27,540,968	23,101,630

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	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
(a) Other income				
Bank interest income	80,519	20,149	111,859	35,961
Government subsidies (Note i)	173,670	135,693	391,583	354,091
Income from vehicle license leasing	7,642	–	354,160	–
Others (Note ii)	13,036	177,700	41,000	474,185
	274,867	333,542	898,602	864,237
(b) Other gains and losses, net				
(Loss) Gain on disposal of property and equipment	(331)	10	(331)	10
Other investment gain (Note iii)	–	71,358	–	94,154
Exchange gain (loss), net	431,414	(299,481)	367,554	(246,011)
	431,083	(228,113)	367,223	(151,847)
	705,950	105,429	1,265,825	712,390

Notes:

- (i) Government subsidies primarily consist of the fiscal support that local government offer to the Group's entities engaged in the finance leasing business in the PRC.
- (ii) Others included net income arising from installation of global positioning system into vehicles owned by the Group's certain customers from finance leasing 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 FVTPL during the reporting period) which were purchased and redeemed upon maturity from the banks in the PRC and are low risk in nature. No such investment was made during the six months ended 30 June 2022.

6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Interest and charges on bank and other borrowings	5,155,858	2,646,556	9,255,394	4,828,922
Imputed interest expense arising from deposits received from leasing customers	171,682	254,348	412,417	531,973
Total finance costs	5,327,540	2,900,904	9,667,811	5,360,895

7. (LOSS) PROFIT BEFORE TAX

(Loss) Profit before tax for the period is arrived at after charging (crediting):

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Staff costs				
Directors' emoluments	380,821	290,804	697,980	609,190
Salaries, bonus and other benefits (excluding directors)	1,023,560	1,610,824	2,712,843	4,692,045
Retirement benefit scheme contributions (excluding directors)	348,297	552,447	707,994	1,342,809
Total staff costs	1,752,678	2,454,075	4,118,817	6,644,044

7. (LOSS) PROFIT BEFORE TAX (Continued)

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Impairment loss on the Lease Receivables and factoring receivables				
Recognition (Reversal) of loss allowances on the Lease Receivables, net	4,399,458	(431,054)	6,599,812	(1,450,851)
Recognition of loss allowances on factoring receivables, net	2,382,094	–	2,431,704	–
	6,781,552	(431,054)	9,031,516	(1,450,851)
Other operating expenses				
Depreciation of property and equipment	107,282	203,109	203,434	217,870
Auditors' remuneration	375,000	325,000	687,500	625,000
Finance leasing advisory service costs (Note i)	1,679,727	3,120,416	2,556,404	4,479,394
Professional fees (Note ii)	379,857	481,451	598,561	789,966
Other professional fees	301,347	277,362	546,929	468,439
Travelling and entertainment expenses	9,680	258,196	43,876	368,280
Office expenses	63,067	118,604	246,115	344,298
Expenses recognised under short-term leases	515,920	566,464	904,908	1,082,024
Total other operating expenses	3,431,880	5,350,602	5,787,727	8,375,271

Notes:

- (i) 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 Finance Leasing Advisory Customers for which the Group or the Finance Leasing Funders is acting as the funder (the "Counter Guarantees") (Note 14).
- (ii) 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	
	2022	2021	2022	2021
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
PRC enterprise income tax ("EIT")	171,407	(127,057)	2,415,381	331,185
Deferred tax (credit) charge (Note 21)	(1,734,955)	(605,263)	(2,297,446)	365,849
Total income tax (credit) expense	(1,563,548)	(732,320)	117,935	697,034

9. (LOSSES) EARNINGS PER SHARE

The calculation of basic and diluted (losses) 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	
	2022	2021	2022	2021
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Losses) Earnings: (Losses) Profit for the period attributable to owners of the Company	(4,175,807)	1,902,699	101,182	3,783,615

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Number of shares: Weighted average number of ordinary shares for the purpose of basic and diluted (losses) earnings per share	960,000,000	960,000,000	960,000,000	960,000,000

Number of shares:
Weighted average number
of ordinary shares for the
purpose of basic and diluted
(losses) earnings per share

Diluted (losses) earnings per share is the same as basic (losses) earnings per share as there were no potential ordinary shares in issue during the periods ended 30 June 2022 and 2021.

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 2022 RMB (Unaudited)	At 31 December 2021 RMB (Audited)
Other receivables		
Staff advance (Note i)	6,000	–
Others (Note ii)	4,128,866	3,096,252
	4,134,866	3,096,252
Less:		
Loss allowances	–	(232)
	4,134,866	3,096,020
Prepayments	3,133,577	175,141
Deposits (Note iii)	4,727,695	5,280,589
Value added tax (“VAT”) recoverable	362,122	153,263
	12,358,260	8,705,013

Notes:

- (i) The management of the Group expects the amounts will be received or settled within one year.
- (ii) The balances at 30 June 2022 included payments of RMB3,823,723 (31 December 2021: RMB2,664,212) made on behalf of independent third parties. The Group expects such receivables will be received within 12 months.
- (iii) The balances mainly represents the deposits paid in relation to the Group’s finance leasing advisory services for the Group’s Financial Guarantees.

12. FINANCE LEASE RECEIVABLES

The Group entered into finance lease arrangements as lessor for vehicles. The average terms of finance leases entered into usually ranged from 1 to 5 years (31 December 2021: 1 to 5 years). All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	At 30 June 2022	
	Minimum lease payments RMB (Unaudited)	Present value of minimum lease payments RMB (Unaudited)
Finance lease receivables comprise:		
Within one year	75,756,137	66,346,912
In the second year	18,073,838	15,629,132
In the third year	14,472,103	13,448,541
In the fourth year	2,250,445	2,216,422
	110,552,523	N/A
Gross investment in the lease	(12,911,516)	N/A
Less: Unearned finance income		
Present value of minimum lease payment receivables	97,641,007	97,641,007
Less: Loss allowances	(41,313,364)	(41,313,364)
	56,327,643	56,327,643
Analysed as:		
Current	29,908,069	29,908,069
Non-current	26,419,574	26,419,574
	56,327,643	56,327,643

12. FINANCE LEASE RECEIVABLES (Continued)

	At 31 December 2021	
	Minimum lease payments	Present value of minimum lease payments
	RMB	RMB
	(Audited)	(Audited)
Finance lease receivables comprise:		
Within one year	86,395,339	75,708,127
In the second year	20,321,615	17,184,099
In the third year	13,918,006	12,256,829
In the fourth year	9,209,448	8,849,804
Gross investment in the lease	129,844,408	N/A
Less: Unearned finance income	(15,845,549)	N/A
Present value of minimum lease payment receivables	113,998,859	113,998,859
Less: Loss allowances	(44,923,944)	(44,923,944)
	69,074,915	69,074,915
Analysed as:		
Current	32,736,517	32,736,517
Non-current	36,338,398	36,338,398
	69,074,915	69,074,915

The effective interest rates of the above finance leases range from approximately 10.34% to 23.09% during the six months ended 30 June 2022 (for the six months ended 30 June 2021: 10.34% to 24.10%).

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 2022 (Audited)	96,366	–	44,827,579	44,923,945
Changes in loss allowances:				
– Transfer to Stage 2	(4,985)	4,985	–	–
– Transfer to Stage 3	(29,292)	–	29,292	–
– Charged to profit or loss	30,357	24,316	709,249	763,922
Written off	–	–	(4,374,503)	(4,374,503)
At 30 June 2022 (Unaudited)	92,446	29,301	41,191,617	41,313,364

	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

The finance lease receivables are secured by the leased assets and deposits (if available) (Note 17). 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 4 years (31 December 2021: 1 to 4 years). All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	At 30 June 2022	
	Gross amount RMB (Unaudited)	Present value RMB (Unaudited)
Within one year	111,018,263	89,233,118
In the second year	82,613,964	72,588,885
In the third year	40,489,410	38,793,483
In the fourth year	27,448	27,136
	234,149,085	N/A
Less: Unearned finance income	(33,506,463)	N/A
Present value of receivables arising from sale and leaseback arrangements	200,642,622	200,642,622
Less: Loss allowances	(8,833,032)	(8,833,032)
	191,809,590	191,809,590
Analysed as:		
Current	83,941,220	83,941,220
Non-current	107,868,370	107,868,370
	191,809,590	191,809,590

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

	At 31 December 2021	
	Gross amount	Present value
	RMB	RMB
	(Audited)	(Audited)
Within one year	77,201,039	58,632,021
In the second year	56,435,020	47,473,328
In the third year	29,847,432	27,615,464
In the fourth year	419,175	401,908
	163,902,666	N/A
Less: Unearned finance income	(29,779,945)	N/A
Present value of receivables arising from sale and leaseback arrangements	134,122,721	134,122,721
Less: Loss allowances	(3,257,612)	(3,257,612)
	130,865,109	130,865,109
Analysed as:		
Current	56,624,552	56,624,552
Non-current	74,240,557	74,240,557
	130,865,109	130,865,109

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 2022 (Audited)	1,042,120	353,326	1,862,166	3,257,612
Changes in loss allowances:				
– Transfer to Stage 2	(104,170)	104,170	–	–
– Transfer to Stage 3	(19,233)	(337,362)	356,595	–
– Charged to profit or loss	541,640	4,027,115	1,267,135	5,835,890
Written off	–	–	(260,470)	(260,470)
At 30 June 2022 (Unaudited)	1,460,357	4,147,249	3,225,426	8,833,032
	Stage 1 12m ECL RMB	Stage 2 Lifetime ECL not credit- impaired RMB	Stage 3 Lifetime ECL credit- impaired RMB	Total RMB
As at 1 January 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
As at 30 June 2021 (Unaudited)	555,680	438,932	742,024	1,736,636

The receivables arising from sale and leaseback arrangements are secured by the leased assets and deposit (if any). 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 2022, 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 RMB34,144,666 (31 December 2021: RMB56,536,900) and RMB53,052,610 (31 December 2021: RMB90,040,987), 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

The factoring receivables are measured at amortised cost and generally with maturity ranging from 3 to 36 months (31 December 2021: 3 to 36 months). The effective interest rates of the factoring receivables during the six months ended 30 June 2022 range from 11.74% to 16.67% (for the six months ended 30 June 2021: 11.49% to 18.00%).

	At 30 June 2022 RMB (Unaudited)	At 31 December 2021 RMB (Audited)
Within one year	30,264,084	27,439,358
In the second year	5,201,655	5,757,194
In the third year	239,195	2,597,778
	<hr/>	<hr/>
Gross amount of factoring receivables	35,704,934	35,794,330
Less: Interest adjustment	(2,149,938)	(3,383,913)
	<hr/>	<hr/>
Present value of factoring receivables (Note i)	33,554,996	32,410,417
	<hr/>	<hr/>
Less: Loss allowances	(3,566,823)	(1,135,119)
	<hr/>	<hr/>
	29,988,173	31,275,298
	<hr/>	<hr/>
Analysed as:		
Current	25,048,190	23,856,014
Non-current	4,939,983	7,419,284
	<hr/>	<hr/>
	29,988,173	31,275,298
	<hr/>	<hr/>

Note i: Set forth below are the details of the present value of factoring receivables:

	At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)
Within one year	28,501,822	24,897,218
In the second year	4,818,418	5,022,244
In the third year	234,756	2,490,955
	<hr/>	<hr/>
	33,554,996	32,410,417
	<hr/>	<hr/>

15. FACTORING RECEIVABLES (Continued)

Movements of loss allowances on factoring 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 2022 (Audited)	374,386	620,575	140,158	1,135,119
Changes in loss allowances:				
– Transfer to Stage 2	(19,033)	19,033	–	–
– Transfer to Stage 3	–	(620,575)	620,575	–
– Charged to profit or loss	159,019	1,962,859	309,826	2,431,704
At 30 June 2022 (Unaudited)	514,372	1,981,892	1,070,559	3,566,823

The factoring receivables are secured by trade receivables of the counterparties and the Group has recourse right on the debts in events of default.

16. FINANCE LEASING ADVISORY SERVICE RECEIVABLES

The ageing analysis of finance leasing advisory service receivables based on invoice date at the end of the reporting period is as follows:

	At 30 June 2022 RMB (Unaudited)	At 31 December 2021 RMB (Audited)
Within 30 days	2,321,597	1,160,980
31-60 days	365,845	270,506
61-90 days	168,948	270,506
91-180 days	–	811,519
	2,856,390	2,513,511

At the end of the reporting period, the ageing analysis of finance leasing advisory service receivables by due date is as follows:

	At 30 June 2022 RMB (Unaudited)	At 31 December 2021 RMB (Audited)
Not yet due	2,856,390	2,513,511

The Group normally grants credit terms up to 180 days from the date of issuance of invoices.

17. DEPOSITS RECEIVED FROM LEASING CUSTOMERS

The deposit is required and calculated as a certain percentage of the contract value and paid back throughout or by the end of the contract as stipulated in 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. At 30 June 2022, the outstanding deposits from leasing customers were RMB10,464,664 (31 December 2021: RMB13,149,249).

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

	At 30 June 2022 RMB (Unaudited)	At 31 December 2021 RMB (Audited)
Current	7,444,064	9,567,298
Non-current	3,020,600	3,581,951
	10,464,664	13,149,249

The deposits received are interest-free and measured at amortised cost using the effective interest method. The weighted average effective interest rate adopted is approximately 5.89% per annum for the six months ended 30 June 2022 (for the six months ended 30 June 2021: approximately 15.82% per annum).

18. OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2022 RMB (Unaudited)	At 31 December 2021 RMB (Audited)
Other payables (Note)	17,591,852	17,717,932
Payroll payables	1,978,645	2,633,546
Other tax payables	777,727	632,393
	20,348,224	20,983,871

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

19. BANK AND OTHER BORROWINGS

For the six months ended 30 June 2022, the Group obtained new bank and other borrowings amounting to RMB142,254,683 (for the six months ended 30 June 2021: 55,109,216) and repaid bank and other borrowings amounting to RMB56,953,220 (for the six months ended 30 June 2021: RMB30,612,528).

20. SHARE CAPITAL

	Number of shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
On 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	4,000,000,000	40,000,000
Issued and fully paid:		
On 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	960,000,000	9,600,000
		RMB
Shown in the condensed consolidated statement of financial position		8,503,450

21. DEFERRED TAX ASSETS

	At 30 June 2022 RMB (Unaudited)	At 31 December 2021 RMB (Audited)
Deferred tax assets	5,787,558	3,490,112

21. DEFERRED TAX ASSETS (Continued)

The movement in deferred tax assets during the current and prior periods 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 RMB	Total RMB
At 31 December 2021 and 1 January 2022 (Audited)	3,422,241	449	67,422	3,490,112
Credit (Charge) to profit or loss	2,308,775	(168)	(11,161)	2,297,446
At 30 June 2022 (Unaudited)	5,731,016	281	56,261	5,787,558

Notes:

- i) At the end of the reporting period, the Group has deductible temporary differences of RMB53,939,388 (31 December 2021: RMB49,588,162).

As at 30 June 2022, deferred tax assets of RMB5,787,558 (31 December 2021: RMB3,490,112) has been recognised in respect of deductible temporary differences of RMB23,150,232 (31 December 2021: RMB13,960,447) 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 RMB30,789,156 (31 December 2021: RMB35,627,715) 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 2022, 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 RMB4,243,581 (31 December 2021: RMB4,289,070) 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 RMB4,538,213 (31 December 2021: RMB5,041,767) at 30 June 2022.

22. 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	
			2022 RMB (Unaudited)	2021 RMB (Unaudited)
Mr. Chau (Note i)	Controlling shareholder	New loans made	3,400,000	–
		Repayments of loans received	1,853,466	–
Mr. Chow Chuen Chung (Note ii)	Related party	Expenses under short-term leases	679,349	689,195
Zhentianjia Trading (Shanghai) Co., Ltd.* (珍田家貿易(上海)有限公司) (Note iii)	Related party	New loan made	2,350,000	–
		Interest income	47,000	–

Notes:

- (i) These were non-trade in nature. All of these loans were unsecured, interest-free and repayable on demand.
- (ii) Mr. Chow Chuen Chung is a close family member of Mr. Chau.
- (ii) At 30 June 2022, 9.9% equity interests of Zhentianjia Trading (Shanghai) Co., Ltd.* (珍田家貿易(上海)有限公司) was held by Mr. Chau. The new loan made was unsecured, interest bearing of 12% per annum and repayable in one year.

(b) Compensation of key management personnel

	Six months ended 30 June	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Salaries, bonus and other benefits	770,552	987,818
Retirement benefits scheme contributions	140,463	217,984
	911,015	1,205,802