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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)

**(1) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF
ENTIRE EQUITY INTEREST OF THE TARGET COMPANY;
(2) POSSIBLE CONNECTED TRANSACTION UPON COMPLETION OF
THE ACQUISITION –
FINANCIAL ASSISTANCE PROVIDED BY THE TARGET COMPANY; AND
(3) POSSIBLE CONTINUING CONNECTED TRANSACTION
UPON COMPLETION OF THE ACQUISITION**

(I) THE ACQUISITION

The Board is pleased to announce that on 5 March 2021 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company conditionally agreed to purchase, and the Vendor conditionally agreed to sell the Sale Shares, which represent the entire equity interest of the Target Company, free from all encumbrances, at the total Consideration of HK\$186,000,000.

The Target Company is principally engaged in property leasing and property management and operations, and owns the Target Property Portfolio which is based in Tongzhou District and Chaoyang District in Beijing, the PRC.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

(II) FINANCIAL ASSISTANCE PROVIDED BY THE TARGET COMPANY

As at the date of this announcement, there has been financial assistance provided by the Target Company to Macrolink Mineral Co., Ltd. and Macrolink Holdings Limited. Such financial assistance is expected to subsist after Completion.

On 8 March 2019, the Target Company as security provider and the Lender 1 as mortgagee entered into the Property Mortgage Agreements 1, pursuant to which the Target Company agreed to provide the Mortgaged Properties as security to secure the indebtedness (including the principal amount of RMB600,000,000 (equivalent to approximately HK\$720,000,000), any accrued interest, penalty interest, compensation for damages and any costs and expenses for enforcing the rights and charges under the Property Mortgage Agreements 1) owed from Macrolink Mineral Co., Ltd. to the Lender 1 under the Loan Agreement 1 with a maximum guarantee amount of RMB600,000,000.

On 24 December 2019, the Target Company as security provider and the Lender 2 as mortgagee entered into the Property Mortgage Agreements 2, pursuant to which the Target Company agreed to provide the Mortgaged Properties as security to secure the indebtedness (including the principal amount of RMB96,000,000 (equivalent to approximately HK\$115,200,000), any accrued interest, penalty interest, compensation for damages and any costs and expenses for enforcing the rights and charges under the Property Mortgage Agreements 2) owed from Macrolink Holdings Limited to the Lender 2 under the Loan Agreement 2 with a guarantee amount of RMB96,000,000.

On 5 March 2021, the Target Company and Macrolink Holdings Limited entered into the Property Mortgage Assistance Agreement, pursuant to which the Target Company agreed to provide the Property Mortgages, and Macrolink Holdings Limited agreed to pay the Target Company the Property Mortgage Assistance Fees for the Property Mortgages for and in favour of itself and Macrolink Mineral Co., Ltd.

(III) POSSIBLE CONTINUING CONNECTED TRANSACTION

On 5 March 2021, the Target Company has entered into the Property Management Agreement with Macrolink Holdings Limited, pursuant to which Macrolink Holdings Limited has authorized the Target Company to conduct the leasing and property management of the Entrusted Properties. As such, upon the Completion, the Property Management Agreement and the transaction contemplated thereunder will constitute continuing connected transaction of the Company under the Listing Rules.

LISTING RULE IMPLICATIONS

(I) The Acquisition

As at the date of this announcement, Macrolink Group Limited is directly interested in approximately 72.14% of the issued share capital of the Company, and the Vendor is the wholly-owned subsidiary of Macrolink Group Limited, thus the Vendor is a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition is more than 25% but all of them are less than 100%, the Acquisition also constitutes a major transaction for the Company pursuant to Chapter 14 of the Listing Rules.

Based on the foregoing, the Acquisition is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

(II) Provision of Financial Assistance by the Target Company

As at the date of this announcement, Fu Kwan is, directly and indirectly through his controlled corporations, in aggregate deemed to be interested in approximately 72.51% of the issued share capital of the Company and is the ultimate controlling shareholder of the Company, hence Fu Kwan is a connected person of the Company.

As at the date of this announcement, Macrolink Mineral Co., Ltd. is owned as to 80% and 20% by Macrolink Holdings Limited and Macrolink Resources Development Investment Limited, respectively. Macrolink Holdings Limited is owned as to approximately 93.4% by Changshi Investment Co., Ltd., which in turn is owned as to approximately 59.76% by Fu Kwan. Macrolink Resources Development Investment Limited is indirectly wholly-owned by Macrolink Holdings Limited, which in turn is owned as to approximately 2.83% of Fu Kwan. As such, Macrolink Mineral Co., Ltd. is the associate of Fu Kwan and hence Macrolink Mineral Co., Ltd. is a connected person of the Company.

As at the date of this announcement, Macrolink Holdings Limited is an associate of Fu Kwan, the ultimate controlling shareholder of the Company, and hence Macrolink Holdings Limited is a connected person of the Company.

Following the Completion, the Target Company will become a subsidiary of the Company. Accordingly, the Property Mortgages and the Property Mortgage Assistance Agreement, which are expected to subsist following the Completion, will constitute connected transactions of the Company upon Completion under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Property Mortgages and the Property Mortgage Assistance Agreement are more than 5% and all of them are more than HK\$10,000,000, the Property Mortgages and the Property Mortgage Assistance Agreement are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

(III) Possible Continuing Connected Transaction

As one or more of the applicable percentage ratios other than the profit ratio (as defined in the Listing Rules) of the proposed annual caps of the Property Management Agreement and the transaction contemplated thereunder are more than 5% and all of them are more than HK\$10,000,000, the transactions contemplated under the Property Management Agreement, which are expected to subsist following the Completion, will constitute continuing connected transaction of the Company upon Completion and are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee comprising all independent non-executive Directors of the Company have been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement, the Property Mortgage Agreements, the Property Mortgage Assistance Agreement, the Property Management Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole. The Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this regard.

The SGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the Sale and Purchase Agreement, the Acquisition, the Property Mortgage Agreements, the Property Mortgage Assistance Agreement, the Property Management Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on the Acquisition, the Property Mortgages and the Property Mortgage Assistance Agreement, and the transaction contemplated under the Property Management Agreement; (ii) a letter from the Independent Board Committee in respect of the Acquisition, the Property Mortgages and the Property Mortgage Assistance Agreement, and the transaction contemplated under the Property Management Agreement; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee in respect of the Acquisition, the Property Mortgages and the Property Mortgage Assistance Agreement, and the transaction contemplated under the Property Management Agreement; (iv) the accountants' report and property valuation report of the Target Company; (v) the unaudited pro forma financial information of the Enlarged Group; and (vi) other information as required under the Listing Rules together with a notice of the SGM and a form of proxy will be dispatched to the Shareholders on or before 16 April 2021, which is more than 15 business days after the publication of this announcement as the Company requires additional time to prepare the information to be included in this circular.

WARNING

Completion of the Acquisition is subject to the fulfillment and/or waiver (as the case may be) of the Conditions Precedent to the Sale and Purchase Agreement which are set out in the paragraph headed "Conditions Precedent" of this announcement.

The Acquisition may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing or contemplate dealing in the Shares or other securities (if any) of the Company.

(I) THE ACQUISITION

The Board is pleased to announce that on 5 March 2021 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company conditionally agreed to purchase, and the Vendor conditionally agreed to sell the Sale Shares, which represent the entire equity interest of the Target Company, free from all encumbrances, at the total Consideration of HK\$186,000,000.

The Target Company is principally engaged in property leasing and property management and operations, and owns the Target Property Portfolio which is based in Tongzhou District and Chaoyang District in Beijing, the PRC.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 5 March 2021

Parties: (i) The Company (as the purchaser); and
(ii) The Vendor (as the Vendor).

Further information on the parties to the Sale and Purchase Agreement is set out in the paragraph headed “Information on the parties to the Sale and Purchase Agreement” below.

Subject Matter of the Acquisition

The Company has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares, which represent the entire equity interest of the Target Company, free from all encumbrances subject to the terms and conditions of the Sale and Purchase Agreement.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

Consideration and payment terms

The total Consideration of the sale and purchase of the Sale Shares shall be HK\$186,000,000, which shall be paid by the Company to the Vendor in the following manner:

- (i) HK\$50,000,000 on the date of signing of the Sale and Purchase Agreement as the deposit (the “**Deposit**”);
- (ii) HK\$33,000,000 upon Completion as the first instalment of the Consideration (the “**First Instalment**”); and
- (iii) HK\$103,000,000 on the date as mutually agreed by the Company and the Vendor in writing following the Mortgage Release Date (the “**Second Instalment**”).

The Consideration shall be settled in cash by the Company to the Vendor, and is intended to be satisfied with the internal resources of the Company and external financing.

Basis of the Consideration

The Deposit and the First Instalment were determined after arm's length negotiations among the parties to the Sale and Purchase Agreement, taking into account, among other things, (a) the quality and size of the Target Property Portfolio owned by the Target Company to be acquired by the Company; (b) the business development and future prospects of the real estate business in Tongzhou District and Chaoyang District in Beijing, the PRC; (c) the strategic significance and synergies of the Acquisition to the Group; (d) the unaudited net asset value of the Target Company attributable to the shareholders of the Target Company as at 31 December 2020 of approximately RMB154,942,000 (equivalent to approximately HK\$185,930,000); and (e) the factors set out in the section headed "Reasons for and benefits of the Acquisition" below.

The Second Instalment was determined after arm's length negotiations among the parties to the Sale and Purchase Agreement, taking into account, among other things, the fair market value of the Mortgaged Properties of approximately HK\$103,000,000 according to the unaudited financial statements of the Target Company as at 31 December 2020.

Taking into account the aforementioned, the Directors (excluding Fu Kwan, Chan Yeuk and Liu Jing who are materially interested in the Acquisition and have abstained from voting at the Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder, and the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) consider that the Consideration is fair and reasonable and on normal commercial terms or better, and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

The Completion is conditional upon the fulfillment or waiver of, as the case may be, the following Conditions Precedent on or before the Long Stop Date:

- (i) the Vendor having obtained all necessary consents, approvals and notifications from the relevant governmental or regulatory authorities and any other third party(ies) which are required for the Acquisition;
- (ii) the Target Company having obtained all the approval from its internal decision authority which are required for the Acquisition and the execution of the Sale and Purchase Agreement and all relevant documents referred thereto, and the shareholders of the Target Company have passed the resolutions in relation to the amendment of the Articles of Association of the Target Company accordingly (all such documents in such form and substance are in compliance with the applicable laws);
- (iii) the Vendor having obtained all the approval from its internal decision authority which are required for the Acquisition and the execution of the Sale and Purchase Agreement and all relevant documents referred thereto (all such documents in such form and substance are in compliance with the applicable laws);
- (iv) the Company having obtained all the approval from its internal decision authority which are required for the Acquisition and the execution of the Sale and Purchase Agreement and all relevant documents referred thereto (all such documents in such form and substance are in compliance with the applicable laws);
- (v) the representations, warranties and undertakings provided by the Vendor under the Sale and Purchase Agreement and any other documents which are required to be submitted pursuant to the Sale and Purchase Agreement having remained true, accurate and complete in all material respects as at the Completion Date and at all times throughout the period from the date of the Sale and Purchase Agreement to the Completion Date (including the Completion Date);
- (vi) there are no events that may have a material adverse effect on the Target Company until the Completion Date and as at the Completion Date;

- (vii) there are no legal proceedings, contracts, agreements or other arrangements which are arisen from the Vendor's own fault that may result in the transaction contemplated under the Sale and Purchase Agreement being banned, restricted, or otherwise impeded, whether wholly or materially, or any other third parties may otherwise object to, claim or seek any kind of remedies arising from or in connection with the transaction contemplated under the Sale and Purchase Agreement, or any other third parties may impose restrictions or conditions on or otherwise interfere with the transaction contemplated under the Sale and Purchase Agreement, and there are no laws or regulations, court rulings or judgments, arbitral awards, policies or any government orders prohibiting or restricting any party to the Sale and Purchase Agreement from entering into any transactions contemplated under the Sale and Purchase Agreement;
- (viii) the Vendor has obtained the written approval from the Lender 1 in connection with the Sale and Purchase Agreement and the transaction contemplated thereunder (in such form and substance satisfactory to the Company); and such approval has remained legally valid and not been revoked on or prior to the Completion;
- (ix) the Shareholders or the Independent Shareholders (where appropriate) passing the resolutions at the SGM for approving (1) the Sale and Purchase Agreement and the transaction contemplated thereunder; (2) the Property Mortgages, the Property Mortgage Assistance Agreement and the transactions contemplated thereunder; and (3) the Property Management Agreement and the transactions contemplated thereunder;
- (x) in the event that the Stock Exchange has any verbal and/or written comment on any announcement(s) and/or circular(s) that has been released and to be released on the Stock Exchange's website or through any means in connection with the transactions contemplated under the Sale and Purchase Agreement pursuant to the Listing Rules on or before the Long Stop Date, the Company has made corresponding response(s) and/or amendment(s) thereto, and the Stock Exchange having advised that they have no further verbal and/or written comment(s) on the said disclosure on or before the Long Stop Date;
- (xi) the Acquisition has not been identified or questioned by the Stock Exchange as a reverse takeover and/or new listing under Rule 14.06B of the Listing Rules; or in the event that the Stock Exchange has made any verbal and/or written comment(s) in relation to reverse takeover under Rule 14.06B of the Listing Rules, the Company has submitted responses and/or materials to the satisfaction of the Stock Exchange and the Stock Exchange will not regard the Acquisition as reverse takeover as defined under Rule 14.06B of the Listing Rules and that the Company shall not be treated as if it is a new listing applicant, and the Company has fully satisfied any conditions (if any) as imposed by the Stock Exchange on the Company for the Acquisition; and, in relation to the Acquisition, the Stock Exchange does not have any pending opinions or judgments against the Company regarding reverse takeover under Rule 14.06B of the Listing Rules; and

(xii) the Company being satisfied with the results of the legal, financial and commercial due diligence investigation in respect of the Target Company.

The Company may in its absolute discretion at any time waive the above conditions (i) to (iii), (v) to (viii) and (xii) by notice in writing to the Vendor. The Vendor may in its absolute discretion at any time waive the above condition (iv) by notice in writing to the Company. Neither the Vendor and the Company may waive the above conditions (ix) to (xi).

If any of the Conditions Precedent set out above are not fulfilled (or waived, where applicable) in accordance with the terms of the Sale and Purchase Agreement on or before the Long Stop Date, the Vendor shall return the Deposit in full to the Company and the Sale and Purchase Agreement shall lapse and cease to be of any effect except for certain surviving clauses including but not limited to confidentiality clause, and save in respect of any claims arising out of any antecedent breach of the Sale and Purchase Agreement.

Completion

The Completion shall take place on the fifth (5th) Business Day after the date on which all of the Conditions Precedent set out in the paragraph headed “Conditions Precedent” above having been fulfilled (or waived, where applicable), or such other date as the parties to the Sale and Purchase Agreement may mutually agree in writing.

Upon Completion, the Target Company will become the direct wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

As disclosed in the Previous CCT Announcement, upon Completion, the Property Operation and Management Contract and all duties and obligations of the parties under the Property Operation and Management Contract shall terminate immediately and automatically.

Release of Mortgage of the Mortgaged Properties and Payment of Second Instalment

Within the 50 working days from the date on which the Target Company receives the Confirmation of Mortgage Release, the Vendor and the Target Company shall take timely and effective actions to complete the procedure for the due discharge and release of the mortgage in respect of the Mortgaged Properties of the Target Company and complete the relevant registration for the discharge or filing with the applicable legal and regulatory authorities in the PRC in relation to the aforementioned discharge and release of mortgage, and to the effect that the Mortgaged Properties of the Target Company are free from any form of mortgage or other encumbrances.

If the Target Company does not receive the Confirmation of Mortgage Release and complete the abovementioned registrations and procedures for the discharge and release of the mortgage to the effect that the Mortgaged Properties of the Target Company are free from any form of mortgage or other encumbrances before the Mortgage Release Deadline, the Company is not required to pay the Second Instalment, and at the same time the Company and the Vendor can agree in writing to extend the Mortgage Release Deadline up to one year. If the Company and the Vendor cannot reach a written agreement on extending the Mortgage Release Deadline, or the Confirmation of Mortgage Release and the abovementioned registrations and procedures for the discharge and release of the mortgage are not being received and completed to the effect that the Mortgaged Properties of the Target Company are free from any form of mortgage or other encumbrances before the extended Mortgage Release Deadline, the Company is not required to pay the Second Instalment and the Company must, under the circumstances as permitted by law and in practice, transfer the Mortgaged Properties to the Vendor or other designated persons without any consideration.

(II) FINANCIAL ASSISTANCE PROVIDED BY THE TARGET COMPANY

As at the date of this announcement, there has been financial assistance provided by the Target Company to Macrolink Mineral Co., Ltd. and Macrolink Holdings Limited. Such financial assistance is expected to subsist after Completion.

(1) The Property Mortgage 1

On 8 March 2019, the Target Company as security provider and the Lender 1 as mortgagee entered into the Property Mortgage Agreements 1, pursuant to which the Target Company agreed to provide the Mortgaged Properties as security to secure the indebtedness (including the principal amount of RMB600,000,000 (equivalent to approximately HK\$720,000,000), any accrued interest, penalty interest, compensation for damages and any costs and expenses for enforcing the rights and charges under the Property Mortgage Agreements 1) owed from Macrolink Mineral Co., Ltd. to the Lender 1 under the Loan Agreement 1 with a maximum guarantee amount of RMB600,000,000.

The Property Mortgage Agreements 1

The terms and conditions of each of the Property Mortgage Agreements 1 are substantially the same except the part of the assets under mortgage. The principal terms of the Property Mortgage Agreements 1 are set out as follows:

Date: 8 March 2019

Parties: (i) the Target Company, as mortgagor;
(ii) the Lender 1, as mortgagee.

Assets under mortgage

The Mortgaged Properties include Target Property II to Target Property VI, the details of which are set out in the paragraph headed “Information of the Target Company and the Target Property Portfolio”.

Secured Amount

All indebtedness owed from Macrolink Mineral Co., Ltd. to the Lender 1 under the Loan Agreement 1, including but not limited to the principal amount of RMB600,000,000 (equivalent to approximately HK\$720,000,000), any accrued interest, penalty interest, compensation for damages and any costs and expenses for enforcing the rights and charges under the Property Mortgage Agreements 1 are secured by the Mortgaged Properties.

The maximum secured amount under each of the Property Mortgage Agreements 1 shall not exceed the amount of RMB600,000,000 (equivalent to approximately HK\$720,000,000).

Duration of Property Mortgage

The property mortgages under the Property Mortgage Agreements 1 shall be coterminous with the primary obligations secured under the Loan Agreement 1, and shall extinguish upon the extinguishment of the primary obligations under the Loan Agreement 1.

Other major terms

The period of the mortgage registration procedure in respect of the Mortgaged Properties at the competent registration authority commenced on 14 March 2019 and will expire on 14 March 2023.

(2) The Property Mortgage 2

On 24 December 2019, the Target Company as security provider and the Lender 2 as mortgagee entered into the Property Mortgage Agreements 2, pursuant to which the Target Company agreed to provide the Mortgaged Properties as security to secure the indebtedness (including the principal amount of RMB96,000,000 (equivalent to approximately HK\$115,200,000), any accrued interest, penalty interest, compensation for damages and any costs and expenses for enforcing the rights and charges under the Property Mortgage Agreements 2) owed from Macrolink Holdings Limited to the Lender 2 under the Loan Agreement 2 with a guarantee amount of RMB96,000,000.

The Property Mortgage Agreement 2

The terms and conditions of each of the Property Mortgage Agreements 2 are substantially the same except the part of the assets under mortgage. The principal terms of the Property Mortgage Agreements 2 are set out as follows:

Date: 24 December 2019

Parties: (i) the Target Company, as mortgagor;

(ii) the Lender 2, as mortgagee.

Assets under mortgage

The Mortgaged Properties include Target Property II to Target Property VI, the details of which are set out in the paragraph headed “Information of the Target Company and the Target Property Portfolio”.

Secured Amount

All indebtedness owed from Macrolink Holdings Limited to the Lender 2 under the Loan Agreement 2, including but not limited to the principal amount of RMB96,000,000 (equivalent to approximately HK\$115,200,000), any accrued interest, penalty interest, compensation for damages and any costs and expenses for enforcing the rights and charges under the Property Mortgage Agreement 2, are secured by the Mortgaged Properties.

The secured amount under the Property Mortgage Agreements 2 shall not exceed the amount of RMB96,000,000 (equivalent to approximately HK\$115,200,000).

Duration of Property Mortgage

The property mortgages under the Property Mortgage Agreements 2 shall be coterminous with the primary obligations secured under the Loan Agreement 2, and shall extinguish upon the extinguishment of the primary obligations under the Loan Agreement 2.

(3) Property Mortgage Assistance Agreement

On 5 March 2021, the Target Company and Macrolink Holdings Limited entered into the Property Mortgage Assistance Agreement, pursuant to which the Target Company agreed to provide the Property Mortgages, and Macrolink Holdings Limited agreed to pay the Target Company the Property Mortgage Assistance Fees for the Property Mortgages for and in favour of itself and Macrolink Mineral Co., Ltd.

The principal terms of the Property Mortgage Assistance Agreement are as follows:

Date: 5 March 2021

Parties: (1) Macrolink Holdings Limited; and
(2) the Target Company.

Period of Property Mortgage assistance

The period for the Target Company to guarantee the Mortgaged Properties for Macrolink Mineral Co., Ltd. and Macrolink Holdings Limited to secure all the indebtedness under the respective Loan Agreements shall cease upon the full settlement and discharge of the secured indebtedness under the respective Loan Agreements and the mortgages in respect of the Mortgaged Properties are completely discharged and released in accordance with the relevant laws and regulations (the “**Property Mortgage Assistance Period**”). On the day when the Target Company has obtained the written documents of the discharge or release of mortgages in respect of the Mortgaged Properties from the relevant PRC mortgage registration department, the Property Mortgage Assistance Agreement and all the responsibilities and obligations thereunder shall be terminated immediately and automatically.

Property Mortgage Assistance Fees

As a general principle, the Property Mortgage Assistance Fees shall be determined by Macrolink Holdings Limited and the Target Company on normal commercial terms under the principles of justice, fairness and openness, and shall be determined according to the value of the Mortgaged Properties of the Target Company based on the unaudited management accounts of the Target Company as at 31 December 2020.

During the Property Mortgage Assistance Period, Macrolink Holdings Limited shall pay 0.5% of the value of the Mortgaged Properties of the Target Company based on the unaudited management accounts of the Target Company as at 31 December 2020 (i.e. HK\$103,000,000), which amount to HK\$515,000 as the property mortgages assistance fee (“**Property Mortgage Assistance Fees**”), to the Target Company annually for the Property Mortgages provided by the Target Company. The annual Property Mortgage Assistance Fees shall be settled and paid before 31 March in the following year.

The Property Mortgage Assistance Fees will be calculated from 1 January 2021. Macrolink Holdings Limited and the Target Company agreed to charge the whole Property Mortgage Assistance Fees for the year 2021 on a full year basis.

The Property Mortgage Assistance Agreement shall become effective on the date when the Property Mortgage Assistance Agreement and the transactions contemplated thereunder and the Acquisition are approved by the Independent Shareholders of the Company at the SGM.

(III) POSSIBLE CONTINUING CONNECTED TRANSACTION

The Target Company has been providing the property leasing and property management and operation services in respect of the Entrusted Properties from time to time and the Target Company will continue to provide such services to Macrolink Holdings Limited upon Completion. On 5 March 2021, the Target Company has entered into the Property Management Agreement with Macrolink Holdings Limited, pursuant to which Macrolink Holdings Limited has authorized the Target Company to conduct the leasing and property management of the Entrusted Properties. As such, upon Completion, the Property Management Agreement and the transaction contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

Property Management Agreement

The principal terms of the Property Management Agreement are as follows:

Date: 5 March 2021

Parties: (1) Macrolink Holdings Limited (as appointor); and
(2) the Target Company (as appointee).

Subject Properties: The seven entrusted properties are as follows:

- (i) The Xinhualiau Jiayuan South Clubhouse, located at No. 47 Building Zone 1 of Tongzhou Yileyuan, Beijing, the PRC* (中國北京市通州怡樂園一區47號樓), with a gross floor area of approximately 6,646.07 square metres ;
- (ii) the kindergarten, located at east side of building No. 30 and No. 38 Yunhe Main Street West, Tongzhou District, Beijing, the PRC* (中國北京市通州區運河西大街30號38號樓東側的幼兒園), with a gross floor area of approximately 3,194.53 square metres;
- (iii) Xinhualiau Jiayuan North Kindergarten, located at Building No. 37 of Yangzhuang Nanli, Tongzhou District, Beijing, the PRC* (中國北京市通州區楊莊南里37號樓), with a gross floor area of approximately 1,879.45 square metres;

- (iv) No. 81, 83, 85, 87, 89, 91, 93, 95 of Shuixianxilu, Tongzhou District, Beijing, the PRC* (中國北京市通州區水仙西路81、83、85、87、89、91、93、95號), with a gross floor areas of approximately 1,567.54 square metres, which are for commercial use;
- (v) A shop located at Floor 1-2 of No. 203 Tongchao Main Street of Tongzhou District, Beijing, the PRC* (中國北京市通州區通朝大街203號1-2層), with a gross floor area of approximately 3,748.16 square metres ;
- (vi) The clubhouse of Youth City located at Floor 1-3 of Building No. 2 at No. 8A Hongjunying Road East, Chaoyang District, Beijing, the PRC* (中國北京市朝陽區紅軍營東路8號甲2號樓1至3層全部), with a gross floor area of approximately 3,905.76 square metres; and
- (vii) A kindergarten located at No. 6 Wulidian Road West, Tongzhou District, Beijing, the PRC* (中國北京市通州區五里店西路6號幼兒園), with a gross floor area of approximately 1,872.04 square metres.

Scope of services:

Macrolink Holdings Limited has entrusted the Target Company exclusively to conduct leasing and daily management of the Entrusted Properties and authorize the Target Company to fully exercise the rights to lease and manage the Entrusted Properties as follow:

- (i) leasing and collection of rent in relation to the Entrusted Properties (including leasing the Entrusted Properties under its own name with the tenants and has the right to collect the rent and deposit);
- (ii) daily property management of the Entrusted Properties;
- (iii) the maintenance and management of the relevant facilities and equipment of the Entrusted Properties; and

- (iv) other matters as required to be managed by the property owners as stipulated under the relevant laws and regulations.

Entrusted Management Period and rental collection:

The term of the entrusted management period is three years, beginning from 1 January 2021 to 31 December 2023 (“**Entrusted Management Period**”), and the Management Service Fees to be received shall be calculated from 1 January 2021. The parties agreed to charge the whole Management Service Fees for the year 2021 on a full year basis.

During the Entrusted Management Period, the Target Company has the abovementioned rights of management.

Upon the expiration of the Entrusted Management Period as stipulated, the parties to the agreement can negotiate to enter into a supplemental agreement to extend the Entrusted Management Period; if both parties do not enter into a renewed contract on or before the expiration of the agreement, the Property Management Agreement will automatically be terminated.

Leasing of the Entrusted Properties:

Macrolink Holdings Limited agreed that within the Entrusted Management Period, the Target Company will lease the Entrusted Properties under its own name and has the right to collect the rent from the respective tenants of the Entrusted Properties on behalf of Macrolink Holdings Limited.

Macrolink Holdings Limited and the Target Company agreed and confirmed that the rent actually collected from the tenants of the Entrusted Properties shall be treated as the Management Service Fees for the entrusted management of the Entrusted Properties by the Target Company during the corresponding period; that is, the rent actually collected by the Target Company shall be owned by the Target Company, and Macrolink Holdings Limited will not pay to the Target Company extra management service fee other than the rent actually received by the Target Company.

It is envisaged that, from time to time and as required, the Target Company will enter into individual lease agreements with the respective tenants in respect of the Entrusted Properties, which will set out specific terms and conditions such as relevant property, rental fees and rental period.

Management of the Entrusted Properties: During the Entrusted Management Period, the Target Company will conduct the introduction of leasing and day-to-day management, including but not limited to the maintenance, upkeep, and repair of the properties and ancillary facilities to preserve and enhance the value of the Entrusted Properties and creating a safe, tidy and clean, attractive, comfortable, and convenient soft environment for the properties.

Historical transaction amount derived from the Entrusted Properties

The total historical transaction amount derived from providing the property leasing and property management and operation services in respect of the Entrusted Properties which are received by the Target Company for the three years ended 31 December 2018, 2019 and 2020 are as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2020
Amount (<i>in RMB</i>)	4,908,000	13,545,000	13,000,000
Amount (<i>equivalent to HK\$</i>)	5,890,000	16,254,000	15,600,000

Proposed Annual Caps of Property Management Agreement

The Company estimates the proposed annual caps of the Management Service Fees receivable for the provision of property leasing and management services under the Property Management Agreement for the next three years ending 31 December 2023 are as follows:

	For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
Amount (<i>in RMB</i>)	15,000,000	17,000,000	18,000,000
Amount (<i>equivalent to HK\$</i>)	18,000,000	20,400,000	21,600,000

Basis of determination of the proposed annual caps

The proposed annual caps of the Management Service Fees receivable for the provision of property leasing and management services have been determined with reference to the following factors, among others: (i) the terms and conditions set out under the Property Management Agreement; (ii) the historical leasing conditions and the total historical transaction amount derived from providing the property leasing and property management and operation services in respect of the Entrusted Properties; (iii) the service type, contents, and standard of property operation and management services required to be provided; (iv) the expected general inflation and expected increase in operating costs for providing the property operation and management services in Mainland China (including labour costs and administrative costs, etc.); (v) the expected demand for property leasing and property management and operation services with reference to the usages and the total gross floor area of the Entrusted Properties; and (vi) the prevailing market rates for providing property operation and management with respect to the same or similar types of properties in the market.

INFORMATION OF THE TARGET COMPANY AND THE TARGET PROPERTY PORTFOLIO

The Target Company is a limited liability company established in the PRC. The Target Company is principally engaged in property leasing and property management and operations, and owns the Target Property Portfolio which is based in Tongzhou District and Chaoyang District in Beijing, the PRC.

The Target Property Portfolio in which the Target Company has an ownership interest mainly comprises commercial properties and kindergartens located in Tongzhou District and Chaoyang District in Beijing, the PRC.

Target Property Portfolio

Set out below are the key details of the Target Property Portfolio:

Target Property I	Located at 01, First Floor of Kindergarten, No. 28, Nan Li, Ba Li Zhuan, Chaoyang District, Beijing, the PRC* (中國北京市朝陽區八里莊南里28號1層01層幼兒園), with a gross floor area of approximately 1,308.32 square meters
Target Property II	Located at 03, First and Second Floor, No. 195, Lutong Da Street, Tongzhou District, Beijing, the PRC* (中國北京市通州區潞通大街195號1至2層03), with a gross floor area of approximately 216.12 square meters, which is for commercial use
Target Property III	Located at 93, First and Second Floor, No. 81、83、85、87、89、91、93、95, Shuixian Street, Tongzhou District, Beijing, the PRC* (中國北京市通州區水仙路81、83、85、87、89、91、93、95號1至2層93), with a gross floor area of approximately 154.84 square meters, which is for the use of wet market
Target Property IV	Located at 04, First and Second Floor, No. 188, Lutong Da Street, Tongzhou District, Beijing, the PRC* (中國北京市通州區潞通大街188號1至2層04), with a gross floor area of approximately 161.41 square meters, which is for commercial use
Target Property V	Located at 01, First to Third Floor, No. 191, Lutong Da Street, Tongzhou District, Beijing, the PRC* (中國北京市通州區潞通大街191號1至3層01), with a gross floor area of approximately 3,880.31 square meters, which is for commercial use
Target Property VI	Located at 02, First to Second Floor, No. 192, Lutong Da Street, Tongzhou District, Beijing, the PRC* (中國北京市通州區潞通大街192號1至2層02), with a gross floor area of approximately 188 square meters, which is for commercial use

Save for Target Property I above, each of the Target Property Portfolio is subject to the Property Mortgages pursuant to the terms and conditions of the Property Mortgage Agreements.

Financial Information of the Target Company

Based on the unaudited management accounts of the Target Company for each of the two financial years ended 31 December 2019 and 31 December 2020, the unaudited revenue and net profit (before and after taxation) of the Target Company are as follows:

	For the year ended 31 December 2020 RMB'000 (unaudited)	For the year ended 31 December 2019 RMB'000 (unaudited)
Revenue	9,983	10,732
Net Profit/(Loss) before taxation	(26,273)	5,779
Net Profit/(Loss) after taxation	(26,723)	4,262

As at 31 December 2020, the unaudited total assets and net assets value of the Target Company was approximately RMB165,498,000 and RMB154,942,000 (equivalent to approximately HK\$198,598,000 and HK\$185,930,000, respectively).

INFORMATION ON THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

Information of the Group

The Company is a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in property investment and development, securities investment, manufacture and sale of construction materials, coal mining and trading of mineral concentrates.

Information of the Vendor

As at the date of this announcement, the Vendor, a company incorporated in Hong Kong with limited liability, is a direct wholly-owned subsidiary of Macrolink Group Limited (being the controlling shareholder of the Company), therefore the Vendor is the connected person of the Company. The Vendor is principally engaged in investment holding. Its ultimate beneficial controller is Mr. Fu Kwan, an executive Director, the Chairman and the controlling shareholder of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole for the following reasons:

1. Expansion of the core business in property development and investment segment

The core businesses of the Group include but not limited to property development, management and investment segment, in which the Group is primarily engaged in property leasing in Beijing.

As at the date of this announcement, the Company has completed its review of business activities, operations and financial position of the Group for the purpose of formulating business plans and strategies for the future development of the Group. With reference to the annual reports of the Company in the past five financial years, the rental income from property leasing has been consistently generating relatively stable revenue, profit and earnings to the Group, when compared with the other core business segments of the Company such as trading of mineral concentrates, etc.

The Directors are of the view that it is of strategic importance to the Group's business growth by further expanding its existing principal segment which generates steady recurring revenue (e.g. property development and investment segment). The Acquisition is a strategic expansion that fuels the Group's business growth over the next few years.

2. Significant increase in the Group's land reserves and entry into rapidly growing districts with high investment value and growth potential in the PRC in one single transaction

The Target Property Portfolio is situated in Tongzhou District and Chaoyang District in Beijing, the PRC. According to Beijing City Master Plan (2016 – 2035)*(《北京城市總體規劃 (2016年至2035年)》) promulgated and approved by the State Council of the PRC in late 2017, Tongzhou district will be positioned as the sub-center of Beijing with three key functional areas: municipal government office area, commercial area, and cultural and tourism area. Driven by the supreme natural environment, comprehensive business infrastructure, advantageous government policies and the natural advantage of location which is adjacent to the downtown of Beijing and borders both in Tianjin Municipal City and Hebei Province, the Beijing municipal government and first-class educational, healthcare and commercial facilities have been relocated to and/or opened in the Tongzhou District.

In view of the above, the Directors are of the view that the outlook of the property market in Tongzhou District and Chaoyang District would likely be positive, and hence the Acquisition provides a prime opportunity for the Group to increase and replenish its land reserve with quality land assets and broaden its earnings base by penetrating into the rapidly growing district with high investment value and growth potential.

Taking into account (i) the Acquisition is in line with the Group's business strategy to expand its existing core business in property development and investment in the PRC; (ii) the outlook of the property market in Tongzhou District would likely be positive, and hence the Target Property Portfolio may allow the Group to enjoy potential capital appreciation in the future, the Directors (excluding Fu Kwan, Chan Yeuk and Liu Jing who are materially interested in the Acquisition and have abstained from voting at the Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder, and the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) are of the view that the terms and conditions of the Sale and Purchase Agreement and the Acquisition is fair and reasonable and on normal commercial terms or better and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES TO THE LOAN AGREEMENTS, PROPERTY MORTGAGE AGREEMENTS AND PROPERTY MANAGEMENT AGREEMENT

Information of the Lender 1

The Lender 1 is a branch of a licensed commercial bank in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lender 1 and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Information of Lender 2

The Lender 2 is a branch of a licensed commercial bank in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lender 2 and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Information of Macrolink Mineral Co., Ltd.

Macrolink Mineral Co., Ltd. is a company established in the PRC with limited liability and is the associate of Fu Kwan, the ultimate controlling shareholder of the Company, and hence Macrolink Mineral Co., Ltd. is the connected person of the Company. Macrolink Mineral Co., Ltd. is principally engaged in mining technology consulting and technical services, technological development of mineral products, wholesale of mineral products metal materials and mechanical electrical equipment, coal sales, project bidding and construction, imports and exports, etc.

Information of Macrolink Holdings Limited

Macrolink Holdings Limited is a company established in the PRC with limited liability, and is the associate of Fu Kwan, the ultimate controlling shareholder of the Company, and hence it is the connected person of the Company as at the date of this announcement. Macrolink Holdings Limited is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF THE PROPERTY MORTGAGES

In relation to the financial assistance in the form of the Property Mortgage, the Directors are of the view that the provision of financial assistance by the Target Company allows the Company to generate additional and stable revenue and cash flows from receiving payment of the Property Mortgage Assistance Fees pursuant to the terms of the Property Mortgage Assistance Agreement.

Taking into account the aforementioned factors, the Directors (excluding Fu Kwan, Zhang Jian, Zhang Bishu and Liu Jing who are materially interested in the Property Mortgages and have abstained from voting at the Board resolutions approving the Property Mortgage Assistance Agreement and the transactions contemplated thereunder, and the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) are of the view that the Property Mortgage Agreements, the Property Mortgage Assistance Agreement, and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, their terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE POSSIBLE CONTINUING CONNECTED TRANSACTION

Entering into the Property Management Agreement will expand the Group's sources of income, thereby generating stable income and realizing more benefits for the Group. The terms of the Property Management Agreement have been determined after arm's length negotiations between the parties.

Taking into account the above factors, the Directors (excluding Fu Kwan, Zhang Jian, Zhang Bishu and Liu Jing who are materially interested in the Property Management Agreement and have abstained from voting at the Board resolutions approving the Property Management Agreement and the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) are of the view that the Property Management Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, their terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULE IMPLICATIONS

(I) The Acquisition

As at the date of this announcement, Macrolink Group Limited is directly interested in approximately 72.14% of the issued share capital of the Company, and the Vendor is the wholly-owned subsidiary of Macrolink Group Limited, thus the Vendor is a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition is more than 25% but all of them are less than 100%, the Acquisition also constitutes a major transaction for the Company pursuant to Chapter 14 of the Listing Rules.

Based on the foregoing, the Acquisition is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

(II) Provision of Financial Assistance by the Target Company

As at the date of this announcement, Fu Kwan is, directly and indirectly through his controlled corporations, in aggregate deemed to be interested in approximately 72.51% of the issued share capital of the Company and is the ultimate controlling shareholder of the Company, hence Fu Kwan is a connected person of the Company.

As at the date of this announcement, Macrolink Mineral Co., Ltd. is owned as to 80% and 20% by Macrolink Holdings Limited and Macrolink Resources Development Investment Limited, respectively. Macrolink Holdings Limited is owned as to approximately 93.4% by Changshi Investment Co., Ltd., which in turn is owned as to approximately 59.76% by Fu Kwan. Macrolink Resources Development Investment Limited is indirectly wholly-owned by Macrolink Holdings Limited, which in turn is owned as to approximately 2.83% of Fu Kwan. As such, Macrolink Mineral Co., Ltd. is the associate of Fu Kwan and hence Macrolink Mineral Co., Ltd. is a connected person of the Company.

As at the date of this announcement, Macrolink Holdings Limited is an associate of Fu Kwan, the ultimate controlling shareholder of the Company, and hence Macrolink Holdings Limited is a connected person of the Company.

Following the Completion, the Target Company will become a subsidiary of the Company. Accordingly, the Property Mortgages and the transactions contemplated under the Property Mortgage Assistance Agreement, which are expected to subsist following the Completion, will constitute connected transactions of the Company upon Completion under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Property Mortgages and the Property Mortgage Assistance Agreement are more than 5% and all of them are more than HK\$10,000,000, the Property Mortgages and the Property Mortgage Assistance Agreement are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

(III) Possible Continuing Connected Transaction

As one or more of the applicable percentage ratios other than the profit ratio (as defined in the Listing Rules) of the proposed annual caps of the Property Management Agreement and the transaction contemplated thereunder are more than 5% and all of them are more than HK\$10,000,000, the transactions contemplated under the Property Management Agreement, which are expected to subsist following the Completion, will constitute continuing connected transaction of the Company upon Completion and are subject to the reporting, annual review, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee comprising all independent non-executive Directors of the Company have been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement, the Property Mortgage Agreements, the Property Mortgage Assistance Agreement, the Property Management Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole. The Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this regard.

The SGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the Sale and Purchase Agreement, the Acquisition, the Property Mortgage Agreements, the Property Mortgage Assistance Agreement, the Property Management Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on the Acquisition, the Property Mortgages and the Property Mortgage Assistance Agreement and the transaction contemplated under the Property Management Agreement; (ii) a letter from the Independent Board Committee in respect of the Acquisition, the Property Mortgages and the Property Mortgage Assistance Agreement and the transaction contemplated under the Property Management Agreement; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee in respect of the Acquisition, the Property Mortgages and the Property Mortgage Assistance Agreement and the transaction contemplated under the Property Management Agreement; (iv) the accountants' report and property valuation report of the Target Company; (v) the unaudited pro forma financial information of the Enlarged Group; and (vi) other information as required under the Listing Rules together with a notice of the SGM and a form of proxy will be dispatched to the Shareholders on or before 16 April 2021, which is more than 15 business days after the publication of this announcement as the Company requires additional time to prepare the information to be included in this circular.

WARNING

Completion of the Acquisition is the subject to the fulfillment and/or waiver (as the case may be) of the Conditions Precedent to the Sale and Purchase Agreement which are set out in the paragraph headed "Conditions Precedent" of this announcement.

The Acquisition may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing or contemplate dealing in the Shares or other securities (if any) of the Company.

DEFINITIONS

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

“Acquisition”	the sale and purchase of the Sale Shares as contemplated under the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day(s) except Saturday, Sunday or other day on which licensed banks in the PRC are open for business throughout their normal business hours
“Changshi Investment Co., Ltd.”	Changshi Investment Co., Ltd.* (長石投資有限公司), a company established in the PRC with limited liability, and is owned as to approximately 59.76% by Fu Kwan

“Company”	Macrolink Capital Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares are listed and traded on the main board of the Stock Exchange (Stock Code: 758)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	a day falling on the fifth (5th) Business Day after the date on which all of the Conditions Precedent has been fulfilled or waived (as the case may be), or such other date as may be mutually agreed in writing by the Company and the Vendor
“Consideration”	the aggregate consideration in the sum of HK\$186,000,000 payable by the Company to the Vendor for the Acquisition as described under the paragraphs headed “Consideration and payment terms” in this announcement
“Conditions Precedent(s)”	the conditions precedent(s) to Completion under the Sale and Purchase Agreement as set out in the paragraph headed “Conditions Precedent” in this announcement
“Confirmation of Mortgage Release”	the written document(s) or agreement(s) confirming that all the indebtedness owed from Macrolink Mineral Co. Ltd. to the Lender 1 under the Loan Agreement 1 and owed from Macrolink Holdings Limited to the Lender 2 under the Loan Agreement 2 have been fully settled and repaid or all the security obligations of the Target Company under the Property Mortgage Agreements have been unconditionally waived or terminated
“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
“Enlarged Group”	the Group as enlarged by the Acquisition
“Entrusted Properties”	seven properties entrusted for management which are stipulated under the Property Management Agreement, the details of which are set out in the paragraph headed “Subject Properties” in the paragraph headed “Property Management Agreement” in this announcement

“Fu Kwan”	Fu Kwan (傅軍), the executive Director, the Chairman and the ultimate controlling shareholder of the Company, who is deemed (directly and indirectly through his controlled corporations) to be interested in approximately 72.51% of the issued share capital of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, formed by the Company, comprising all its independent non-executive Directors, established for the purpose of advising the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement, the Property Mortgage Agreements, Property Mortgage Assistance Agreement, Property Management Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement, the Property Mortgage Agreements, Property Mortgage Assistance Agreement, Property Management Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole
“Independent Shareholder(s)”	Shareholder(s), other than (i) the Vendor; (ii) Macrolink Mineral Co., Ltd.; (iii) Fu Kwan; (iv) Macrolink Group Limited and their respective associates and parties acting in concert with them (as the case may be) and (v) all other parties (if any) who are interested in or involved in the Acquisition, the Property Mortgage Agreements, the Property Mortgage Assistance Agreement, and/or the Property Management Assignment Agreement and the transactions contemplated thereunder
“Lender 1”	Industrial Bank Co., Ltd, Beijing, Tongzhou Sub-Branch* (興業銀行股份有限公司北京通州支行)

“Lender 2”	Industrial Bank Co., Ltd, Beijing, Tongzhou Yunhe Sub-Branch*(興業銀行股份有限公司北京通州運河支行)
“Lenders”	Lender 1 and Lender 2
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liu Jing”	Liu Jing (劉靜), the executive director of the Company, who is interested in 13.45% of the entire equity interest of Macrolink Group Limited
“Loan Agreement 1”	the loan agreement dated 8 March 2019 entered into between the Lender 1 as the lender and Macrolink Mineral Co., Ltd as the borrower in relation to a facility in the aggregate amount of RMB600,000,000 (equivalent to approximately HK\$720,000,000)
“Loan Agreement 2”	the loan agreement dated 24 December 2019 entered into between the Lender 2 as the lender and Macrolink Holdings Limited as the borrower in relation to a facility in the aggregate amount of RMB96,000,000 (equivalent to approximately HK\$115,200,000)
“Loan Agreements”	Loan Agreement 1 and Loan Agreement 2
“Long Stop Date”	31 December 2021 or such other date as mutually agreed by the Company and the Vendor in writing
“Macrolink Group Limited”	Macrolink Group Limited, a company incorporated Caymen Islands, is the controlling shareholder of the Company by directly holding approximately 72.14% of the issued share capital of the Company as at the date of this announcement
“Macrolink Holdings Limited”	Macrolink Holdings Limited* (新華聯控股有限公司), a company established in the PRC with limited liability, is an associate of Fu Kwan and a connected person of the Company as at the date of this announcement
“Macrolink Development and Investment”	新華聯發展投資有限公司 (Macrolink Development and Investment Limited*), a company incorporated in the PRC with limited liability, being an indirect wholly-owned subsidiary of Macrolink Group Limited (a controlling shareholder of the Company and a connected person of the Company)

“Macrolink Resources Development Investment Limited”	Macrolink Resources Development Investment Limited* (新華聯資源開發投資有限公司), a company established in the PRC with limited liability and holds 20% equity interest in Macrolink Mineral Co., Ltd. as at the date of this announcement
“Macrolink Mineral Co., Ltd.”	Macrolink Mineral Co., Ltd.* (新華聯礦業有限公司), a company established in the PRC with limited liability, is an associate of Fu Kwan and the connected person of the Company as at the date of this announcement
“Management Service Fees”	the service fees payable by Macrolink Holdings Limited to the Target Company for the provision of property operation and management services pursuant to the Property Management Agreement
“Mortgaged Properties”	the Target Property Portfolio, excluding the Target Property I as described in the section headed “INFORMATION OF THE TARGET COMPANY AND THE TARGET PROPERTY PORTFOLIO – Target Property Portfolio – Target Property I” in this announcement
“Mortgage Release Date”	the date on which the Target Company has, within the 50 working days upon the receipt of the Confirmation of Mortgage Release, completed the registration and procedures of release of mortgage rights attached to the Mortgaged Properties, and to the effect that the Mortgaged Properties of the Target Company are free from any form of mortgage or encumbrances
“Mortgage Release Deadline”	31 December 2022, or such other date as mutually agreed by the Company and the Vendor in writing, being the deadline for the Target Company to obtain the Confirmation of Mortgage Release and completion of the discharge of the Property Mortgage
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous CCT Announcement”	the announcement of the Company dated 8 February 2021 in relation to the continuing connected transaction in relation to the Property Operation and Management Contract

“Property Management Agreement”	the property management agreement dated 5 March 2021 entered into between Macrolink Holdings Limited and the Company, pursuant to which, Macrolink Holdings Limited has authorized the Target Company to conduct the leasing and property management of the Entrusted Properties during the Entrusted Management Period
“Property Mortgage(s)”	the mortgages of the Mortgaged Properties held by the Target Company in favour of the Lender 1 to secure the obligations and indebtedness of Macrolink Mineral Co., Ltd. under the Loan Agreement 1 and in favour of the Lender 2 to secure the obligations and indebtedness of Macrolink Holdings Limited under the Loan Agreement 2
“Property Mortgage Agreement(s) 1”	the five property mortgage agreements dated 8 March 2019 entered into between the Target Company as the mortgagor and the Lender 1 as the mortgagee pursuant to which the Target Company agreed to provide the Mortgaged Properties as security to secure the indebtedness owed from Macrolink Mineral Co., Ltd to the Lender 1 under the Loan Agreement 1
“Property Mortgage Agreement(s) 2”	the five property mortgage agreements dated 24 December 2019 entered into between the Target Company as the mortgagor and the Lender 2 as the mortgagee pursuant to which the Target Company agreed to provide the Mortgaged Properties as security to secure the indebtedness owed from Macrolink Holdings Limited to the Lender 2 under the Loan Agreement 2
“Property Mortgage Agreements”	Property Mortgage Agreement(s) 1 and Property Mortgage Agreement(s) 2
“Property Mortgage Assistance Agreement”	the property mortgage assistance agreement dated 5 March 2021 entered into between the Target Company and Macrolink Holdings Limited, pursuant to which, the Target Company agreed to provide the Property Mortgages, and Macrolink Holdings Limited agreed to pay the Target Company the Property Mortgages Assistance Fees for the Property Mortgage for itself and for Macrolink Mineral Co. Ltd.

“Property Operation and Management Contract”	the property operation and management entrustment contract dated 8 February 2021 entered into between Shenzhen Macrolink Industrial & Trading Development and Macrolink Development and Investment, pursuant to which Shenzhen Macrolink Industrial & Trading Development agreed to provide property operation and management services in relation to the Entrusted Properties and Target Property Portfolio during the Service Period, the details of which are set out in the Previous CCT Announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 5 March 2021 entered into between the Vendor and the Company in respect of the Acquisition
“Sale Shares”	the entire equity interest of the Target Company held by the Vendor as at the date of this announcement
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened for the purpose to consider, and if thought fit, approve the Sale and Purchase Agreement, the Acquisition, the Property Mortgage Agreements, the Property Mortgage Assistance Agreement, the Property Management Agreement and the transactions contemplated thereunder and other ancillary matters as may be required under the Listing Rules

“Target Company”	Macrolink Development Investment Limited* (新華聯發展投資有限公司), a company established in the PRC with limited liability and is the direct wholly-owned subsidiary of the Vendor prior to the Completion
“Target Property Portfolio”	the six properties in which the Target Company has ownership interest, the details of which are set out in the paragraph headed “INFORMATION OF THE TARGET COMPANY AND THE TARGET PROPERTY PORTFOLIO – Target Property Portfolio” in this announcement
“Vendor”	Macrolink Asia Industrial Investment Limited (新華聯亞洲實業投資有限公司), a company incorporated in Hong Kong with limited liability and is the direct wholly-owned subsidiary of Macrolink Group Limited
“%”	per cent

In this announcement, the translation of RMB into Hong Kong dollars is based on the exchange rate of RMB1.00 to HK\$1.20 for information purposes only. Such translations should not be construed as representations that the relevant amounts have been, could have been, or could be, converted at these or any other rates or at all.

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

Hong Kong, 5 March 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. Cao Kuangyu and Mr. Cheung Ka Wai.

* *For identification purpose only*