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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 DISPOSAL OF SUBSIDIARIES

THE DISPOSAL

The Board announces that on 8 November 2019 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the SPA with the Purchaser, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to sell, the Sale Share and the Shareholder's Loan for an aggregate cash consideration of HK\$2,200,000.

GENERAL

As one or more of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the transactions contemplated under the SPA constitute a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements pursuant to Rule 14.06(2) of the Listing Rules.

Shareholders and potential investors of the Company should note that the completion of the SPA are subject to the satisfaction of certain conditions precedent. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

THE DISPOSAL

The Board announces that on 8 November 2019, the Vendor and the Purchaser entered into the SPA.

The principal terms of the SPA are set out below.

SPA

Date

8 November 2019 (after trading hours)

Parties

- (i) Vendor: Topshine Reward Limited, a direct wholly-owned subsidiary of the Company, as vendor; and
- (ii) Purchaser: Talent Power Enterprises Limited, as purchaser, which is principally engaged in investment holding

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) is/are an Independent Third Party(ies).

Assets to be disposed of

Pursuant to the SPA, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Share (representing the entire issued share capital of the Target as at the date of this announcement) and the Shareholder's Loan.

Consideration

The aggregate consideration for the Disposal is HK\$2,200,000, which shall be settled by cash, as to HK\$1,200,000 as deposit upon execution of the SPA, and as to HK\$1,000,000 upon completion of the SPA.

The consideration for the Disposal was determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the unaudited consolidated net asset value of the Target Group of approximately HK\$13,884,000 as at 30 September 2019; (ii) estimated recoverable amount of the Prepayments; (iii) the balance of the Shareholder's Loan of approximately HK\$36,000; and (iv) the release and discharge by Like Top in favour of the Vendor in respect of the balance of the advance from Like Top to the Vendor amounted to approximately HK\$15,303,000.

Conditions precedent to the SPA

Completion of the SPA is conditional upon:

- (i) all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with the transactions contemplated by the SPA (if any) having been fully complied with;

- (ii) all waivers, consents, approvals or confirmations required for the purposes of the parties for the entry into and the implementation of the SPA, having been obtained;
- (iii) the warranties, representations and undertakings given by the Vendor under the SPA being true and accurate in all material respects when made, and being true and accurate in all material respects on the date of completion of the SPA; and
- (iv) the warranties, representations and undertakings given by the Purchaser under the SPA being true and accurate in all material respects when made, and being true and accurate in all material respects on the date of completion of the SPA.

The parties to the SPA shall use their respective reasonable endeavours to ensure that the above conditions shall be fulfilled by 29 February 2020.

The Purchaser may from time to time waive the conditions set out in (iii) above by notice to the Vendor; and the Vendor may from time to time waive the condition set out in (iv) above by notice to the Purchaser. The conditions in (i) and (ii) above cannot be waived by any party.

If any of the above conditions is not fulfilled (or waived by the Purchaser or the Vendor (where relevant)) by 29 February 2020 or such other date as both parties may agree in writing, then subject to the Vendor forthwith returning the deposit of HK\$1,200,000 (without interest) in full to the Purchaser and the liability of any party to the SPA to the other in respect of any antecedent breaches of the terms of the SPA, the SPA shall become null and void and of no effect.

Completion

Pursuant to the SPA, completion thereof will take place within 14 Business Days after the SPA has become unconditional.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the BVI with limited liability and is principally engaged in investment holding.

INFORMATION ON THE TARGET GROUP

The Target is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Target is directly and wholly-owned by the Vendor.

The subsidiary of the Target includes Like Top, a company incorporated in Hong Kong with limited liability, whose principal business is trading of mineral concentrates.

Set out below is a summary of the unaudited consolidated financial information of the Target Group prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019:

	For the nine months ended 30 September 2019	For the year ended 31 December	
	2018	2017	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)
Revenue	6,496	23,314	26,765
Net profit/(loss) before taxation	454	(20,876)	(4,673)
Net profit/(loss) after taxation	6,985	(21,024)	(4,835)

As at 30 September 2019, the unaudited consolidated net asset value of the Target Group amounted to approximately HK\$13,884,000.

FINANCIAL EFFECT OF THE DISPOSAL

Immediately after completion of the SPA, the Target Group will cease to be subsidiaries of the Company and the financial results of the Target Group will no longer be consolidated into the Group's consolidated financial statements.

The net proceeds arising from the Disposal of approximately HK\$1,880,000, after deducting relevant costs and expenses in connection with the Disposal, will be used for general working capital of the Group.

Based on, inter alia, the consideration for the Disposal, the unaudited consolidated net asset value of the Target Group as at 30 September 2019, the Shareholder's Loan, the release and discharge by Like Top in favour of the Vendor in respect of the balance of the advance from Like Top to the Vendor amounting to approximately HK\$15,303,000, and the related expenses for the Disposal, the Group currently expects to record a gain on disposal of approximately HK\$3,263,000 upon completion of the SPA.

Shareholders should note that the above figures are for illustrative purpose only. The actual gain on disposal may be different from the above and will be determined based on the financial position of the Target Group on the date of completion of the SPA and the review by the Company's auditor.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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. The Vendor is principally engaged in investment holding. The Target Group is principally engaged in the operation of trading of mineral concentrates in Ecuador. Having considered (i) the business of trading of mineral concentrates in Ecuador has been worsening in recent years due to the operation suspension of Ecuamining Mineral S.A., being the sourcing agent of the Group in Ecuador which is a connected person of the Company; (ii) the Group will be discharged from the legal proceedings of the Target Group to recover the Prepayments and the need for incurring additional administrative costs and time to handle these cases; (iii) the Consideration included the estimated recoverable amount of Prepayments, the Board is of the view that the Disposal is a good opportunity for the Company to recover the Prepayments immediately, and the Disposal will not significantly affect the Group's trading of mineral concentrates business segment. In these circumstances, the Directors believe that the Group will still maintain its existing trading of mineral concentrates business segment and it is beneficial for the Company to allocate more financial and human resources to expand its trading of mineral concentrates business segment particularly in nickel products and other mineral products after the Disposal.

The Directors, including the independent non-executive Directors, consider that the terms of the SPA are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

GENERAL

As one or more of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the transaction contemplated under the SPA constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements pursuant to Rule 14.06(2) of the Listing Rules.

Shareholders and potential investors of the Company should note that the completion of the SPA are subject to the satisfaction of certain conditions precedent. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the same meanings set out below:

“Board”	the board of the Directors
“Business Day”	a day (excluding Saturday and a day on which a tropical cyclone warning No.8 or above is hoisted or remained hoisted or a “black rainstorm warning signal” is in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general business
“BVI”	the British Virgin Islands
“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)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Share and the Shareholder’s Loan pursuant to the SPA
“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 People’s Republic of China
“Independent Third Party(ies)”	a party(ies), who is/are third party(ies) independent of and not connected with the Company and its connected persons

“Like Top”	Like Top Corporation Limited, a company incorporated in Hong Kong with limited liability and an direct wholly-owned subsidiary of the Target as at the date of this announcement, which is principally engaged in the business of trading of mineral concentrates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Prepayments”	the outstanding balances of prepayments and deposits paid to the suppliers of Like Top of approximately HK\$26,357,000 with provision for impairment of approximately HK\$25,999,000 as per the unaudited management accounts of Like Top as at 30 September 2019
“Purchaser”	Talent Power Enterprises Limited, a company incorporated in the BVI with limited liability and an Independent Third Party, whose principal business is investment holding
“Sale Share”	one issued ordinary share of US\$1.00 in the Target, representing the entire issued share capital of the Target, beneficially held by the Vendor
“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 Share(s)
“Shareholder’s Loan”	the entire amount of the shareholder’s loan owed by the Target to the Vendor of approximately HK\$36,000 as at 30 September 2019, which is interest-free and repayable on demand
“SPA”	the conditional agreement for the sale and purchase of the Sale Share and the Shareholder’s Loan dated 8 November 2019 entered into between the Vendor and the Purchaser
“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)

“Target”	Lukewarm Gold Limited, a company incorporated in the BVI with limited liability and is directly and wholly-owned by the Vendor as at the date of this announcement, which is principally engaged in investment holding
“Target Group”	the Target and Like Top, as at the date of this announcement
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Topshine Reward Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company and the sole shareholder of the Target, as vendor under the SPA, which is principally engaged in investment holding
“%”	per cent.

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

Hong Kong, 8 November 2019

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.