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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 REVIEW COMMITTEE ON RULE 13.24
AND
SUSPENSION OF TRADING**

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 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 (“**Rule 13.24**”) to warrant the continued listing of its shares (the “**LD Decision**”), (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 pursuant to Rule 2B.06(1) and 2B.08(1) of the Listing Rules, (iii) the announcement of the Company dated 18 November 2021 relating to the decision of the Listing Committee to uphold the LD Decision (the “**LC Decision**”), and (iv) the announcement of the Company dated 26 November 2021 relating to the request to review the LC Decision ((i), (ii), (iii) and (iv), collectively, the “**Announcements**”). Unless otherwise defined, terms used herein shall bear the same meanings as defined in the Announcements.

DECISION OF THE LISTING REVIEW COMMITTEE

On 14 February 2022 (after trading hours), the Company received a letter from the Listing Review Committee (the “**Listing Review Committee**”) of the Stock Exchange which stated that it decided to uphold the Listing Committee’s decision as the Company failed to maintain a sufficient level of operations and assets of sufficient value to support its operations under Rule 13.24 to warrant a continued listing of its shares, and trading in the Company’s shares be suspended under Rule 6.01(3) of the Listing Rules (the “**LRC Decision**”).

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

1. The Company’s shares have been listed on the Main Board since 3 December 1999. The Group is principally engaged in:–
 - (a) Manufacturing and sale of construction materials in the PRC (the “**Manufacturing Business**”) (discontinued in February 2021);
 - (b) Trading of mineral concentrates (the “**Trading Business**”);
 - (c) Property investment and property development (the “**Properties Related Business**”); and
 - (d) Other businesses including exploration and development of coal mine concessions, sale of coal and mining equipment, and investment in listed securities (the “**Other Businesses**”).
2. In July 2018, Mr. Fu Kwan, through Macrolink Group Limited (“**Macrolink Group**”), acquired 66.7% interest in the Company from a Company owned by Mr. Zhou Chu Jian He (who resigned as an executive director in August 2018). Macrolink Group held 72.14% issued shares of the Company in December 2021.
3. Historically, the Company operated the Manufacturing Business and the Trading Business as its core business. However, the Manufacturing Business generated no revenue since 2017 and was discontinued following the dissolution of the operating joint venture company in February 2021. Although the Trading Business recorded annual revenue ranging from HK\$169.8 million to HK\$318.1 million since the financial year ended 31 December 2018, it recorded gross loss of HK\$36,000 and HK\$1.1 million and segment loss of HK\$2.3 million and HK\$3 million in the financial years ended 31 December 2019 and 31 December 2020, respectively.

4. On 19 March 2021, the Listing Division issued a show cause letter to the Company expressing a concern that the Company might have failed to maintain a sufficient level of operations and assets required under Rule 13.24. On 12 August 2021, the matter was presented to the Listing Committee for guidance. The Listing Division subsequently issued a letter dated 13 August 2021 informing the Company of the LD Decision. The Company requested a review of the LD Decision by the Listing Committee. As set out in a letter dated 18 November 2021, the Listing Committee decided to uphold the LD Decision.
5. On 26 November 2021, the Company requested a review of the LC Decision by the Listing Review Committee.
6. The Listing Review Committee noted that the Company's Manufacturing Business had discontinued following the court ruling to dissolve the operating joint venture. Therefore, the Company's business comprised of (i) the Trading Business and (ii) the Properties Related Business.
7. The Listing Review Committee noted that the Company's Trading Business had been loss making since 2018, and recorded a minimum segment profit of HK\$59,000 only in the six months ended 30 June 2021. It did not appear to be a business of substance having regard to its business model, in particular, the limited value-added element for the nickel sourced for its customers as no further processing was required. While the Company claimed that it was on track to meet the projected trading revenue of RMB438 million for 2021, the Listing Review Committee noted that the trading business had a very thin profit margin (if any). The Listing Review Committee observed that the Company had commenced trading of other non-ferrous metals and recorded revenue for the Trading Business. However, such lines were operated at a small scale only. All in all, the Company could not demonstrate that the Trading Business was viable and sustainable.
8. The Listing Review Committee noted the Company's plans to reinvigorate the Manufacturing Business through the acquisition (the "**New Acquisition**") of a target company (the "**Target Titanium Company**") principally engaged in the intensive processing of high-performance titanium new materials. The Company expected the Target Titanium Company to generate a revenue and profit of RMB260 million and RMB20 million, respectively in 2022. However, as the parties had yet to enter into definite agreement relating to the New Acquisition, the New Acquisition remained preliminary and lacked concrete details or certainty. During the Listing Review Committee hearing, the Company further confirmed that it would be unable to proceed with the New Acquisition if the transaction was considered by the Listing Division to constitute a reverse takeover. As such, considering all these matters, the Listing Review Committee considered it was overall uncertain whether and when the New Acquisition could materialise, and how it could substantially improve the Company's business.

9. The Listing Review Committee noted that the Properties Related Business had a small investment portfolio and its revenue had all along been minimal. It was noted that the Company proposed to expand the Properties Related Business through the operation of a guesthouse in Beijing and the proposed acquisition of 13 Managed Commercial Properties. During the Listing Review Committee hearing, the Company submitted that the guesthouse has already commenced operations in late 2021, and was expected to generate revenue and profit of RMB11 million and RMB6 million, respectively, in the financial year ending 31 December 2022. However, the Listing Review Committee observed that the Company was not able to provide any information to substantiate the projected revenue. In relation to the proposed acquisition of the 13 Managed Commercial Properties, the Listing Review Committee noted that the relevant draft circular in relation to the acquisition remained subject to Listing Division's clearance as the Company had yet to address the Listing Division's comments, which were passed to the Company in October 2021. As such, it was uncertain whether the acquisition of the Managed Commercial Properties could be proceeded with.
10. Overall Listing Review Committee took the view that the Company had not demonstrated that it was carrying out a business with a sufficient level of operations and assets as required under Rule 13.24. The Listing Review Committee noted that the Company still had a remedial period of 18 months to endeavor to re-comply with Rule 13.24.

In view of the above, the Listing Review Committee therefore decided to uphold the LC Decision to suspend the Company's shares under Rule 6.01(3) of the Listing Rules on the ground that the Company has failed to comply with Rule 13.24.

SUSPENSION OF TRADING

At the request of the Company, trading of the Company's shares on the Stock Exchange will be suspended with effect from 9:00 a.m. on 15 February 2022 pending further notice.

Further announcement will be made by the Company as and when appropriate and in compliance with the requirements under the Listing Rules.

Shareholders and potential investors of the Company who have any queries about the implications of the dealing of the Company's shares are advised to seek advice from professional advisors.

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

Hong Kong, 14 February 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.