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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE EARLY TERMINATION OF THE LEASE AGREEMENT

THE TERMINATION AGREEMENT

On 30 December 2022, Shenzhen Macrolink Industrial & Trading Development (an indirect wholly-owned subsidiary of the Company and the lessee under the Lease Agreement), entered into the Termination Agreement in respect of the lease of the Properties with Zhongchi Company (the lessor under the Lease Agreement) to early terminate the remaining lease term of the Lease Agreement with immediate effect.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, following the entering into of the Termination Agreement, the Company shall derecognise the right-of-use asset and lease liabilities under the Lease Agreement in the consolidated financial statements of the Company. Therefore, the transaction contemplated under the Termination Agreement will be regarded as a disposal of the right-of-use asset by the Group under the Listing Rules and the Group recorded an unaudited profit on disposal of approximately RMB5,940,000 (equivalent to approximately HK\$6,653,000). The unaudited carrying amounts of the right-of-use asset and the lease liabilities to be derecognised by the Group under the Termination Agreement amounted to approximately RMB28,070,000 (equivalent to approximately HK\$31,438,000) and approximately RMB34,010,000 (equivalent to approximately HK\$38,091,000), respectively.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the transaction contemplated under the Termination Agreement is 5% or more but less than 25%, the transaction contemplated under the Termination Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and accordingly the Company is only subject to the notification and announcement requirements but is exempt from the Shareholders' approval requirement.

INTRODUCTION

The Board hereby announces that on 30 December 2022, Shenzhen Macrolink Industrial & Trading Development (an indirect wholly-owned subsidiary of the Company and the lessee under the Lease Agreement), entered into the Termination Agreement in respect of the lease of the Properties with Zhongchi Company (the lessor under the Lease Agreement) to early terminate the remaining lease term of the Lease Agreement with immediate effect.

THE TERMINATION AGREEMENT

The principal terms of the Termination Agreement are as follows:

- Date : 30 December 2022
- Parties : (i) Shenzhen Macrolink Industrial & Trading Development (the lessee under the Lease Agreement); and
(ii) Zhongchi Company (the lessor under the Lease Agreement)
(together the “**Parties**”)
- The Properties : 139 Bazhuangzi, Fengtai District, Beijing*, the PRC (北京市豐台區巴莊子139號)
- Early Termination : The Parties entered into the Termination Agreement since the Properties would be demolished due to urban development needs. Upon entering into the Termination Agreement: -
(i) the lease term of the Properties under the Lease Agreement from 5 July 2021 to 31 December 2032 shall be early terminated on 30 December 2022; and
(ii) all rent and operating expenses (such as water, electricity, gas, telephone and property management charges) which remains payable by Shenzhen Macrolink Industrial & Trading Development under the Lease Agreement (if any) shall be waived; and

- (iii) the Parties confirm that all outstanding amounts (including but not limited to rent, charges, fees, damages, compensations, and other debts) between the Parties arising from the Lease Agreement have been fully settled, and that there is no dispute between the Parties in relation to the performance and termination of the Lease Agreement and each Party shall not bear any liability for breach of contract to the other Party.

INFORMATION OF THE PARTIES

Shenzhen Macrolink Industrial & Trading Development is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, the principal activities of which are the trading of mineral concentrates and provision of property management services. The ultimate beneficial controller of Shenzhen Macrolink Industrial & Trading Development is Mr. Fu Kwan, an executive Director, the Chairman and the controlling Shareholder of the Company.

Zhongchi Company is a company incorporated in the PRC with limited liability and its scope of business includes but not limited to property management, professional contracting, interior decoration project and design, corporate management services, etc. As at the date of this announcement and according to publicly available records, the Zhongchi Company is held as to 70% by Li Mei Wing* (李美榮) and 30% by Hu Bo* (胡波), both being Independent Third Parties.

ULTIMATE BENEFICIAL OWNER OF THE PROPERTIES OWNER

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, the ultimate beneficial owner of the owner of the Properties is the State-owned Assets Supervision and Administration Commission of Fengtai District Beijing City* (北京市豐台區國有資產監督管理委員會), which is the authority for supervision and administration of state-owned assets in Fengtai District, Beijing in the PRC and an Independent Third Party.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TERMINATION AGREEMENT

References are made to the announcements of the Company dated 5 July 2021 and 30 July 2021. Shenzhen Macrolink Industrial & Trading Development has entered into the Lease Agreement with Zhongchi Company in July 2021 whereby the Properties were sub-leased to Shenzhen Macrolink Industrial & Trading Development for development into serviced apartments and ancillary business premises.

Zhongchi Company was informed by the owner of the Properties that the Properties have to be demolished due to urban development needs and hence Shenzhen Macrolink Industrial & Trading Development entered into the Termination Agreement with Zhongchi Company.

The Termination Agreement was entered into on normal commercial terms after arm's length negotiations between Shenzhen Macrolink Industrial & Trading Development and Zhongchi Company. Upon considering that (i) the demolition of the Properties is beyond the control of both Zhongchi Company and Shenzhen Macrolink Industrial & Trading Development; and (ii) all rent and operating expenses which remains payable by Shenzhen Macrolink Industrial & Trading Development under the Lease Agreement (if any) shall be waived after the Termination Agreement takes effect; the Board is of the view that the terms of the Termination Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Based on the foregoing, the Board also considers that the early termination of the Lease Agreement pursuant to the Termination Agreement will not pose any material adverse effect on the operation and financial position of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, following the entering into of the Termination Agreement, the Company shall derecognise the right-of-use asset and lease liabilities under the Lease Agreement in the consolidated financial statements of the Company. Therefore, the transaction contemplated under the Termination Agreement will be regarded as a disposal of the right-of-use asset by the Group under the Listing Rules and the Group recorded an unaudited profit on disposal of approximately RMB5,940,000 (equivalent to approximately HK\$6,653,000). The unaudited carrying amounts of the right-of-use asset and the lease liabilities to be derecognised by the Group under the Termination Agreement amounted to approximately RMB28,070,000 (equivalent to approximately HK\$31,438,000) and approximately RMB34,010,000 (equivalent to approximately HK\$38,091,000), respectively.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the transaction contemplated under the Termination Agreement is 5% or more but less than 25%, the transaction contemplated under the Termination Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and accordingly the Company is only subject to the notification and announcement requirements but is exempt from the Shareholders' approval requirement.

CONTINUED SUSPENSION OF TRADING

Trading in the Company's shares has been suspended with effect from 9:00 a.m. on 15 February 2022 and shall remain suspended until further notice. Further announcement(s) will be made by the Company as and when appropriate and in compliance with the requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Macrolink Capital Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 758)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	The Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected person(s)
“Lease Agreement”	the lease agreement dated 5 July 2021 entered into between Shenzhen Macrolink Industrial & Trading Development (as lessee) and Zhongchi Company (as lessor) in respect of the lease of the Properties, as detailed in the Company’s announcements dated 5 July 2021 and 30 July 2021
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“percentage ratio(s)”	has the meaning as ascribed thereto under the Listing Rules, as applicable to a transaction
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	the properties located at 139 Bazhuangzi, Fengtai District, Beijing*, the PRC (北京市豐台區巴莊子139號)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shenzhen Macrolink Industrial & Trading Development”	深圳新華聯工貿發展有限公司 (Shenzhen Macrolink Industrial & Trading Development Limited*), a company incorporated in the PRC with limited liability, being an indirect wholly-owned subsidiary of the Company
“Termination Agreement”	the termination agreement dated 30 December 2022 entered into between Shenzhen Macrolink Industrial & Trading Development and Zhongchi Company in respect of the early termination of the lease term of the Properties under the Lease Agreement
“Zhongchi Company”	中馳酒店物業管理(北京)有限公司 (Zhongchi Hotel Property Management (Beijing) Limited*), a company incorporated in the PRC with limited liability, being an Independent Third Party
“%”	per cent

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\$1.12. 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, 30 December 2022

As at the date of this announcement, the executive Directors are Mr. Fu Kwan (Chairman), Mr. Zhang Jian, Ms. Liu Jing, Mr. Chan Yeuk, Ms. Liu Yaojia 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.

* *For identification purpose only*