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METROPOLIS CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8621)

DISCLOSEABLE TRANSACTION IN RELATION TO PROVISION OF LOAN

PROVISION OF LOAN

The Board is pleased to announce that on 15 February 2023 (after trading hours), the Loan Agreement was entered into between the Lender, an indirect wholly-owned subsidiary of the Company, and the Borrower. Pursuant to the Loan Agreement, the Lender has agreed to grant the Loan to the Borrower for a term of 6 months. On the same day, the Guarantee Agreement was also entered into between the Guarantor and the Lender, pursuant to which the Guarantor provided the Guarantee in favour of the Lender as a security for the Loan.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios for the transaction contemplated under the Loan 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 Loan Agreement constituted a discloseable transaction for 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.

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Summarised below are the principal terms of the Loan Agreement:

THE LOAN AGREEMENT

- Date:** 15 February 2023 (after trading hours)
- Lender:** Metropolis Leasing, an indirect wholly-owned subsidiary of the Company
- Borrower:** Shanghai Kechuang Culture Communication Co., Ltd.* (上海可創文化傳播有限公司), a company established in the PRC with limited liability. As at the date of this announcement, the Borrower is owned as to 99.8% by Mr. Jiang and 0.2% by Wu Xiaoyan* (吳笑言), each an Independent Third Party
- Security:** Pursuant to the Guarantee Agreement, the Guarantor provided the Guarantee in favour of the Lender as a security for the Loan
- Loan amount:** RMB4,600,000 (equivalent to approximately HK\$4,948,897)
- Interest rate:** 12% per annum
- Repayment:** The Borrower shall repay the whole principal amount together with all accrued interest due and payable to the Lender on the 6th month anniversary of the date of the Loan Agreement (i.e. 15 August 2023)
- Purpose:** Daily operation of the Borrower

THE GROUP'S CREDIT RISK ASSESSMENT ON THE BORROWER

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. With respect to its finance lease and factoring business operations, the Group has established mechanisms to set credit risk limits for customers and periodically monitors the credit risk limits.

Prior to entering into the Loan Agreement, even though the provision of Loan is not in an ordinary and usual course of business of the Group, the Group conducted similar credit risk assessment by obtaining and reviewing the following information and documents to assess the creditability and background of the Borrower, including but not limited to:

- (i) company related information of the Borrower, including its business licence, articles of association, business scope, financial statements and organisational structure; and
- (ii) desktop search results on the credit status of the Borrower to ascertain if there are any outstanding liabilities which were or have been subjected to legal actions in the relevant jurisdiction.

Apart from the review of the above documents and information, the Group has also enquired with one of the ultimate beneficial owners of the Borrower, namely Mr. Jiang, and made assessment on his personality, integrity and assets, which forms bases for the Group to evaluate the Borrower's creditworthiness prior to entering into the Loan Agreement.

Mr. Jiang is required by the Group to provide the Guarantee. Credibility assessment, similar to the aforesaid assessment on the Borrower, was then conducted by the Group on Mr. Jiang. Apart from the review of the relevant documents and information of Mr. Jiang, considering Mr. Jiang's business investments, creditworthiness, experience and personal credit history, the Group believes that the Guarantee would be able to (i) secure due performance of the repayment obligations of the Borrower when the Loan falls due; (ii) guarantee the recoverability of the Loan; (iii) minimise the credit risks exposed to the Group under the Loan Agreement; and (iv) provide a strong and confident collateral to the Group.

After making assessment on the factors as disclosed above in assessing the risks of the Loan, the Group is of the view that the credit risk involved in granting the Loan is acceptable to the Group.

FUNDING OF THE LOAN

The provision of the Loan to the Borrower under the Loan Agreement will mainly be financed by internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

By entering into the Loan Agreement, the Group intends to increase the rate of return of its cash and cash equivalents in a short period of time which can improve the investment income and the profits of the Group. Further, the terms of the Loan Agreement, including the applicable interest, were negotiated on an arm's length basis between the Lender and the Borrower, with reference to the prevailing market interest rates and commercial practices, the financing needs of the Borrower and the Group's assessment on the source of funds for repayment, the business conditions and creditworthiness of each of the Borrower and the Guarantor. In particular, the interest rate of 12% per annum of the Loan was agreed between the Lender and the Borrower at arm's length negotiations, with reference to the annual interest income derived from the Group's finance lease and factoring services operations, which are generally at the range of approximately 12% to 18% per annum. The Directors are of the view that the determination of the interest rate of the Loan with reference to the annual interest income derived from the Group's finance lease and factoring services operations, alongside with the Group's assessment on the creditworthiness of each of the Borrower and the Guarantor as mentioned above, would be relevant and sufficient to the Group.

Based on the above reasons and having considered all relevant factors, the Directors (including the independent non-executive Directors) are of the view that although the entering into of the Loan Agreement is not in the ordinary and usual course of business of the Group, the terms of the Loan Agreement are entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders 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 THE BORROWER AND THE GUARANTOR

The Borrower is a company established in the PRC with limited liability which is primarily engaged in the provision of cultural and artistic planning, marketing planning and corporate image planning services. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Borrower is owned as to 99.8% by Mr. Jiang and 0.2% by Wu Xiaoyan* (吳笑言), each being a PRC citizen.

The Guarantor is a PRC citizen.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Borrower, the Guarantor and its ultimate beneficial owners (including the Guarantor) 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 Loan 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 Loan Agreement constituted a discloseable transaction for 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:

“Board”	the board of Directors
“Borrower”	Shanghai Kechuang Culture Communication Co., Ltd.* (上海可創文化傳播有限公司), a company established in the PRC with limited liability and an Independent Third Party
“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
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee provided by the Guarantor pursuant to the Guarantee Agreement
“Guarantee Agreement”	the guarantee agreement dated 15 February 2023 and executed by the Guarantor in favour of the Lender as a security for the Loan
“Guarantor” or “Mr. Jiang”	Jiang Liushen* (姜柳申), a PRC citizen, one of the ultimate beneficial owners of the Borrower and an Independent Third Party
“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
“Lender” or “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
“Loan”	a secured loan in the principal amount of RMB4,600,000 (equivalent to approximately HK\$4,948,897) granted by the Lender to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 15 February 2023 and entered into among the Lender and the Borrower in respect of the grant of the Loan from the Lender to the Borrower
“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
“%”	per cent.

For the purpose of this announcement, conversion of RMB into HK Dollars is based on the approximate exchange rate of HK\$1.0 to RMB0.9295. 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, 15 February 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.*