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METROPOLIS CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8621)

DISCLOSEABLE TRANSACTION IN RELATION TO THE FACTORING AGREEMENT

FACTORING AGREEMENT WITH CUSTOMER A

On 24 March 2021 (after trading hours), Metropolis Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Factoring Agreement with Customer A, pursuant to which, Metropolis Leasing has agreed to provide accounts receivable factoring revolving facility to Customer A with the Factoring Principal Amount of up to RMB5,000,000 (equivalent to approximately HK\$5,969,500) for the Factoring Period.

IMPLICATIONS UNDER THE GEM LISTING RULES

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

INTRODUCTION

On 24 March 2021 (after trading hours), Metropolis Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Factoring Agreement with Customer A, pursuant to which, Metropolis Leasing has agreed to provide accounts receivable revolving factoring facility to Customer A with the Factoring Principal Amount of up to RMB5,000,000 (equivalent to approximately HK\$5,969,500) for the Factoring Period.

THE FACTORING AGREEMENT WITH CUSTOMER A

The principal terms and conditions of the Factoring Agreement are summarised as follow:

Date:	24 March 2021 (after trading hours)
Parties:	Metropolis Leasing (as factoring provider) Customer A (as seller)
Type of factoring:	Revolving factoring facility with recourse
Factoring Period:	From 25 March 2021 to 31 December 2021
Transfer of accounts receivable:	Subject to the terms and conditions of the Factoring Agreement, the accounts receivable due from the debtor(s) of Customer A (the “ Accounts Receivable ”) as referred to in the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement shall be transferred to Metropolis Leasing.
Factoring Principal Amount:	Up to RMB5,000,000 (equivalent to approximately HK\$5,969,500), which is determined by Metropolis Leasing and Customer A through arm’s length negotiation with reference to the Accounts Receivable to be transferred to Metropolis Leasing.
Factor ratio:	The factor ratio, which represents the ratio of the Factoring Principal Amount to the Accounts Receivable being transferred, shall not exceed 80%.
Interest rate:	12% per annum
Repayment of Factoring Principal Amount and interest:	The amount of factoring interest shall be calculated based on the number of days which the Factoring Principal Amount is drawn, and shall be paid together with the Factoring Principal Amount when the Accounts Receivable falls due as stipulated in the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement. It is expected that the Factoring Agreement will enable the Group to earn a maximum aggregate income of RMB461,918 (equivalent to approximately HK\$551,484). Based on the transaction documents entered together with the Factoring Agreement as at the date of this announcement, RMB5,000,000 (equivalent to approximately HK\$5,969,500) will be drawn for a period from 25 March 2021 to 30 June 2021, and it is expected that an income of RMB159,452 (equivalent to approximately HK\$190,370) will be generated to the Group for such period.

Repurchase:

Metropolis Leasing shall be entitled to demand Customer A to immediately and unconditionally repurchase the outstanding amount of the Accounts Receivable being transferred to Metropolis Leasing, by repaying the outstanding Factoring Principal Amount and interest in the event that any of the triggering events (including but not limited to the following) occurs:

- (i) the debtor of Customer A (the “**Debtor**”) has failed to repay the Accounts Receivable within 90 days after the due date after Customer A or Metropolis Leasing has demanded the repayment of such Accounts Receivable;
- (ii) prior to the due date of the Accounts Receivable, the Debtor or Customer A notifies Metropolis Leasing in writing that there are commercial disputes concerning the relevant contract between them (the “**Contract**”), or Metropolis is made aware of such disputes in some other ways; and/or
- (iii) commercial fraud is involved in the Contract.

Default:

In the case of failure of Customer A to repurchase the Accounts Receivable by the time specified by Metropolis Leasing, default interest at a premium of 200% on top of the interest rate of 12% shall be applied in respect of the outstanding Factoring Principal Amount.

In the case of the failure of Customer A to pay the Accounts Receivable to Metropolis Leasing in a timely manner upon receipt of such Accounts Receivable pursuant to the Factoring Agreement, Metropolis Leasing has a right to demand Customer A for a payment of liquidated damages based on the following:

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

- D = the amount of Accounts Receivables
- 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 A’s breach of contract, Metropolis Leasing is also entitled to liquidated damages representing 5% of the Factoring Principal Amount.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE FACTORING AGREEMENT

The principal business of the Group is the provision of vehicle finance leasing and finance leasing advisory 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 Agreement will enable the Group to earn a maximum aggregate income of RMB461,918 (equivalent to approximately HK\$551,484).

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

Given that the Factoring Agreement was 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 Agreement 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 vehicle finance leasing and finance leasing advisory services to its customers in the PRC.

INFORMATION ABOUT CUSTOMER A

Customer A is a company established in the PRC with limited liability which is primarily engaged in the development and sales of medical equipment and devices. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Customer A and its ultimate beneficial owners is an Independent Third Party as at the date of this announcement.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios for the transactions under the Factoring Agreement calculated in accordance with the GEM Listing Rules are more than 5% but all of them are less than 25%, the Factoring Agreement and the transactions contemplated thereunder constituted a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and are therefore subject to the reporting and announcement requirements under Chapter 19 of 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 A”	Zhejiang Dingyi Medical Technology Co., Ltd* (浙江頂一醫療科技有限公司), a company established in the PRC with limited liability and an Independent Third Party
“Director(s)”	the director(s) of the Company
“Factoring Agreement”	the factoring agreement dated 24 March 2021 and entered into by Metropolis Leasing (as factoring provider) and Customer A (as seller) in respect of the accounts receivable revolving factoring facility with the Factoring Principal Amount provided by Metropolis Leasing to Customer A
“Factoring Period”	a period from 25 March 2021 to 31 December 2021
“Factoring Principal Amount”	an amount up to a maximum of RMB5,000,000 (equivalent to approximately HK\$5,969,500)
“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 Leasing Co., Ltd.* (信都國際租賃有限公司), 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 Dollars is based on the approximate exchange rate of RMB1.0 to HK\$1.1939. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK Dollars 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, 24 March 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. Lo Kai Tung.

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 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.

* *For identification purposes only*