



METROPOLIS

METROPOLIS CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8621

2023

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 2023

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Revenue					
— Finance lease income		96,395	1,446,095	390,984	4,071,468
— Interest income arising from sale and leaseback arrangements		2,305,954	6,072,266	10,159,808	20,454,090
— Finance leasing advisory service income		7,626,800	1,924,454	18,943,653	10,556,574
— Interest income arising from factoring arrangements		1,875,512	725,980	5,842,411	2,627,631
Total revenue	4	11,904,661	10,168,795	35,336,856	37,709,763
Other income	4	2,993,542	616,399	4,610,544	1,515,001
Other gains and losses, net	4	94,438	451,407	316,998	818,630
Staff costs		(3,294,159)	(1,933,815)	(9,125,031)	(6,052,632)
(Recognition)/reversal of loss allowances on financial lease receivables and receivables arising from sale and leaseback arrangements (collectively, the "Lease Receivables"), net		(1,069,841)	828,793	10,870,763	(5,771,019)
Recognition of loss allowances on factoring receivables, (the "Factoring Receivables"), net		(1,495,974)	(465,700)	(2,409,993)	(2,897,404)
Other operating expenses		(8,400,070)	(3,839,456)	(24,202,865)	(9,627,183)
Finance costs	5	(2,082,783)	(4,723,533)	(5,939,685)	(14,391,344)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months and nine months ended 30 September 2023

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
(Loss)/profit before tax	6	(1,350,186)	1,102,890	9,457,587	1,303,812
Income tax credit/(expense)	7	1,901,025	(287,036)	(2,881,970)	(404,971)
Profit and total comprehensive income for the period		550,839	815,854	6,575,617	898,841
(Loss)/profit and total comprehensive (loss)/income for the period attributable to:					
— owners of the company		567,869	833,615	6,624,955	934,797
— non-controlling interests		(17,030)	(17,761)	(49,338)	(35,956)
		550,839	815,854	6,575,617	898,841
Earnings per share					
— Basic (RMB cents)	8	0.06	0.09	0.69	0.10

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2023

	Share capital	Share premium	Merger reserve	Other reserve	Statutory surplus reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
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	-	-	-	-	-	934,797	934,797	(35,956)	898,841
At 30 September 2022 (unaudited)	8,503,450	208,490,971	(138,043,971)	121,889,064	3,702,320	3,082,160	207,624,803	495,640	208,120,443
At 1 January 2023 (audited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,702,320	(1,488,916)	203,053,727	18,108	203,071,835
Profit/(loss) and total comprehensive income/(loss) for the period	-	-	-	-	-	6,624,955	6,624,955	(49,338)	6,575,617
At 30 September 2023 (unaudited)	8,503,450	208,490,971	(138,043,971)	121,889,064	3,702,320	5,136,039	209,678,682	(31,230)	209,647,452

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2023

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 2023 (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”).

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2023

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 2022, 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 2022 (the “2022 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 2022 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 2023.

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 2023 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.

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2023

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	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Finance leasing income				
<i>Vehicle finance leasing</i>	96,395	1,446,095	390,984	4,071,468
Interest income arising from sales and leaseback arrangements	2,305,954	6,072,266	10,159,808	20,454,090
Finance leasing advisory service income (Note i)	7,626,800	1,924,454	18,943,653	10,556,574
Interest income arising from factoring arrangements	1,875,512	725,980	5,842,411	2,627,631
Total revenue	11,904,661	10,168,795	35,336,856	37,709,763

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2023

4. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES (CONTINUED)

	Three months ended 30 September		Nine months ended 30 September	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Other income				
Bank interest income	166,558	103,310	320,111	215,169
Government subsidies (Note ii)	2,000	430,652	341,531	822,235
Income from vehicle license leasing	22,642	–	324,765	354,160
Interest income from loans to related parties	119,500	–	355,500	–
Interest income from loans to an independent third party	120,000	–	315,283	–
Bad debts recovery	2,511,498	–	2,584,498	–
Others (Note iii)	51,344	82,437	368,856	123,437
	2,993,542	616,399	4,610,544	1,515,001
Other gains and losses, net				
Gain/(loss) on write-down of property and equipment	132,581	–	129,278	(331)
Exchange (loss)/gain, net	(38,143)	451,407	187,720	818,961
	94,438	451,407	316,998	818,630

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2023

4. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES (CONTINUED)

Notes:

- (i) Provision of finance leasing advisory services include (1) granting a right to the Auxiliary Service Providers to access the Group's credit assessment platform for performing credit assessments on the Group's/Finance Leasing Funders' lessees and (2) provision of series of finance leasing advisory services which is a bundle service consisting (i) intermediary services between individual clients with financing needs (the "Finance Leasing Advisory Customers") and financial institutions which provide sale and leaseback arrangement services (the "Finance Leasing Funders"); and (ii) guarantee services to the Finance Leasing Advisory Customers in support to their application for certain leasing arrangements provided by the Finance Leasing Funders (the "Group's Financial Guarantees").
- (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 Group's certain customers from finance leasing and sale and leaseback arrangements.

5. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Interest on bank and other borrowings	2,070,793	4,566,050	5,904,875	13,821,444
Imputed interest expense arising from deposits from finance lease customers	11,990	157,483	34,810	569,900
Total finance costs	2,082,783	4,723,533	5,939,685	14,391,344

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2023

6. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after crediting/(charging):

	Three months ended 30 September		Nine months ended 30 September	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Staff costs				
Directors' emoluments	410,695	322,709	1,059,850	1,020,689
Salaries, bonus and other benefits (excluding directors)	1,255,703	1,223,650	3,693,850	3,936,493
Retirement benefit scheme contributions (excluding directors)	471,576	387,456	1,405,968	1,095,450
Manpower service expense (Note i)	1,156,185	–	2,965,363	–
Total staff cost	3,294,159	1,933,815	9,125,031	6,052,632
Impairment loss on the lease receivables and factoring receivables				
Recognition/(reversal) of loss allowance on the lease receivables, net	1,069,841	(828,793)	(10,870,763)	5,771,019
Recognition of loss allowances on factoring receivables, net	1,495,974	465,700	2,409,993	2,897,404
	2,565,815	(363,093)	(8,460,770)	8,668,423

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2023

6. (LOSS)/PROFIT BEFORE INCOME TAX (CONTINUED)

	Three months ended 30 September		Nine months ended 30 September	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Other operating expenses				
Depreciation of property and equipment	110,327	106,579	331,190	310,013
Auditors' remuneration	343,750	343,750	1,031,250	1,031,250
Finance leasing advisory service costs (Note ii)	5,354,424	1,488,070	15,373,447	4,044,474
Professional fees (Note iii)	305,464	616,632	1,251,805	1,215,193
Other professional fees	1,007,911	386,379	2,442,043	933,308
Travelling and entertainment expenses	111,998	216,060	537,076	259,936
Office expenses	267,809	248,714	635,248	494,829
Expenses recognised under short-term leases	898,387	433,272	2,600,806	1,338,180
Total other operating expenses	8,400,070	3,839,456	24,202,865	9,627,183

Notes:

- (i) During the nine months ended 30 September 2023, the Group entered into a manpower service arrangement with an external manpower service organisation in the PRC. Under the arrangement, certain of the Group's manpower requirements were fulfilled by the organisation at agreed service fees whereas the human resources provided were directly employed by the external manpower service organisation. The individuals providing services to the Group did not have any employment relationship with the Group.
- (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 and (ii) receiving certain financial advisory services from service providers in order to support the Group's financial advisory services to its customers.
- (iii) The amounts mainly represent the professional fees paid/payable for the Company's listing compliance.

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2023

7. INCOME TAX (CREDIT)/EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
PRC enterprise income tax	(1,512,893)	223,513	–	2,638,894
Deferred tax (credit)/charge	(388,132)	63,523	2,881,970	(2,233,923)
Total income tax (credit)/expense	(1,901,025)	287,036	2,881,970	404,971

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.

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 30 September 2023

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	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Earnings:				
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	567,869	833,615	6,624,955	934,797
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 2022: nil). The Directors do not recommend the payment of a dividend in respect of the Reporting Period (nine months ended 30 September 2022: nil).

Management Discussion and Analysis

BUSINESS REVIEW

According to the National Bureau of Statistics of the People's Republic of China (the "PRC"), the gross domestic product (GDP) in the third quarter of 2023 grew by approximately 4.9%, as compared to that of the same period in 2022, and by approximately 1.3% on a quarter-on-quarter basis. With the introduction of targeted measures which expand demand and boost market confidence, the economic recovery of the PRC has gained mild momentum.

During the Reporting Period, the Group recorded a revenue of approximately RMB35.3 million, representing a decrease of approximately 6.3% from approximately RMB37.7 million for the nine months ended 30 September 2022 (the "Corresponding Period"). The decrease in revenue for the Reporting Period was mainly attributable to the significant decrease in the interest income arising from sale and leaseback arrangements and finance lease income, which outweigh the increase in finance leasing advisory service income and interest income arising from factoring arrangements in aggregate.

During the Reporting Period, the Group's finance leasing advisory services grew rapidly and accounted for approximately 53.6% 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 the individual clients 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, etc..

With the PRC's economic recovery, the repayment of customers gradually improved and the Group's asset management work has gradually resumed to normal. At the same time, the Company also actively reviewed the credit risk control system and has taken remedial actions, such as suing long overdue customers in a timely manner and reclaiming and disposing of vehicles. The management considered that the overall quality of the Group's loan receivables (i.e. the Lease Receivables and the Factoring Receivables (as defined below)) remained under control. During the Reporting Period, the overall quality of the Group's assets has improved. Our Group expects that after a certain period of time, the Company's asset quality will further improve.

Management Discussion and Analysis

The management has been actively considering other business opportunities to bring a better return to its Shareholders. The management is considering to diversify the Group's existing business and broaden its source of income. The Group had established a new business entity to engage in trading in the PRC and may use its resources to invest in other industries in the future, so as to bring additional source of revenue to the Group and create value to its Shareholders.

As the growth in GDP steadily advances in the first three quarters, it has laid a solid foundation for the PRC to accelerate the country's urbanisation and industrial upgrade. Looking ahead, the management will fully seize the opportunity and promote the Group's operation and development to a new level.

FINANCIAL REVIEW

Overall performance

During the Reporting Period, the Group recorded a revenue of approximately RMB35.3 million, representing a decrease of approximately 6.3% from approximately RMB37.7 million for the Corresponding Period. The decrease in revenue for the Reporting Period was mainly attributable to the significant decrease in the interest income arising from sale and leaseback arrangements and finance lease income, which outweigh the increase in finance leasing advisory service income and interest income arising from factoring arrangements in aggregate.

Notwithstanding the above, the Group's profit before tax increased to approximately RMB9.5 million for the Reporting Period, as compared to RMB1.3 million for the Correspondence Period. The increase in profit before tax for the Reporting Period was primarily attributable to (i) the change from recognition of loss allowances on the finance lease receivables and receivables arising from sale and leaseback arrangements (collectively, the "Lease Receivables") for the Corresponding Period to reversal of loss allowances on the Lease Receivables for the Reporting Period; (ii) decrease in recognition of loss allowances on factoring receivables (the "Factoring Receivables") for the Reporting Period compared with that for the Corresponding Period; and (iii) decrease in finance costs of approximately RMB8.5 million due to the decrease in interests on bank and other borrowings as the balance of bank and other borrowings decreased significantly, which was partially off-set by an increase in staff costs and other operating expenses and a decrease in revenue in aggregate.

Management Discussion and Analysis

Other income

During the Reporting Period, the Group's other income amounted to approximately RMB4.6 million, representing an increase of approximately 204.3% from approximately RMB1.5 million for the Corresponding Period. The increase was mainly due to: (i) the interest income generated from loan to an independent third party and loans to related parties increased by approximately RMB0.3 million and RMB0.4 million, respectively; and (ii) bad debts recovery increased by approximately RMB2.6 million.

Other gains and losses, net

During the Reporting Period, the Group recorded net other gains of approximately RMB0.3 million, whereas the Group recorded net other gains of approximately RMB0.8 million during the Corresponding Period. The decrease in net other gains was attributable to decrease of the change in foreign exchange gains and losses resulting from the appreciation of Hong Kong dollar against Renminbi.

Staff costs

During the Reporting Period, the staff cost of the Group was approximately RMB9.1 million, representing an increase of approximately 50.8%, as compared with that of approximately RMB6.1 million for the Corresponding Period. The increase was mainly due to the significant increase in the number of the employees during the Reporting Period, as compared to that of the Corresponding Period. Such increase was primarily attributable to the fact that the Group added new offices and recruited new employees for its business development. During the Reporting Period, the Group engaged an external manpower service provider in the PRC. Under such engagement, certain of the Group's manpower requirements were fulfilled by the external manpower organisation at agreed service fees whereas the human resources provided were directly employed by the service provider. The individuals providing services to the Group did not have any employment relationship with the Group.

Other operating expenses

During the Reporting Period, the Group's other operating expenses was approximately RMB24.2 million, representing an increase of approximately RMB14.6million or approximately 151.4%, as compared with that of approximately RMB9.6 million for the Corresponding Period. The increase was mainly due to: (i) the increase in finance leasing advisory services costs of approximately RMB11.3 million or approximately 280.1% from approximately RMB4.0 million for the Corresponding Period to approximately RMB15.4 million for the Reporting Period; (ii) the increase in expenses recognised under short-term leases of approximately RMB1.3 million due to the expansion of business and increase in number of offices; (iii) the increase in other professional fees of approximately RMB1.5 million which primarily represented the Group's expenses incurred for collection of outstanding balances from leasing customers.

Management Discussion and Analysis

Recognition of loss allowance on the Lease Receivables and the Factoring Receivables

The application of International Financial Reporting Standard 9 (“IFRS 9”) requires the management to assess the Lease Receivables and the Factoring Receivables on the basis of future expected credit losses incidents.

During the Reporting Period, the Group reversed loss allowances on the Lease Receivables of approximately RMB10.9 million, while there was a recognition of loss allowances on the Lease Receivables of approximately RMB5.8 million for the Corresponding Period. The reversal of loss allowances was mainly attributable to the reduction on risk of default of Lease Receivables customers due to collection of outstanding balances from leasing customers.

During the Reporting Period, the Group recognised loss allowances on the Factoring Receivables of approximately RMB2.4 million, as compared to approximately RMB2.9 million for the Corresponding Period.

Finance costs

During the Reporting Period, the Group’s finance cost amounted to approximately RMB5.9 million, representing a decrease of approximately 58.7% from approximately RMB14.4 million during the Corresponding Period. The decrease was mainly due to the decrease of approximately RMB7.9 million in the interest and charges on bank and other borrowings as the balance of bank and other loans significantly decreased to approximately RMB58.3 million as at the end of the Reporting Period, while the balance as at the end of the Corresponding Period was approximately RMB139.2 million. In addition, the imputed interest expense arising from deposits received from finance leasing customers decreased by approximately RMB0.6 million, as compared with that for the Corresponding Period.

Income tax expense

During the Reporting Period, the Group’s income tax expense was approximately RMB2.9 million, and the income tax expense for the Corresponding Period was approximately RMB0.4 million. The increase in income tax expense for the Reporting Period was mainly due to an increase in taxable profit during the Reporting Period.

Management Discussion and Analysis

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
1 November 2023	Customer J	up to approximately RMB5,600,000 for the factoring period	1 November 2023
1 November 2023	Customer K	up to approximately RMB5,600,000 for the factoring period	1 November 2023
1 November 2023	Customer L	up to approximately RMB5,600,000 for the factoring period	1 November 2023
1 November 2023	Customer M	up to approximately RMB5,600,000 for the factoring period	1 November 2023
3 November 2023	Customer N	up to approximately RMB5,600,000 for the factoring period	3 November 2023
3 November 2023	Customer O	up to approximately RMB5,600,000 for the factoring period	3 November 2023

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 Board did not recommend any dividend for the Reporting Period (nine months ended 30 September 2022: 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 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.

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 2023, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

Corporate Governance and Other Information

The Company is aware that amendments were made to Chapter 23 of the GEM Listing Rules, which has come into effect on 1 January 2023, which include, among others, revising the scope of eligible participants of share option schemes and setting out the minimum vesting period requirements. The Company will only grant the share options in compliance with the amended Chapter 23 of the GEM Listing Rules and pursuant to the transitional arrangements for share schemes existing as at 1 January 2023 as specified by the Stock Exchange. Going forward, the Company will also consider to amend the Share Option Scheme so as to comply with the new requirements under Chapter 23 of the GEM Listing Rules, in any event not later than the refreshment or expiry of the scheme mandate; or to adopt a new share option scheme that comply with the requirements under the amended Chapter 23 of the GEM Listing Rules.

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

As at 30 September 2023, 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.

Corporate Governance and Other Information

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 2023, 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.

Corporate Governance and Other Information

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 2023, 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 2023, 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.

Corporate Governance and Other Information

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 "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 during the Reporting Period:

In 2018, the Group entered into finance leases with a corporate customer (the "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.

As at the date of this report, a significant amount of finance lease receivables has been repaid by the Corporate Customer, while the rest have been written-off by the Group in accordance with the Group's written-off policy as disclosed in the annual report of the Group for the year ended 31 December 2022 (the "Annual Report") and the supplemental announcement to the Annual Report dated 8 June 2023.

Corporate Governance and Other Information

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

For the nine months ended 30 September 2023 and up to the date of this report, the change in the information of the Director is as follows:

The remuneration of Ms. Zhou Hui has been adjusted to approximately RMB600,000 per annum with effect from August 2023.

Save as disclosed above, 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 2023 interim report.

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

6 November 2023

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.