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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)**

### **DECISION OF THE LISTING COMMITTEE ON RULE 13.24**

This announcement is made by Macrolink Capital Holdings Limited (the “**Company**” and together with its subsidiaries, collectively 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).

References are made to (i) the announcement of the Company dated 16 August 2021 in relation to the decision of the Listing Division (the “**Listing Division**”) of the Stock Exchange 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 “**LD Decision**”) and (ii) the announcement of the Company dated 23 August 2021 in relation to the request of review of the LD Decision by the Listing Committee (the “**Listing Committee**”) of the Stock Exchange pursuant to Rule 2B.06(1) and 2B.08(1) of the Listing Rules (collectively, the “**Announcements**”). Unless otherwise defined, terms used herein shall bear the same meanings as defined in the Announcements.

## **DECISION OF THE LISTING COMMITTEE TO SUSPEND TRADING IN THE COMPANY'S SHARES**

The Company requested for a review of the LD Decision by the Listing Committee on 23 August 2021 and the review hearing of the LD Decision by the Listing Committee (the “**Review Hearing**”) was held on 29 October 2021.

On 18 November 2021, the Company received a letter from the Stock Exchange notifying the Company that the Listing Committee, having considered all the submissions (both written and oral) made by the Company and the Listing Division, the Listing Committee decided to uphold the LD Decision to suspend trading in the Company's shares under Rule 6.01(3) (the “**LC Decision**”). The Listing Committee was of the view that the Company failed to maintain a sufficient level of operations and assets as required under Rule 13.24 to warrant the continued listing of its shares.

The Listing Committee arrived at its decision for, among others, the following reasons:

1. The Company is principally engaged in (i) the Trading Business; (ii) the Properties Related Business and (iii) the Other Businesses.
2. Before 2016, the Manufacturing Business and the Trading Business had been the Company's major source of revenue. In light of the mandatory dissolution ruling issued by the PRC court in February 2021, the Company essentially ceased the Manufacturing Business. As explained below, the Trading Business is not a business of substance. The Properties Related Business has a small investment property portfolio and its revenue has all along been minimal. The Company had been loss-making and generating net cash outflow from operating activities for the past six years. The situation does not appear to be a temporary downturn or decline. The Company sought to expand the Trading Business and the Properties Related Business to meet Rule 13.24 of the Listing Rules. However, the new business initiatives primarily relied on Mr. Fu Kwan (“**Mr. Fu**”), the controlling shareholder of the Company. Overall, the Listing Committee remain concerned that the Company's businesses are not viable and sustainable.

### **Trading Business**

3. The Listing Committee had concerns that the Trading Business is not a business of substance having regard to its business model and concentrated customer and limited supplier base. Since 2018, the Company has been primarily trading nickel cathodes and has been loss making. The Company added limited value for the nickel it sourced for its customers as no further processing is required. The Company failed to demonstrate that there had been or would likely be substantial improvement in this business.

4. The Company recently commenced the trading of other non-ferrous metals. The Company also proposed to commence trading of laterite nickel and iron ore. It was unclear whether and how the trading of these new products would substantially improve this business. Further, the proposed laterite nickel trading business relies on Mr. Fu to further process the laterite nickel the Company sources for its customers and the proposed iron ore trading business primarily relies on Mr. Zhou Chu Jianhe (the Company's former controlling shareholder and the brother of Mr. Zhou Jianren, an executive director of the Company) as its sole supplier. The Listing Committee was concerned that these new business initiatives are not a business of substance and are not viable and sustainable.

### **Properties Related Business**

5. The Properties Related Business mainly comprises the property investment business and the property development business. During the past six years, the Company recorded a minimal annual rental income from a small portfolio of 15 office units in Beijing. The Company continued to generate minimal revenue and segment loss for the six months ended 30 June 2021, and the projected rental income in 2022 remains to be minimal. The only property development project of the Company was sold and the Company has not acquired or carried on any further property development projects since then.
6. The Listing Committee noted that the Company had taken steps to (i) expand the portfolio of its property investment business, (ii) commence new businesses in the provision of property operation and management services and property sales agency services, and (iii) commence the operation of a guesthouse. However, the Listing Committee remained concerned that the Properties Related Business is not viable and sustainable.

### **Other Businesses**

7. The Other Businesses have either suspended or operated at a very low level, with a minimal segment revenue and segment loss for the six months ended 30 June 2021. The Company did not provide for any specific plans for the Other Businesses.

### **Impact of COVID-19**

8. The Listing Committee is of the view that the Trading Business is not a business of substance and the Properties Related Business has been operating at a low level for the past few years. The Company has been loss making and generating net cash outflows from operating activities over the past few years. The situation does not appear to be a temporary downturn or decline. The Company's new business plans primarily rely on Mr. Fu and the Listing Committee have concerns on their substance. Overall, the Company has failed to demonstrate that, but for COVID-19, it would have a business that is viable and sustainable and has substance.

## **The New Acquisition**

9. On 1 September 2021, the Company announced that it had entered into a non-legally binding cooperation framework agreement with an independent third party in relation to a potential acquisition (the “**New Acquisition**”) of a major stake in a target company principally engaged in the intensive processing of high-performance titanium new material. On 5 October 2021, the Company sought the Listing Division’s confirmation that the New Acquisition would not be classified as a reverse takeover under the Listing Rules. Regardless of the Listing Division’s view, the Listing Committee had concern about whether the New Acquisition would materialise, as no definitive agreement had been entered into between the parties as at the date of the Review Hearing. Further, the business plan was preliminary and generic. In light of the above, the Listing Committee considered the Company failed to demonstrate that the New Acquisition, even if materialised, would substantially improve its performance.

## **Level of assets**

10. The Listing Committee is of the view that the Group’s assets did not support an operation that generated sufficient revenue and profits to warrant a continued listing. The Listing Committee considered that the Company failed to maintain a sufficient level of assets to meet the Rule 13.24 requirements.

## **RIGHT OF REVIEW, AND POTENTIAL REVIEW REQUEST, OF THE LC DECISION**

Under Rule 2B.08(1) of the Listing Rules, the Company has the right to have the LC Decision referred to the Listing Review Committee for review within seven business days from the date of the LC Decision (i.e. on or before 29 November 2021). Trading in the Company’s shares will be suspended on 30 November 2021 (i.e. after the expiry of seven business days from the date of the LC Decision), unless the Company applies for a review of the LC Decision in accordance with its rights under Chapter 2B of the Listing Rules.

The Company is considering the LC Decision and is discussing the same internally and with the professional advisers, and would consider lodging a request for the LC Decision to be referred to the Listing Review Committee for review.

The directors of the Company would like to remind the Shareholders and potential investors that (i) the Company may or may not proceed with the review by the Listing Review Committee; and (ii) the outcome of such review, if undertaken, is uncertain.

Should there be any material development of this matter, further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules. Shareholders and potential investors of the Company who have any queries about the implications of the LC Decision are advised to seek professional advice as they may consider appropriate.

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

By order of the Board  
**MACROLINK CAPITAL HOLDINGS LIMITED**  
**Fu Kwan**  
*Chairman*

Hong Kong, 18 November 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.*