

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*



## **METROPOLIS CAPITAL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8621)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE FACTORING AGREEMENTS**

#### **FACTORING AGREEMENTS WITH CUSTOMER D**

On 14 July 2021 and 28 July 2021 (after trading hours), Metropolis Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Factoring Agreements I and the Factoring Agreements II with Customer D respectively, pursuant to which, Metropolis Leasing has agreed to provide accounts receivable factoring revolving facility to Customer D with the factoring principal amount at the aggregate of up to approximately RMB9,000,000 (equivalent to approximately HK\$10,781,000) for the respective factoring period.

#### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As none of the applicable percentage ratios for the transactions under the Factoring Agreements I calculated in accordance with the GEM Listing Rules exceed 5%, the transactions contemplated under the Factoring Agreements I, on a standalone basis, did not constitute notifiable transactions for the Company under Chapter 19 of the GEM Listing Rules.

However, as one or more of the applicable percentage ratios for the transactions under the Factoring Agreements II calculated in accordance with the GEM Listing Rules, both on a standalone basis and together with the transactions under the Factoring Agreements I on an aggregated basis, exceed 5% but are less than 25%, the transactions contemplated under the Factoring Agreements II (both on a standalone basis and together with the transactions under the Factoring Agreements I on an aggregated basis) 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 the GEM Listing Rules.

## INTRODUCTION

On 14 July 2021 and 28 July 2021 (after trading hours), Metropolis Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Factoring Agreements I and the Factoring Agreements II with Customer D respectively, pursuant to which, Metropolis Leasing has agreed to provide accounts receivable factoring revolving facility to Customer D with the factoring principal amount at the aggregate of up to approximately RMB9,000,000 (equivalent to approximately HK\$10,781,000) for the respective factoring period.

## THE FACTORING AGREEMENTS WITH CUSTOMER D

The principal terms and conditions of the Factoring Agreements in connection with Customer D are summarised as follow:

**Parties:** Metropolis Leasing (as factoring provider)  
Customer D (as seller)

**Type of factoring:** Revolving factoring facility with recourse

	Date	Financing term	Factoring principal amount (Note 1)	Expected amount of factoring interest (Note 2)
<b>Factoring Agreements I</b>	14 July 2021	From 14 July 2021 to 13 July 2022	Up to approximately RMB2,550,000 (equivalent to approximately HK\$3,055,000)	It is expected that the Factoring Agreements I will enable the Group to earn a maximum aggregate income of approximately RMB318,000 (equivalent to approximately HK\$381,000)
<b>Factoring Agreements II</b>	28 July 2021 (after trading hours)	From 28 July 2021 to 27 July 2022	Up to approximately RMB6,450,000 (equivalent to approximately HK\$7,726,000)	It is expected that the Factoring Agreements II will enable the Group to earn a maximum aggregate income of approximately RMB839,000 (equivalent to approximately HK\$1,004,000)

### Notes:

- (1) The factoring principal amount is determined by Metropolis Leasing and Customer D through arm's length negotiation with reference to the accounts receivable to be transferred to Metropolis Leasing.
- (2) The amount of factoring interest shall be calculated based on the number of days which the respective factoring principal amount of the respective Factoring Agreements is drawn, and shall be paid together with the respective factoring principal amount when the accounts receivable falls due as stipulated in the underlying transaction documents entered into between the parties pursuant to the respective Factoring Agreements.

Save as the above, each of the factoring agreements in connection with Customer D contains principal terms and conditions which are similar to each other, which are set out below:

**Transfer of accounts receivable:** Subject to the terms and conditions of the Factoring Agreements, the accounts receivable due from the debtor(s) of Customer D as referred to in the underlying transaction documents entered into between the parties pursuant to the respective Factoring Agreements shall be transferred to Metropolis Leasing.

**Factor ratio:** The factor ratio, which represents the ratio of the factoring principal amount of the respective Factoring Agreements to the accounts receivable being transferred, shall not exceed 80%.

**Interest rate:** 13% per annum

**Repurchase:** Metropolis Leasing shall be entitled to demand Customer D to immediately and unconditionally repurchase the outstanding amount of the accounts receivable being transferred to Metropolis Leasing, by repaying the outstanding factoring principal amount of the respective Factoring Agreements and interest in the event that any of the triggering events (including but not limited to the following) occurs:

- (i) the debtor(s) of Customer D (the “**Debtors**”) has failed to repay the accounts receivable within 90 days after the due date after Customer D or Metropolis Leasing has demanded the repayment of such accounts receivable;
- (ii) prior to the due date of the accounts receivable, the Debtors notified Metropolis Leasing in writing that there are commercial disputes concerning the relevant contract between them and Customer D or Metropolis Leasing is made aware of such disputes through Customer D or through other ways; and/or
- (iii) commercial fraud is involved in the contract.

**Default:** In the case of failure of Customer D to repurchase the accounts receivable by the time specified by Metropolis Leasing under the respective Factoring Agreements, default interest at a premium of 200% on top of the interest rate of 13% shall be applied in respect of the outstanding factoring principal amount under the respective Factoring Agreements.

In the case of the failure of Customer D to pay the accounts receivable to Metropolis Leasing in a timely manner upon receipt of such accounts receivable pursuant to the respective Factoring Agreements, Metropolis Leasing has a right to demand Customer D for a payment of liquidated damages based on the following:

$$L = D \times E \times F$$

D = the amount of accounts receivable

E = the daily default interest rate of 0.1%

F = the actual number of days of late payment

L = liquidated damages

In addition, in the event Metropolis Leasing suffered other losses as a result of Customer D's breach of contract, Metropolis Leasing is also entitled to liquidated under the respective Factoring Agreements damages representing 5% of the factoring principal amount.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE FACTORING AGREEMENTS**

The principal business of the Group is the provision of finance lease, finance leasing advisory and factoring services to its customers in the PRC. The Group started to provide factoring services to its customers from 2020 which enables the Group to generate additional revenue and cash flow stream to the Group. It is expected that the Factoring Agreements will enable the Group to earn a maximum aggregate income of approximately RMB1,157,000 (equivalent to approximately HK\$1,385,961).

The terms of the Factoring Agreements were agreed between the parties after arm's length negotiations and are on normal commercial terms. The provision of factoring principal amount to Customer D under the respective Factoring Agreements will be financed by internal resources of the Group.

Given that the Factoring Agreements were entered into in the ordinary and usual course of business of the Group and on normal commercial terms, the Directors are of the view that the terms of the Factoring Agreements are fair and reasonable and are in the interest of the Company and the shareholders of the Company as a whole.

## **INFORMATION ABOUT METROPOLIS LEASING AND THE GROUP**

Metropolis Leasing is an indirect wholly-owned subsidiary of the Company. The Group, including Metropolis Leasing, is primarily engaged in the provision of finance lease, finance leasing advisory and factoring services to its customers in the PRC.

## **INFORMATION ABOUT CUSTOMER D**

Customer D is a company established in the PRC with limited liability and is primarily engaged in the operation of investment and the sale of automobiles. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Customer D is wholly-owned by Shenzhen Yanxin Auto Service Co., Ltd.\* (深圳市彥信汽車服務有限公司).

To the best knowledge of the Directors' knowledge, information and belief and having made all reasonable enquiries, Shenzhen Yanxin Auto Service Co., Ltd.\* (深圳市彥信汽車服務有限公司) is a company established in the PRC with limited liability and is owned by Li Yuanfeng\* (李遠逢), Li Yuanliang\* (李遠良), Shanghai Feiyan Enterprise Management Partnership (L.P.)\* (上海飛彥企業管理合夥企業(有限合夥)), Wuxi Feiye Investment Co., Ltd.\* (無錫飛葉投資有限公司) and Ningbo Feiye Investment Partnership (L.P.)\* (寧波飛葉投資合夥企業(有限合夥)) as to 35%, 24%, 21%, 10% and 10% respectively.

To the best knowledge of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Customer D and its ultimate beneficial owners is an Independent Third Party and, save as disclosed in this announcement, they have no past or present relationships (formal or informal, business or otherwise, implied or explicit) with the Company or its connected persons.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As none of the applicable percentage ratios for the transactions under the Factoring Agreements I calculated in accordance with the GEM Listing Rules exceed 5%, the transactions contemplated under the Factoring Agreements I, on a standalone basis, did not constitute notifiable transactions for the Company under Chapter 19 of the GEM Listing Rules.

However, as one or more of the applicable percentage ratios for the transactions under the Factoring Agreements II calculated in accordance with the GEM Listing Rules, both on a standalone basis and together with the transactions under the Factoring Agreements I on an aggregated basis, exceed 5% but are less than 25%, the transactions contemplated under the Factoring Agreements II (both on a standalone basis and together with the transactions under the Factoring Agreements I on an aggregated basis) 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 the GEM Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors
“Company”	Metropolis Capital Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Customer D”	Shenzhen Xiaoma Automobile Sales Service Co., Ltd.* (深圳市小馬汽車銷售服務有限公司), a company established in the PRC with limited liability and an Independent Third Party
“Director(s)”	the director(s) of the Company
“Factoring Agreements”	collectively, the Factoring Agreements I and the Factoring Agreements II
“Factoring Agreements I”	the factoring agreements dated 14 July 2021 and entered into by Metropolis Leasing (as factoring provider) and Customer D (as seller) in respect of the accounts receivable revolving factoring facility with the factoring principal amount up to approximately RMB2,550,000 (equivalent to approximately HK\$3,055,000) provided by Metropolis Leasing to Customer D
“Factoring Agreements II”	the factoring agreements dated 28 July 2021 and entered into by Metropolis Leasing (as factoring provider) and Customer D (as seller) in respect of the accounts receivable revolving factoring facility with the factoring principal amount up to approximately RMB6,450,000 (equivalent to approximately HK\$7,726,000) provided by Metropolis Leasing to Customer D
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	person(s) who or company(ies) which is/are third party(ies) independent of the Company and its connected persons
“Metropolis Leasing”	Metropolis International Finance Leasing Co., Ltd.* (信都國際融資租賃有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

*For the purpose of this announcement, conversion of RMB into HK\$ is based on the approximate exchange rate of HK\$1.0 to RMB0.8348. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or RMB have been, could have been or may be converted at such or any other rate or at all.*

By order of the Board  
**Metropolis Capital Holdings Limited**  
**Chau David**

*Chairman, chief executive officer and executive Director*

Hong Kong, 28 July 2021

*As at the date of this announcement, 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.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website of the Stock Exchange at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting. This announcement will also be published on the website of the Company at [www.metropolis-leasing.com](http://www.metropolis-leasing.com).*

\* *For identification purposes only.*