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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 – UPDATE ON LITIGATION

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

Reference is made to the Company’s announcements dated 20 May 2019, 27 September 2019, 14 February 2020, 13 November 2020 and 8 February 2021 (the “**Announcements**”) and the interim report for the six months ended 30 June 2021. Unless otherwise stated herein, defined terms used in this announcement shall have the same meaning used in the Announcements.

On 1 February 2021, Junefield Building Material received a civil ruling dated 26 January 2021 issued by the Loudi Intermediate Court, pursuant to which Hunan Taiji should proceed to a mandatory dissolution. On 15 April 2021, the Loudi Intermediate Court implemented the Mandatory Dissolution Ruling, including, inter alia, the formation of a dissolution team to proceed with the mandatory dissolution of Hunan Taiji. The directors of the Company concluded that the Group lost its control over Hunan Taiji on 15 April 2021 and reclassified the investment in Hunan Taiji from investment in subsidiary to equity investments at fair value through profit or loss. On 11 October 2021, the Loudi Intermediate Court ruled and confirmed the proposal (the “**Dissolution Proposal**”), including, inter alia, the procedures to dispose of the tangible and intangible assets of Hunan Taiji (the “**Liquidated Assets**”) by way of open tender. The Liquidated Assets include (i) the land use right of a parcel of state-owned land with an area of approximately 88,000 square meters located at Loudi City Economic Development Zone in Hunan province, the PRC (the “**Land**”); (ii) the buildings on the Land; (iii) two production lines of each with a designed annual production capacity of 600,000 tons slag powder; and (iv) inventories of consumables and parts.

On 17 December 2021, a purchaser submitted the tender and successfully bid for the Liquidated Assets at a consideration of Renminbi (“**RMB**”) 80,080,000 (equivalent to approximately HK\$97,698,000) (the “**Consideration**”). Subsequently on 20 December 2021, Lianyuan Steel, which owns 40% equity interest in Hunan Taiji, exercised the right of first refusal which was granted under the Dissolution Proposal and offered to the dissolution team the same Consideration for the Liquidated Assets. Junefield Building Material agreed to the offer from Lianyuan Steel. It was confirmed that the dissolution team received the Consideration in cash from Lianyuan Steel and Hunan Taiji and Lianyuan Steel entered into a legally binding contract of transfer of assets in relation to the Liquidated Assets (the “**Contract of Transfer of Liquidated Assets**”). The starting price of the tender was RMB65 million which was determined by the dissolution team and endorsed by the Loudi Intermediate Court during the tendering process in accordance with the relevant PRC laws and regulations. The final Consideration was approximately 23.2% above the starting price.

Upon the receipt of the Consideration and entering into the Contract of Transfer of Liquidated Assets, the Liquidated Assets were deemed to have been disposed of by Hunan Taiji. Since Junefield Building Material owns 60% equity interest in Hunan Taiji, it is estimated that the Group will receive gross proceeds from the disposal of Liquidated Assets (before deduction of 60% share of relevant costs and expenses) of approximately RMB48,048,000 (equivalent to approximately HK\$58,619,000), before 60% share on any relevant costs or tax imposed by the relevant PRC authorities, dissolution costs including the repayment of creditors, compensation to staff, remuneration to the dissolution team and etc, which will be finalised by the dissolution team. It is intended that the net proceeds from the disposal will be applied as the general working capital of the Group.

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

For the purpose of illustration only and unless otherwise stated, conversions of RMB into HK\$ in this announcement are based on the exchange rate of RMB1 to HK\$1.22. Such conversions should not be construed as a representation that any amount has been, could have been, or may be, exchanged at such or any other rate.

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

Hong Kong, 5 January 2022

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.