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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 N

On 3 November 2023 (after trading hours), Metropolis Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Factoring Agreement with Customer N, pursuant to which, Metropolis Leasing has agreed to provide accounts receivable factoring facility to Customer N with the Factoring Principal Amount of up to RMB5,600,000 (equivalent to approximately HK\$5,974,608) for the Factoring Period.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios for the transaction contemplated 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 transaction contemplated under the Factoring Agreement constituted a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

On 3 November 2023 (after trading hours), Metropolis Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Factoring Agreement with Customer N, pursuant to which, Metropolis Leasing has agreed to provide accounts receivable factoring facility to Customer N with the Factoring Principal Amount of up to RMB5,600,000 (equivalent to approximately HK\$5,974,608) for the Factoring Period.

THE FACTORING AGREEMENT WITH CUSTOMER N

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

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| Date: | 3 November 2023 (after trading hours) |
| Parties: | Metropolis Leasing (as factoring provider) Customer N (as seller) |
| Type of factoring: | One-off factoring facility with recourse |
| Factoring Period: | From 3 November 2023 to 3 November 2024 |
| Transfer of accounts receivable: | Subject to the terms and conditions of the Factoring Agreement, the accounts receivable due from the debtor(s) of Customer N 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: | The Factoring Principal Amount of up to approximately RMB5,600,000 (equivalent to approximately HK\$5,974,608), which is determined by Metropolis Leasing and Customer N 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 95%. |
| Interest rate: | 12% per annum |
| Repayment of Factoring Principal Amount and interest: | The amount of Factoring Principal Amount and interest shall be payable monthly in accordance with the payment schedule as stipulated in the Factoring Agreement. The amount of factoring interest is calculated on a monthly basis based on the outstanding Factoring Principal Amount in accordance to the repayment schedule as stipulated in the Factoring Agreement. It is expected that the Factoring Agreement will enable the Group to earn a maximum aggregate income of approximately RMB672,000 (equivalent to approximately HK\$716,953). |

Repurchase:

Metropolis Leasing shall be entitled to demand Customer N 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 Factoring Agreement and interest in the event that any of the triggering events occurs:

- (i) the debtor of Customer N (the “**Debtor**”) has failed to repay the accounts receivable within 90 days after the due date after Customer N, 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 N notifies Metropolis Leasing in writing that there are commercial disputes concerning the relevant contract between them, or Metropolis Leasing is made aware of such disputes in some other ways;
- (iii) Customer N fails to use the consideration for the transfer of accounts receivable in accordance with the use as agreed in the Factoring Agreement, or Customer N changes the designated account for the receipt of accounts receivable without the consent of Metropolis Leasing;
- (iv) commercial fraud is involved in the contract.

Default:

In case of any of the following events (including but not limited to the following), Metropolis Leasing has the right to unilaterally terminate the Factoring Agreement, and request Customer N to immediately return such consideration for the transfer of all accounts receivable that Metropolis Leasing has paid upon the receipt of the notice of termination of the Factoring Agreement, and pay the liquidated damages representing 5% of the consideration for the transfer of all the accounts receivable. Customer N further undertakes that it will pay an amount of 200% of such payment as compensation to Metropolis Leasing on a voluntary basis:

- a. Without the written consent of Metropolis Leasing, Customer N misappropriates the consideration for the transfer of accounts receivable received from Metropolis Leasing for other use not agreed by both parties or to a counterparty who has not been agreed by both parties;

- b. Customer N changes the designated account for the receipt of accounts receivable without written consent of Metropolis Leasing, or Customer N fails to pay the accounts receivable to Metropolis Leasing in a timely manner upon receipt of such accounts receivable pursuant to the Factoring Agreement; and
- c. Customer N fabricates underlying transaction and the accounts receivable, or applies for factoring business with Metropolis Leasing by use of encumbered accounts receivable.

In the case of Customer N refuses to repurchase the accounts receivable by the time specified by Metropolis Leasing, or delays payment for the repurchase of accounts receivable, Metropolis Leasing has the right to demand Customer N to pay 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 0.05%

F = the actual number of days of late payment

L = liquidated damages

In the case of Customer N fails to pay the factoring fee as stipulated in the Factoring Agreement, Metropolis Leasing has the right to demand a default penalty from Customer N at 0.05% of the outstanding amount per day from the date when such amount payable by Customer N falls due for payment.

In addition, in the event Metropolis Leasing suffered other losses as a result of Customer N'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 TRANSACTION CONTEMPLATED UNDER THE FACTORING AGREEMENT

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 has enabled 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 approximately RMB672,000 (equivalent to approximately HK\$716,953).

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 N under the Factoring Agreement will mainly 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 finance lease, finance leasing advisory and factoring services to its customers in the PRC.

INFORMATION ABOUT CUSTOMER N

Customer N is a company established in the PRC with limited liability which is primarily engaged in the sales of motor vehicles and consulting services. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Customer N is owned as to 100% by Yangping* (楊平), who is a PRC citizen.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Customer N and its ultimate beneficial owner 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 one or more of the applicable percentage ratios for the transaction contemplated 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 transaction contemplated under the Factoring Agreement constituted a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

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| “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 |

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|--------------------------------|---|
| “Customer N” | Jingzheng Industrial (Shenzhen) Co., Ltd.* (京正實業(深圳)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 3 November 2023 and entered into between Metropolis Leasing (as factoring provider) and Customer N (as seller) in respect of the accounts receivable one-off factoring facility with the factoring principal amount up to approximately RMB5,600,000 (equivalent to approximately HK\$5,974,608) provided by Metropolis Leasing to Customer N |
| “Factoring Period” | a period from 3 November 2023 to 3 November 2024 |
| “Factoring Principal Amount” | the factoring principal amount of up to RMB5,600,000 (equivalent to approximately HK\$5,974,608) |
| “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\$” or “Hong Kong dollars” | 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 dollars is based on the approximate exchange rate of HK\$1.0 to RMB0.9373. 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, 3 November 2023

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 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.*