



METROPOLIS

METROPOLIS CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8621

Interim Report 2023



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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

- 2** CORPORATE INFORMATION
- 4** MANAGEMENT DISCUSSION AND ANALYSIS
- 13** CORPORATE GOVERNANCE AND OTHER INFORMATION
- 19** CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- 21** CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- 23** CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- 24** CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- 25** NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 7003A

887 Huai Hai Zhong Road

Huangpu District

Shanghai

China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Jardine House

1 Connaught Place

Central

Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners

40th Floor, Jardine House

1 Connaught Place

Central

Hong Kong

AUDITORS

Mazars CPA Limited

Certified Public Accountants

42/F., Central Plaza

18 Harbour Road, Wanchai

Hong Kong



Corporate Information

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 2023 (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 2023 grew by approximately 5.5% at a healthy growth rate, as compared to that of the same period in 2022. On a quarterly basis, GDP grew by 6.3% year-on-year in the second quarter, up from 4.5 percent year-on-year growth in the first quarter. The overall performance of the domestic economy has rebounded and improved.

The Group’s revenue was principally derived from provision of finance lease (including finance lease and sale and leaseback arrangements), finance leasing advisory and factoring services in the PRC. For the Reporting Period, the Group’s revenue decreased by approximately RMB4.1 million or approximately 14.9% to approximately RMB23.4 million from approximately RMB27.5 million for the six months ended 30 June 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.

Despite the decrease in revenue, profit before tax of the Group increased by approximately 5,279.1% from approximately RMB0.2 million for the Corresponding Period to approximately RMB10.8 million for the Reporting Period. The increase in profit was mainly attributable to the change from recognition of loss allowances on 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, and the decrease in recognition of loss allowances on factoring receivables for the Reporting Period compared with that for the Corresponding Period. 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. Therefore, during the Reporting Period, the overall quality of the Group’s assets has significantly improved.

Management Discussion and Analysis

As stated by a spokesperson for the NBS in July 2023, it is expected that PRC will have pressures throughout the year, but employment is improving, residents' income is rising, effects from internal demand are strengthening and new economic drives are expanding, which signals the PRC economy's steady recovery and elevation of development quality.

In August 2023, the PRC authorities issued 20 measures to boost domestic consumption, including but not limited to support for expanding real estate and auto sales, underscoring the country's intensifying efforts to ensure steady economic recovery and meet annual economic development goals amid internal and external downward pressures. 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 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.

FINANCIAL REVIEW

Revenue

The Group's revenue was principally derived from provision of finance lease (including finance lease and sale and leaseback arrangements), finance leasing advisory and factoring services in the PRC. For the Reporting Period, the Group's revenue decreased by approximately RMB4.1 million or approximately 14.9% to approximately RMB23.4 million from approximately RMB27.5 million for the Corresponding Period. The decrease in revenue for the Reporting Period was mainly attributable to the significant decrease in the interest income generated from sale and leaseback arrangements and finance lease income.

During the Reporting Period, the Company experienced a significant reduction in its second-hand vehicle sale and leaseback business and financial leasing business. The interest income arising from sale and leaseback arrangements was approximately RMB7.9 million, representing a decrease of approximately RMB6.5 million or approximately 45.4%, as compared to that of approximately RMB14.4 million for the Corresponding Period. The finance lease income was approximately RMB0.3 million, representing a decrease of approximately RMB2.3 million or approximately 88.8%, as compared to that of approximately RMB2.6 million for the Corresponding Period.



Management Discussion and Analysis

However, there has been an increase in finance leasing advisory services income and interest income arising from factoring arrangements. During the Reporting Period, the finance leasing advisory services income of the Group was approximately RMB11.3 million, representing an increase of approximately RMB2.7 million or approximately 31.1%, as compared to that of approximately RMB8.6 million for the Corresponding Period. The interest income arising from factoring arrangements was approximately RMB4.0 million, representing an increase of approximately RMB2.1 million, or approximately 108.6%, as compared to that of approximately RMB1.9 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 was approximately RMB1.6 million, representing an increase of approximately RMB0.7 million or approximately 80.0%, as compared to that of approximately RMB0.9 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 RMB0.2 million and RMB0.2 million, respectively; and (ii) the income from leasing customers for the Group's expenses incurred for collection of outstanding leasing balances increased by approximately RMB0.3 million.

Other gains and losses, net

During the Reporting Period, the Group recorded other gains of approximately RMB0.2 million, representing a decrease of approximately 39.4%, as compared with that of approximately RMB0.4 million during the Corresponding Period. The decrease in other gains was attributable to the decrease in net exchange gain. The change in foreign exchange gains and losses was due to appreciation of Hong Kong dollar against Renminbi.

Management Discussion and Analysis

Staff costs

During the Reporting Period, the staff cost of the Group was approximately RMB5.8 million, representing an increase of approximately 41.6%, as compared with that of approximately RMB4.1 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 period ended 30 June 2023, the Group incurred RMB1.8 million manpower service expenses. 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 external manpower organisation at agreed service fees whereas the human resources provided were directly employed by the service organisation. 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 RMB15.8 million, representing an increase of approximately RMB10.0 million or approximately 173.0%, as compared with that of approximately RMB5.8 million for the Corresponding Period. The increase was mainly due to: (i) the increase in finance leasing advisory services costs of approximately RMB7.5 million or approximately 291.9% from approximately RMB2.6 million for the Corresponding Period to approximately RMB10.0 million for the Reporting Period; (ii) the increase in expenses recognised under short-term leases, and travelling and entertainment expenses of approximately RMB1.2 million due to the expansion of business and increase in number of offices; (iii) the increase in other professional fees of approximately RMB0.9 million which primarily represented the Group's expenses incurred for collection of outstanding balances from leasing customers.

Management Discussion and Analysis

Finance costs

During the Reporting Period, the Group's financing cost was approximately RMB3.9 million, representing a decrease of approximately RMB5.8 million or approximately 60.1%, as compared with that of approximately RMB9.7 million for the Corresponding Period. The decrease was mainly attributable to the decrease of approximately RMB5.4 million in the interest on bank and other borrowings as the balance of bank and other borrowings decreased significantly to approximately RMB76.4 million as at the end of the Reporting Period, while the balance as at the end of the Corresponding Period was approximately RMB164.2 million. In addition, the imputed interest expenses arising from deposits received from leasing customers decreased by approximately RMB0.4 million, as compared with that for the Corresponding Period.

Reversal 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 Lease Receivables and 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 RMB11.9 million, while there was a recognition of loss allowances on the Lease Receivables of approximately RMB6.6 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.

Subsequent to 30 June 2023 and as the date of this report, a substantial amount of finance lease receivables has been repaid by certain finance leasing customers.

During the Reporting Period, the Group recognised loss allowances on the Factoring Receivables of approximately RMB0.9 million, as compared to approximately RMB2.4 million for the Corresponding Period. The decrease of recognition of loss allowances on factoring receivables was due to reduction in risk of default of Factoring Receivables customers for the Reporting Period compared with that for the Corresponding Period.

Management Discussion and Analysis

Profit before tax

Profit before tax of the Group increased by approximately 5,279.1% from approximately RMB0.2 million for the Corresponding Period to approximately RMB10.8 million for the Reporting Period. The increased in profit before tax for the Reporting Period was primarily attributable to (i) the change from recognition of loss allowances on 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 the Factoring Receivables for the Reporting Period compared with that for the Corresponding Period; and (iii) decrease in finance costs of approximately RMB5.8 million due to the decrease in the interest 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.

Income tax expense

During the Reporting Period, the Group's income tax expense was RMB4.8 million, increased by approximately RMB4.7 million or approximately 3,955.6% from approximately RMB0.1 million for the Corresponding Period. The increase in income tax expense for the Reporting Period was mainly due to an significant increase in taxable profit during the Reporting Period.

Liquidity and capital resources

	Six months ended 30 June	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Cash at bank and in hand (as at 30 June)	31,777,794	59,274,369
Net cash from (used in) operating activities	17,867,261	(53,879,106)
Net cash used in investing activities	(3,652,586)	(3,900,082)
Net cash (used in) from financing activities	(40,332,124)	89,782,363

As at 30 June 2023, cash at bank and in hand of the Group was approximately RMB31.8 million, as compared with that of approximately RMB59.3 million as at 30 June 2022.



Management Discussion and Analysis

For the Reporting Period, net cash from operating activities was approximately RMB17.6 million, as compared with net cash used in operating activities of approximately RMB53.9 million for the Corresponding Period. For the Reporting Period, net cash used in investing activities was approximately RMB3.4 million, as compared with that of approximately RMB3.9 million for the Corresponding Period. For the Reporting Period, net cash used in financing activities was approximately RMB40.3 million, as compared with net cash from financing activities of approximately RMB89.8 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 decreased to approximately 36.5% from approximately 58.3% as at 31 December 2022.

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 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.

Management Discussion and Analysis

Employment and remuneration policy

As at 30 June 2023, the Group had 88 full-time employees as compared with 78 full-time employees as at 31 December 2022. Total staff cost (including Directors' remuneration) was approximately RMB5.8 million for the Reporting Period, as compared with that of approximately RMB4.1 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 2023, the Group had no significant contingent liabilities (31 December 2022: 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 2023 and 31 December 2022, bank and other borrowings of approximately RMB76.4 million and RMB118.3 million, respectively, were secured by receivables from sale and leaseback arrangements of the Group, which amounted to approximately RMB80.07 million and RMB110.6 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.



Management Discussion and Analysis

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 2023, the Company had no capital commitments.

Events after the reporting period

As at 30 June 2023, there are no significant events affecting the Group 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 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.

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 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:

Corporate Governance and Other Information

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.

Corporate Governance and Other Information

Save as disclosed above, as at 30 June 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.

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 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 June 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 Divisions 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

F. DIRECTORS'S 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 2023:

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 the Corporate Customer would make monthly repayment to the Group. Pursuant to Rule 17.15 of the GEM Listing Rules, the relevant advance to the Corporate Customer exceeded 8% under the assets ratio defined under Rule 19.07(1) of the GEM Listing Rules.



Corporate Governance and Other Information

Subsequent to 30 June 2023 and as the date of this report, a significant amount of finance lease receivables has been repaid by the Corporate Customer.

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

For the six months ended 30 June 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 RMB500,000 per annum with effect from April 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 2022 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 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Revenue					
— Finance lease income		52,910	934,025	294,589	2,625,373
— Interest income arising from sale and leaseback arrangements		3,904,251	7,812,856	7,853,854	14,381,824
— Finance leasing advisory services income		6,739,750	732,659	11,316,853	8,632,120
— Interest income arising from factoring arrangements		2,158,946	956,546	3,966,899	1,901,651
Total Revenue	4	12,855,857	10,436,086	23,432,195	27,540,968
Other income	5a	1,084,810	274,867	1,617,002	898,602
Other gains and losses, net	5b	393,828	431,083	222,560	367,223
Staff costs	7	(2,930,055)	(1,752,678)	(5,830,872)	(4,118,817)
Reversal (Recognition) of loss allowances on finance lease receivables and receivables arising from sale and leaseback arrangements (collectively, the "Lease Receivables"), net	7	11,481,731	(4,399,458)	11,940,604	(6,599,812)
Recognition of loss allowances on factoring receivables, net	7	(433,295)	(2,382,094)	(914,019)	(2,431,704)
Other operating expenses	7	(9,596,160)	(3,431,880)	(15,802,795)	(5,787,727)
Finance costs	6	(622,185)	(5,327,540)	(3,856,902)	(9,667,811)
Profit (Loss) before tax	7	12,234,531	(6,151,614)	10,807,773	200,922
Income tax (expenses) credits	8	(4,790,246)	1,563,548	(4,782,995)	(117,935)
Profit (Loss) and total comprehensive income (loss) for the period		7,444,285	(4,588,066)	6,024,778	82,987

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Note	Three months ended 30 June		Six months ended 30 June	
		2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Profit (Loss) and total comprehensive income (loss) for the period attributable to:					
— Owners of the Company		7,459,646	(4,175,807)	6,057,086	101,182
— Non-controlling interests		(15,361)	(412,259)	(32,308)	(18,195)
		7,444,285	(4,588,066)	6,024,778	82,987
Earnings (Losses) per share attributable to owners of the Company		RMB cent	RMB cent	RMB cent	RMB cent
— Basic and diluted	9	0.78	(0.43)	0.63	0.01

Condensed Consolidated Statement of Financial Position

At 30 June 2023

		At 30 June 2023 RMB (Unaudited)	At 31 December 2022 RMB (Audited)
	Notes		
NON-CURRENT ASSETS			
Property and equipment		3,136,656	3,293,713
Intangible assets		3,476,097	3,476,097
Finance lease receivables	12	1,497,692	10,703,054
Receivables arising from sale and leaseback arrangements	13	30,229,604	63,172,622
Factoring receivables	15	3,039,705	2,460,566
Deferred tax assets	21	5,467,717	8,737,819
		46,847,471	91,843,871
CURRENT ASSETS			
Loans to related parties		4,392,000	5,438,000
Prepayments, deposits and other receivables	11	17,132,588	14,494,658
Finance lease receivables	12	31,674,544	16,131,081
Receivables arising from sale and leaseback arrangements	13	60,769,317	71,655,260
Finance leasing advisory services receivables	16	1,834,249	1,052,756
Factoring receivables	15	80,058,289	58,467,192
Account receivables	14	45,030,554	20,891,670
Deferred expenses	14	25,621,695	12,996,774
Security deposits for other borrowings		30,861,326	32,507,278
Bank balances and cash		31,777,794	57,645,902
		329,152,356	291,280,571

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	Notes	At 30 June 2023 RMB (Unaudited)	At 31 December 2022 RMB (Audited)
CURRENT LIABILITIES			
Account payables	14	25,621,695	12,996,774
Other payables and accrued expenses	18	12,704,267	21,181,024
Deposits received from leasing customers	17	6,386,473	4,329,937
Deferred income	14	45,030,554	20,891,670
Bank and other borrowings	19	51,207,988	63,284,713
Tax payable		639,571	–
		141,590,548	122,684,118
NET CURRENT ASSETS			
		187,561,808	168,596,453
TOTAL ASSETS LESS CURRENT LIABILITIES			
		234,409,279	260,440,324
CAPITAL AND RESERVES			
Share capital	20	8,503,450	8,503,450
Reserves		200,607,363	194,550,277
Equity attributable to owners of the Company		209,110,813	203,053,727
Non-controlling interests		(14,200)	18,108
TOTAL EQUITY			
		209,096,613	203,071,835
NON-CURRENT LIABILITIES			
Deposits received from leasing customers	17	153,064	2,307,536
Bank and other borrowings	19	25,159,602	55,060,953
		25,312,666	57,368,489
		234,409,279	260,440,324

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company								
	Reserves							Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Other reserve	Statutory surplus	Accumulated profits	Sub-total		
					reserve	(losses)		reserve	interests
RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	
(Note 20)			(Note (i))	(Note (ii))					
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
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	-	-	-	-	-	6,057,086	6,057,086	(32,308)	6,024,778
At 30 June 2023 (Unaudited)	8,503,450	208,490,971	(138,043,162)	121,889,064	3,702,320	4,568,170	209,110,813	(14,200)	209,096,613

Notes:

- (i) The other reserves represented the net effect of the following:
- the deemed capital contribution of shareholder's loans advanced from View Art (as defined in Note 1 to the condensed consolidated financial statements) 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 (as defined in Note 1 to the condensed consolidated financial statements) and related parties as deemed distribution in the total amount of RMB9,942,671.
- (ii) Pursuant to the articles of association of the subsidiaries established in the People's Republic of China ("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 2023

	Six months ended 30 June	
	2023 (Unaudited) RMB	2022 (Unaudited) RMB
NET CASH FROM (USED IN) OPERATING ACTIVITIES	17,867,261	(53,879,106)
INVESTING ACTIVITIES		
Payments for property and equipment	(52,586)	(3,879)
Proceeds on disposal of property and equipment	–	331
Loan to an independent third party	(4,600,000)	–
Loans to related parties	(2,332,875)	(5,750,000)
Repayments of loans to related parties	3,332,875	1,853,466
NET CASH USED IN INVESTING ACTIVITIES	(3,652,586)	(3,900,082)
FINANCING ACTIVITIES		
New bank and other borrowings raised	–	142,254,683
Repayments of bank and other borrowings	(41,978,076)	(56,953,220)
Withdrawal of security deposits	1,645,952	4,480,900
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(40,332,124)	89,782,363
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(26,117,449)	32,003,175
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	57,645,902	27,638,418
EFFECT OF EXCHANGE RATE CHANGE, NET	249,341	(367,224)
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD, REPRESENTED BY BANK BALANCES AND CASH	31,777,794	59,274,369

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 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. The principal place of business in Hong Kong is located at 40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong. The Group’s headquarter is situated at Room 7003A, 887 Huai Hai Zhong Road, Huangpu District, Shanghai, the People’s Republic of China (the “PRC”). 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 its subsidiaries are provision of finance lease (including finance lease and sale and leaseback arrangements), finance leasing advisory and factoring services in the PRC. Together the Company and its subsidiaries are referred to as the “Group”.

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 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 2023 (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 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”).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of the Interim Financial Statements in conformity with IAS 34 requires the Group's 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 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 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 2022 (the "2022 Financial Statements").

The Interim Financial Statements have been prepared on the historical costs basis.

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 2022 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 period beginning on 1 January 2023.

Adoption of new/revised IFRSs

In the current interim 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 2023 for the preparation of the Interim Financial Statements.

The adoption of the new/revised IFRSs has no significant impact on the Interim Financial Statements. At the date of authorisation of the Interim Financial Statements, the Group has not early adopted 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 six months ended 30 June 2023

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 customers

Information about major customers

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

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Customer A	1,411,327	(Note)	2,463,713	(Note)

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Finance lease income				
Vehicle finance leasing	52,910	934,025	294,589	2,625,373
Interest income arising from sale and leaseback arrangements	3,904,251	7,812,856	7,853,854	14,381,824
Finance leasing advisory services income (Note)	6,739,750	732,659	11,316,853	8,632,120
Interest income arising from factoring arrangements	2,158,946	956,546	3,966,899	1,901,651
Total revenue	12,855,857	10,436,086	23,432,195	27,540,968

Note: Provision of finance leasing advisory services include (1) granting a right to the Auxiliary Service Providers (Note 7(ii)) to access the Group's credit assessment platform for performing credit assessments on the Group's/Finance Leasing Funders' (defined below) lessees and (2) provision of series of finance leasing advisory services which is a bundle service consists of (i) intermediary services between individual clients with financing needs (the "Finance Leasing Advisory Customers") and financial institutions who 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").

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Entity-wide disclosures (Continued)

Revenue by nature (Continued)

Note: (Continued)

Set forth below are the breakdown of finance leasing advisory services by income nature:

	Three months ended 30 June		Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue from contracts with customers within IFRS 15				
At a point in time				
— Provision of credit assessment platform	1,495,717	55,670	2,784,594	5,614,438
Overtime				
— Provision of finance leasing advisory services*	5,244,033	676,989	8,532,259	3,017,682
	6,739,750	732,659	11,316,853	8,632,120

* The amount excluded the revenue from provision of credit assessment platform.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

5. OTHER INCOME AND OTHER GAINS (LOSSES), NET

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
(a) Other income				
Bank interest income	70,587	80,519	153,553	111,859
Government subsidies (Note i)	324,027	173,670	339,531	391,583
Income from vehicle license leasing	708	7,642	302,123	354,160
Interest income from loans to related parties	236,000	–	236,000	–
Interest income from loan to an independent third party	195,283	–	195,283	–
Bad debts recovery	73,000	–	73,000	–
Others (Note ii)	185,205	13,036	317,512	41,000
	1,084,810	274,867	1,617,002	898,602
(b) Other (losses) gains, net				
Loss on write-down of property and equipment	(3,303)	(331)	(3,303)	(331)
Exchange gain, net	397,131	431,414	225,863	367,554
	393,828	431,083	222,560	367,223
	1,478,638	705,950	1,839,562	1,265,825

Notes:

- (i) Government subsidies primarily consist of the fiscal supports that the relevant government authorities offered to the Group's entities (i) operate in Shanghai, the PRC and carried out its businesses in designated tax incentives zones in the PRC and (ii) engaged in the leasing business in the PRC. There was no unfulfilled condition or contingency relating to the government grants.
- (ii) Others primarily represented reimbursements received from leasing customers for the Group's expenses incurred for collection of their outstanding leasing balances.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Interests on bank and other borrowings	610,586	5,155,858	3,834,082	9,255,394
Imputed interest expenses arising from deposits received from leasing customers	11,599	171,682	22,820	412,417
Total finance costs	622,185	5,327,540	3,856,902	9,667,811

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

7. PROFIT (LOSS) BEFORE TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Staff costs				
Directors' emoluments	326,216	380,821	649,155	697,980
Salaries, bonus and other benefits (excluding directors)	1,141,962	1,023,560	2,438,147	2,712,843
Retirement benefit scheme contributions (excluding directors)	515,318	348,297	934,392	707,994
Sub-total	1,983,496	1,752,678	4,021,694	4,118,817
Manpower service expense (Note i)	946,559	–	1,809,178	–
Total staff costs	2,930,055	1,752,678	5,830,872	4,118,817

Note:

- (i) During the six months ended 30 June 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

7. PROFIT (LOSS) BEFORE TAX (CONTINUED)

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

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Impairment losses on the Lease Receivables and factoring receivables				
(Reversal) Recognition of loss allowances on the Lease Receivables, net	(11,481,731)	4,399,458	(11,940,604)	6,599,812
Recognition of loss allowances on factoring receivables, net	433,295	2,382,094	914,019	2,431,704
	(11,048,436)	6,781,552	(11,026,585)	9,031,516
Other operating expenses				
Auditors' remuneration	343,750	375,000	687,500	687,500
Depreciation of property and equipment	112,478	107,282	220,863	203,434
Finance leasing advisory services costs (Note i)	6,647,219	1,679,727	10,019,023	2,556,404
Professional fees (Note ii)	567,828	379,857	946,341	598,561
Other professional fees (Note iii)	684,470	301,347	1,434,132	546,929
Travelling and entertainment expenses	160,928	9,680	425,078	43,876
Office expenses	91,912	63,067	367,439	246,115
Expenses recognised under short-term leases (Note iv)	987,575	515,920	1,702,419	904,908
Total other operating expenses	9,596,160	3,431,880	15,802,795	5,787,727

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

7. PROFIT (LOSS) BEFORE TAX (CONTINUED)

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

Notes:

- (i) The amount represents the costs for (i) 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) and (ii) receiving certain financial advisory services from service providers in order to support the Group's financial advisory services to its customers.
- (ii) The amounts mainly represent the professional fees paid/payable for the Company's listing compliance.
- (iii) The other professional fees primarily represent the Group's expenses incurred for collection of outstanding balances from leasing customers.
- (iv) The Group applies the short-term lease recognition exemption to lease of properties that have lease term of 12 months or less from the commencement date which do not contain a purchase option. Expense relating to short-term leases with lease terms end within 12 months were RMB1,702,419 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB904,908). During the period ended 30 June 2023 and 2022, all of the Group's lease contracts are recognised as short-term leases.

For the period ended 30 June 2023, total cash outflow for leases was RMB1,702,419 (for the six months ended 30 June 2022: RMB904,908).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

8. INCOME TAX EXPENSES (CREDITS)

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
PRC enterprise income tax ("EIT")	1,520,144	171,407	1,512,893	2,415,381
Deferred tax charges (credits) (Note 21)	3,270,102	(1,734,955)	3,270,102	(2,297,446)
Total income tax expenses (credits)	4,790,246	(1,563,548)	4,782,995	117,935

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

9. EARNINGS (LOSSES) PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Earnings (Losses):				
Profit (Loss) for the period attributable to owners of the Company	7,459,646	(4,175,807)	6,057,086	101,182
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (losses) per share	960,000,000	960,000,000	960,000,000	960,000,000

The Group has no potential ordinary share in issue during the periods ended 30 June 2023 and 2022.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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 2023 RMB (Unaudited)	At 31 December 2022 RMB (Audited)
Other receivables		
Staff advance (Note i)	6,000	–
Others (Note ii)	1,856,544	4,520,420
	1,862,544	4,520,420
Prepayments	616,274	3,271,023
Deposits (Note iii)	9,810,743	6,637,023
Loan to an independent third party (Note iv)	4,807,000	–
Value added tax recoverable	36,027	66,192
	17,132,588	14,494,658

Notes:

- (i) The management of the Group expects the amounts will be received or settled within one year.
- (ii) The balances at 30 June 2023 included payments of RMB1,691,323 (31 December 2022: RMB4,337,965) made on behalf of the Auxiliary Service Providers. The Group expects such receivables will be received within 12 months.
- (iii) The balance mainly represents the deposits paid in relation to the Group's finance leasing advisory services for the Group's Financial Guarantees.
- (iv) The balance represents loan made to an independent third party which was unsecured, bearing interest of 12% per annum and repayable within six months.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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 2 to 5 years (31 December 2022: 2 to 5 years). All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	At 30 June 2023	
	Minimum lease payments RMB (Unaudited)	Present value of minimum lease payments RMB (Unaudited)
<i>Finance lease receivables comprise:</i>		
Within one year	72,997,463	69,242,876
In the second year	1,523,410	1,411,277
In the third year	104,891	101,849
Gross investment in the lease	74,625,764	N/A
Less: Unearned finance income	(3,869,762)	N/A
Present value of minimum lease payment receivables	70,756,002	70,756,002
Less: Loss allowances	(37,583,766)	(37,583,766)
	33,172,236	33,172,236
Analysed as:		
Current	31,674,544	31,674,544
Non-current	1,497,692	1,497,692
	33,172,236	33,172,236

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

12. FINANCE LEASE RECEIVABLES (CONTINUED)

	At 31 December 2022	
	Minimum lease payments RMB (Audited)	Present value of minimum lease payments RMB (Audited)
<i>Finance lease receivables comprise:</i>		
Within one year	55,724,639	49,090,495
In the second year	14,935,014	13,156,503
In the third year	9,518,346	9,144,430
Gross investment in the lease	80,177,999	N/A
Less: Unearned finance income	(8,786,571)	N/A
Present value of minimum lease payment receivables	71,391,428	71,391,428
Less: Loss allowances	(44,557,293)	(44,557,293)
	26,834,135	26,834,135
Analysed as:		
Current	16,131,081	16,131,081
Non-current	10,703,054	10,703,054
	26,834,135	26,834,135

The effective interest rates of the above finance leases range from approximately 10.65% to 23.09% during the six months ended 30 June 2023 (the six months ended 30 June 2022: approximately 10.34% to 23.09%).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

12. FINANCE LEASE RECEIVABLES (CONTINUED)

Movements of loss allowances on finance lease receivables are set forth below:

	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 2023 (Audited)	75,175	–	44,482,118	44,557,293
Changes in loss allowances: — Credited to profit or loss	(35,502)	–	(6,938,025)	(6,973,527)
As at 30 June 2023 (Unaudited)	39,673	–	37,544,093	37,583,766

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

12. FINANCE LEASE RECEIVABLES (CONTINUED)

Movements of loss allowances on finance lease receivables are set forth below: (Continued)

	Stage1 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

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

12. FINANCE LEASE RECEIVABLES (CONTINUED)

Movements of loss allowances on finance lease receivables are set forth below: (Continued)

At 31 December 2022, out of the Group's finance lease receivables, there are 8 customers (the "8 Customers") engaged in ride-hailing business in Shenzhen, have aggregate outstanding finance lease receivables of RMB45,441,543 and corresponding deposit received from them of RMB2,676,813.

Due to shortage of working capital, the 8 Customers have failed to settle their outstanding balances since the second half of 2022. The Group's management has closely monitored the recoverability of the outstanding balances arising from the 8 Customers and has kept dealing with the 8 Customers since the date of having indication of default. At 31 December 2022, loss allowances arising from the 8 Customers of RMB24,764,730 was recognised.

On 5 June 2023, the shareholders of the 8 Customers have entered into a sale and purchase agreement with a purchaser (the "Purchaser"), pursuant to which, the shareholders of the 8 Customers agreed to sell and the Purchaser agreed to acquire 100% equity interests (the "Transaction") of the 8 Customers with a total consideration of RMB31,000,000 (the "Consideration"). On 9 June 2023, a tripartite agreement (the "Tripartite Agreement") was signed between Metropolis Leasing, one of the Company's subsidiaries, the 8 Customers and the Purchaser (together "All Parties"), under which, All Parties agreed that the Consideration, excluding certain income/expenses as stipulated in the Tripartite Agreement which should be entitled/paid by the 8 Customers before the completion of the Transaction, will be transferred to Metropolis Leasing. The net amount of the said income/expenses is expected to be a net expense amounted to approximately RMB6,682,000 (the total of the Consideration and the mentioned net amount referred to as the "Settlement Sum"). The Settlement Sum will be directly transferred from the Purchaser or any other parties designated by the Purchaser to Metropolis Leasing. Both of the 8 Customers and Metropolis Leasing agreed (i) the deposits paid by the 8 Customers of RMB2,676,813 will be net off against the aggregate outstanding finance lease receivables from them and (ii) upon Metropolis Leasing received the Settlement Sum, all balances due from the 8 Customers to Metropolis Leasing will be treated as fully settled.

Subsequent to 30 June 2023 and as the date of this report, all of the Settlement Sum was transferred to Metropolis Leasing.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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 are usually ranged from 1 to 4 years (31 December 2022: 1 to 4 years). All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	At 30 June 2023	
	Gross amount RMB (Unaudited)	Present value RMB (Unaudited)
<i>Receivables from sale and leaseback arrangements comprise:</i>		
Within one year	72,862,833	64,885,780
In the second year	32,605,983	31,258,854
	105,468,816	N/A
Less: Unearned finance income	(9,324,182)	N/A
Present value of receivables arising from sale and leaseback arrangements	96,144,634	96,144,634
Less: Loss allowances	(5,145,713)	(5,145,713)
	90,998,921	90,998,921
Analysed as:		
Current	60,769,317	60,769,317
Non-current	30,229,604	30,229,604
	90,998,921	90,998,921

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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

	31 December 2022	
	Gross amount RMB (Audited)	Present value RMB (Audited)
<i>Receivables from sale and leaseback arrangements comprise:</i>		
Within one year	93,240,870	78,873,015
In the second year	65,106,728	60,254,199
In the third year	6,053,104	5,953,586
	164,400,702	N/A
Less: Unearned finance income	(19,319,902)	N/A
Present value of receivables arising from sale and leaseback arrangements	145,080,800	145,080,800
Less: Loss allowances	(10,252,918)	(10,252,918)
	134,827,882	134,827,882
Analysed as:		
Current	71,655,260	71,655,260
Non-current	63,172,622	63,172,622
	134,827,882	134,827,882

The effective interest rates of the above sale and leaseback arrangements range from approximately 11.39% to 29.32% per annum during the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately 11.00% to 34.72% per annum).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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

Movements of loss allowances on receivables arising from sale and leaseback arrangements are set forth below:

	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 2023 (Audited)	1,229,416	2,179,137	6,844,365	10,252,918
Changes in loss allowances:				
— Transfer to Stage 1	300,389	(168,932)	(131,457)	—
— Transfer to Stage 2	(41,804)	203,449	(161,645)	—
— Transfer to Stage 3	(16,542)	(1,209,968)	1,226,510	—
— Credit to profit or loss	(1,085,869)	(463,325)	(3,417,883)	(4,967,077)
Written off	—	—	(140,128)	(140,128)
At 30 June 2023 (Unaudited)	385,590	540,361	4,219,762	5,145,713

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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

Movements of loss allowances on receivables arising from sale and leaseback arrangements are set forth below: (Continued)

	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 1	(104,170)	104,170	—	—
— Transfer to Stage 2	(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

The receivables arising from sale and leaseback arrangements are secured by the leased assets and deposit (if any) (Note 17). The Group might require extra assurance as extra mortgages.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

14. ACCOUNT RECEIVABLES/PAYABLES & DEFERRED EXPENSES/INCOME

The Group commenced its finance leasing advisory business since 2020. 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 the Finance Leasing Funders or paid to the Auxiliary Service Providers, after considering the effects for the time value of money, if significant. The account receivables and payables 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 2023, 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 RMB251,993,506 (31 December 2022: RMB113,653,303) and RMB256,112,642 (31 December 2022: RMB123,420,386), 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

15. FACTORING RECEIVABLES

The factoring receivables are measured at amortised cost and generally with maturity ranging from 2 to 36 months (31 December 2022: 2 to 36 months). The effective interest rates of the factoring receivables during the six months ended 30 June 2023 range from approximately 11.39% to 17.36% (during the six months ended 30 June 2022: 11.74% to 16.67%).

	At 30 June 2023 RMB (Unaudited)	At 31 December 2022 RMB (Audited)
<i>Factoring receivables comprise:</i>		
Within one year	85,331,768	64,267,742
In the second year	3,162,303	2,597,778
Gross amount of factoring receivables	88,494,071	66,865,520
Less: Interest adjustment	(3,839,295)	(5,294,999)
Present value of factoring receivables (Note i)	84,654,776	61,570,521
Less: Loss allowances	(1,556,782)	(642,763)
	83,097,994	60,927,758
Analysed as:		
Current	80,058,289	58,467,192
Non-current	3,039,705	2,460,566
	83,097,994	60,927,758

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

15. FACTORING RECEIVABLES (CONTINUED)

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

	At 30 June 2023 RMB (Unaudited)	At 31 December 2022 RMB (Audited)
Within one year	81,608,675	59,079,566
In the second year	3,046,101	2,490,955
	84,654,776	61,570,521

Movements of loss allowances on factoring receivables are set forth below:

	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 2023 (Audited)	597,887	–	44,876	642,763
Changes in loss allowances:				
— Transfer to Stage 2	(67,173)	67,173	–	–
— (Credited) Charged to profit or loss	(365,112)	1,324,007	(44,876)	914,019
At 30 June 2023 (Unaudited)	165,602	1,391,180	–	1,556,782

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

15. FACTORING RECEIVABLES (CONTINUED)

Movements of loss allowances on factoring receivables are set forth below: (Continued)

	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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

16. FINANCE LEASING ADVISORY SERVICES RECEIVABLES

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

	At 30 June 2023 RMB (Unaudited)	At 31 December 2022 RMB (Audited)
Within 30 days	1,005,428	1,052,756
31–60 days	828,821	–
	1,834,249	1,052,756

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

	At 30 June 2023 RMB (Unaudited)	At 31 December 2022 RMB (Audited)
Not yet due	1,834,249	1,052,756

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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 2023, the outstanding deposits from leasing customers were RMB6,539,537 (31 December 2022: RMB6,637,473).

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

	At 30 June 2023 RMB (Unaudited)	At 31 December 2022 RMB (Audited)
Current	6,386,473	4,329,937
Non-current	153,064	2,307,536
	6,539,537	6,637,473

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 6.42% per annum for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately 5.89% per annum).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

18. OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2023 RMB (Unaudited)	At 31 December 2022 RMB (Audited)
Other payables (Note)	10,281,406	19,035,145
Payroll payables	1,798,440	1,475,788
Other tax payables	624,421	670,091
	12,704,267	21,181,024

Note: Other payables mainly include (i) advanced payments received from the Auxiliary Service Providers as deposits for their Counter Guarantees services; and (ii) other payables balances arising from receiving finance leasing advisory services from the Auxiliary Service Providers.

19. BANK AND OTHER BORROWINGS

For the six months ended 30 June 2023, no new bank and other borrowings was obtained (for the six months ended 30 June 2022: RMB142,254,683). The Group repaid bank and other borrowings amounting to RMB41,978,076 during the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB56,953,220).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

20. SHARE CAPITAL

	Number of shares	Amount HK\$
Ordinary share of HK\$0.01 each		
Authorised:		
On 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	4,000,000,000	40,000,000
Issued and fully paid:		
On 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	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 2023 RMB (Unaudited)	At 31 December 2022 RMB (Audited)
Deferred tax assets	5,467,717	8,737,819

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

21. DEFERRED TAX ASSETS (CONTINUED)

The movements in deferred tax assets during the current and prior periods are as follows:

	Loss allowances on the Lease Receivables, and factoring receivables RMB	Depreciation of property and equipment RMB	Amortisation of intangible assets RMB	Total RMB
At 1 January 2022 (Audited)	3,422,241	449	67,422	3,490,112
Credit (Charge) to profit or loss	5,270,366	(337)	(22,322)	5,247,707
At 31 December 2022 and 1 January 2023 (Audited)	8,692,607	112	45,100	8,737,819
Charge to profit or loss	(3,258,829)	(112)	(11,161)	(3,270,102)
At 30 June 2023 (Unaudited)	5,433,778	–	33,939	5,467,717

Notes:

- (i) At the end of the reporting period, the Group has deductible temporary differences of RMB44,286,261 (31 December 2022: RMB55,452,975).

At 30 June 2023, deferred tax assets of RMB5,467,717 (31 December 2022: RMB8,737,819) has been recognised in respect of deductible temporary differences of RMB21,870,868 (31 December 2022: RMB34,951,276) 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 RMB22,415,393 (31 December 2022: RMB20,501,699) 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 EIT 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 2023, 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 RMBNil (31 December 2022: RMB45,268) 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 subsidiaries in the PRC suffered accumulated losses amounting to RMB1,428,739 (31 December 2022: RMB24,079,818) at 30 June 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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 the following significant related party transactions in accordance to the relevant IAS during the reporting period.

Name of related parties	Relationship	Nature of transactions	Six months ended 30 June	
			2023 RMB (Unaudited)	2022 RMB (Unaudited)
Mr. Chau (Note i)	Controlling shareholder	New loans made	432,875	3,400,000
		Repayments of loans received	3,332,875	1,853,466
Mr. Chow Chuen Chung (Note ii)	Related party	Expenses under short-term leases	677,708	679,349
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	141,000	47,000
Shanghai Jian Yu Cultural and Creative Development Limited* ("Shanghai Jian Yu") 上海間語文化創意發展有限公司 (Notes iv and vi)	Related party	New loan made	950,000	–
		Interest income	47,500	–
Shanghai Ke Luo Sen Business Management Consulting Limited* ("Shanghai Ke Luo Sen") 上海科洛森企業管理諮詢有限公司 (Notes v and vi)	Related party	New loan made	950,000	–
		Interest income	47,500	–

* For identification purpose only

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

22. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related party transactions (Continued)

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.
- (iii) At 30 June 2023, approximately 51.17% equity interests of Zhentianjia is indirectly owned by Mr. Chau through two entities directly held by him of which one of the entities is View Art. The loan made to Zhentianjia was unsecured, bearing interest of 12% per annum and repayable in one year.
- (iv) At 30 June 2023, Mr. Chau is the sole director of Shanghai Jian Yu.
- (v) At 30 June 2023, Mr. Chau is the supervisor whose responsibility is to oversee the board of Shanghai Ke Luo Sen.
- (vi) The loans made to Shanghai Jian Yu and Shanghai Ke Luo Sen were unsecured, bearing interest of 12% per annum and repayable within six months.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

22. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Compensation of key management personnel

	Six months ended 30 June	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Salaries, bonus and other benefits	877,377	770,552
Retirement benefits scheme contributions	203,863	140,463
	1,081,240	911,015