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MACROLINK CAPITAL HOLDINGS LIMITED

新華聯資本有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 758)

INSIDE INFORMATION IN RELATION TO COOPERATION FRAMEWORK AGREEMENT

This announcement is made by Macrolink Capital Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

COOPERATION FRAMEWORK AGREEMENT

The board of directors of the Company (the “**Board**”) is pleased to announce that on 1 September 2021, the Company as the intended purchaser (the “**Purchaser**”), a target company which is principally engaged in the business of intensive processing of high-performance titanium new material (the “**Target Company**”, together with its subsidiaries, the “**Target Group**”) and an independent third party as the intended vendor (the “**Vendor**”) entered into a cooperation framework agreement (the “**Cooperation Framework Agreement**”), pursuant to which the Company intends to subscribe for the Additional Shares (as defined below) in the Target Company and to acquire the Sale Shares (as defined below) from the Vendor (the “**Proposed Transactions**”).

Principal terms of the Cooperation Framework Agreement

Date: 1 September 2021 (after trading hours)

Parties: (i) the Vendor;
(ii) the Target Company; and

(iii) the Company (as the intended purchaser)

(collectively, the “**Parties**”).

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor, the Target Company and its ultimate beneficial shareholder(s) are independent of the Company and its connected persons (as defined under the Listing Rules).

Subject of investment: The Parties agree that the Purchaser may subscribe for part of the additional shares in the Target Company (the “**Additional Shares**”) and acquire from the Vendor part of the existing shares in the Target Company held by the Vendor (the “**Sale Shares**”) and that the Purchaser’s shareholding in the Target Company shall be 60% upon completion of the Proposed Transactions.

The price for the subscription of the Additional Shares and the acquisition of the Sale Shares is preliminarily based on the net asset value per share as shown in the Target Company’s audited financial statements as at 30 June 2021, subject to a premium of not more than 30%. The specific plan of the Proposed Transactions, number of shares and price are subject to the formal agreement ultimately to be entered into by the Parties.

Due diligence: Upon completion of the due diligence on the Target Company by the professional intermediary engaged by the Purchaser, the Purchaser shall, based on the results of the due diligence, negotiate and determine the valuation of the assets of the Target Company prior to the investment and the percentage of shareholding of the Purchaser in the Target Company upon the completion of the investment.

Exclusivity: The Purchaser agrees to use its best endeavours to complete the due diligence on the Target Company and complete the approval procedures of the Stock Exchange within nine months (or such other period as the Parties may agree in writing) upon the entering into the Cooperation Framework Agreement (the “**Exclusivity Period**”), and to obtain the consent of the Stock Exchange and confirmation that the Proposed Transactions will not be treated as a reverse takeover as defined in Rule 14.06B of the Listing Rules and the Purchaser will not be treated as a new listing applicant.

The Parties agree to use their respective best endeavours to prepare, negotiate and enter into a formal investment agreement during the Exclusivity Period. The Target Company and the Vendor agree not to enter into any letter of intent, equity transfer agreement, subscription agreement or any legal document of similar nature in relation to the transfer, sale and issue of any interest or shares in the Target Company and otherwise similar to the above with any other third party other than those under the Cooperation Framework Agreement during the Exclusivity Period.

Legally binding:

Save for certain provisions on exclusivity, confidentiality, governing law, dispute resolution and other miscellaneous matters, none of the other terms and conditions of the Cooperation Framework Agreement constitute any legally binding terms, obligations or legal undertakings entered into by the Parties in relation to the Proposed Transactions.

INFORMATION ON THE TARGET COMPANY AND THE VENDOR

The Target Company is a joint stock company with limited liability incorporated under the laws of the People's Republic of China (the "PRC"), the shares of which are listed on the National Equities Exchange and Quotation. It is principally engaged in the business of intensive processing of high-performance titanium new material.

The Vendor is an individual of Chinese nationality and as at the date of this announcement, the Vendor is the legal representative and chairman of the Target Company and directly holds more than 40% of shares of the Target Company and is the de facto controller of the Target Company.

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTIONS

The principal activities of the Group are property investment and development, property management and agency services, coal mining, trading of mineral concentrates and securities investment. The Proposed Transactions, if materialise, will create synergies between the Target Group's business of intensive processing of metallic minerals and new materials and the Group's existing principal business of production and mining of metallic minerals, which will represent the expansion and extension of the business based on the Company's principal business of production and mining of metallic minerals, and signify a commercial collaboration between the Group and an independent third party to be undertaken and established.

As stated in the Company's announcement dated 16 August 2021, the Stock Exchange notified the Company of its decision that the Company has failed to maintain a sufficient level of operations and assets of sufficient value to support its operations under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares (the "**Decision**"). On 23 August 2021, the Company submitted a written request for the Decision to be referred to the Listing Committee of the Stock Exchange for review pursuant to Rule 2B.06(1) and Rule 2B.08(1) of the Listing Rules. The Company has been actively exploring opportunities for acquisition of assets and/or business with sufficient operations and/or asset value to warrant the continued listing of its shares on the Stock Exchange. Having carefully evaluated the prospects of the Target Company and the business of intensive processing of metallic minerals and new materials, the Company believes that the Target Company has sufficient value and solid development potential. The Proposed Transactions are in line with the Company's objective to expand its business scope and revenue streams and will enhance the Company's value and facilitate its development. The Board believes that the successful completion of the Proposed Transactions will help satisfy the requirements of the Stock Exchange under Rule 13.24 of the Listing Rules and will warrant the continued listing of the Company's shares on the Stock Exchange.

Having considered the above, the Directors consider that the terms of the Cooperation Framework Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

The Board wishes to emphasise that the Proposed Transactions are subject to, among others, the entering into of a definite and legally binding agreement, the terms and conditions of which have yet to be negotiated and agreed. Based on a preliminary calculation of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules, it is expected that the Proposed Transactions, if materialise, may constitute a major transaction or a very substantial acquisition for the Company. The Company will make further announcements in relation to the Proposed Transactions and comply with all other applicable requirements under the Listing Rules as and when necessary.

The Board wishes to emphasise that as at the date of this announcement, no legally binding agreement in respect of the Proposed Transactions has been entered into. The Proposed Transactions are subject to, among others, the completion of the due diligence on the assets, liabilities, operations and financial and legal matters of the Target Group to the satisfaction of the Company. The Proposed Transactions may or may not proceed and the final structure and terms of the Proposed Transactions are subject to further negotiations between the Parties and have not yet been finalised and may differ from those set out in the Cooperation Framework Agreement. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares or other securities of the Company. Shareholders and potential investors of the Company are advised to consult their professional advisers if they are in doubt.

By Order of the Board
Macrolink Capital Holdings Limited
Fu Kwan
Chairman

Hong Kong, 1 September 2021

As at the date of this announcement, the executive directors are Mr. Fu Kwan (Chairman), Mr. Zhang Jian, Mr. Zhang Bishu, Ms. Liu Jing, Mr. Chan Yeuk and Mr. Zhou Jianren; and the independent non-executive directors are Mr. Lam Man Sum, Albert, Mr. Fung Chuen Kin and Mr. Cheung Ka Wai.