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METROPOLIS CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8621)

PROFIT WARNING

This announcement is made by Metropolis Capital Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a review of the Group’s unaudited consolidated management accounts for the nine months ended 30 September 2019, the Group is expected to record a decrease of approximately 20% in revenue for the nine months ended 30 September 2019 (the “**Period**”) as compared to that for the nine months ended 30 September 2018. As the overall macro-economic environment and the financial market conditions tend to worsen against the backdrop of the intensified and prolonged Sino-US economic relationship, and there has been a decline in the production and sales volumes of automobiles in China, these factors have partly contributed to the decrease in the new customer orders of the Group for the Period. In addition, the earlier-than-expected implementation of the new national automobile emissions standards from 1 July 2019 brought uncertainty to vehicles valuation. As a result, the Group adopted a more prudent approach in providing finance leasing to its customers which further contributed to the decrease in revenue in the Period. The decrease in revenue for the nine months ended 30 September 2019 is expected to be offset by the decrease in finance cost of the Group for the nine months ended 30 September 2019. It is expected that the Group’s revenue after netting off finance cost for the nine months ended 30 September 2019 shall remain stable as compared to that for the nine months ended 30 September 2018.

Furthermore, the Group is expected to record a loss after tax of more than RMB1.0 million for the nine months ended 30 September 2019 as compared to a profit after tax of approximately RMB4.8 million for the nine months ended 30 September 2018 primarily attributable to the increase in loss allowance on lease receivables (including both finance lease and sales and leaseback arrangement) (the “**Lease Receivables**”) from a reversal of loss allowance of approximately RMB1.4 million for the nine months ended 30 September 2018 to a provision of loss allowance of approximately RMB5.5 million for the nine months ended

30 September 2019. The increase in loss allowance on the Lease Receivables was mainly due to the more cautious view held by the management facing the increased uncertainty over the future credit risk of the existing Lease Receivables portfolio upon considering the overall loan default incidents in China which appeared to be increasing in 2019 as well as the worsening macro-economic environment and financial conditions amid the Sino-US economic relationship. The management would like to emphasise that the loss allowance on Lease Receivables mentioned above was of non-cash nature and did not have any material impact on the cash flows of the Group. Apart from adopting a prudent risk assessment approach, the Group's management has also taken actions, including but not limited to escalated debt collection measures and legal proceedings, in order to best protect the Group's assets.

The Company is still in the process of finalising the unaudited consolidated results of the Group for the nine months ended 30 September 2019. The information contained in this announcement is based on the Board's preliminary assessment of the Company's latest unaudited consolidated management accounts for the nine months ended 30 September 2019, which are subject to adjustments and finalisation and have not been reviewed by the Company's auditors. The Shareholders and potential investors should refer to the third quarterly results announcement of the Company for the nine months ended 30 September 2019, which is expected to be published in early November 2019, for details of the performance of the Group.

The Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Metropolis Capital Holdings Limited
Chau David
Chairman, chief executive officer and executive Director

Shanghai, 23 October 2019

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 (www.hkgem.com) for at least 7 days from its date of publication. This announcement will also be published on the website of the Company at www.metropolis-leasing.com.