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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)

CONTINUING CONNECTED TRANSACTION THE PROPERTY OPERATION AND MANAGEMENT CONTRACT

THE PROPERTY OPERATION AND MANAGEMENT CONTRACT

The Board announces that, on 8 February 2021 (after trading hours), Shenzhen Macrolink Industrial & Trading Development (an indirect wholly-owned subsidiary of the Company) entered into the Property Operation and Management Contract with Macrolink Development and Investment, pursuant to which Shenzhen Macrolink Industrial & Trading Development agreed to provide property operation and management, solicitation of business and tenants and other related services in relation to the Subject Properties for Macrolink Development and Investment during the Service Period.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Macrolink Development and Investment is an indirect wholly-owned subsidiary of Macrolink Group Limited, a controlling shareholder of the Company. As such, Macrolink Development and Investment is a connected person of the Company. The entering into of the Property Operation and Management Contract and the transaction contemplated thereunder constitute continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) calculated on an annual basis in respect of the Property Operation and Management Contract and the transaction contemplated thereunder exceed 0.1% but are less than 5%, the transaction contemplated under the Property Operation and Management Contract is only subject to the reporting, announcement and annual review requirements, and is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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The principal terms of the Property Operation and Management Contract are summarized as follows:

Date of the Contract: 8 February 2021

Parties:

- (i) Shenzhen Macrolink Industrial & Trading Development (as the service provider); and
- (ii) Macrolink Development and Investment (as the service recipient)

Scope of services: Macrolink Development and Investment has entrusted Shenzhen Macrolink Industrial & Trading Development with the sole discretion to conduct operation and management in relation to the Subject Properties as follows:

- (i) formulation and execution of leasing and operation plans;
- (ii) advertising services and placement;
- (iii) introduction of tenants and leasing;
- (iv) 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 Subject Properties and creating a safe, tidy and clean, attractive, comfortable, and convenient soft environment for the properties; and
- (v) handling complaints from tenants, etc.

Shenzhen Macrolink Industrial & Trading Development shall carry out leasing, market investigation and research, information analysis, public relations activities, and other work with respect to the above management matters during the Service Period. During the Service Period, Macrolink Development and Investment will not further entrust any third party other than Shenzhen Macrolink Industrial & Trading Development to carry out the above operation and management work in relation to the Subject Properties.

The Subject Properties:

Six properties legally owned by Macrolink Development and Investment and the seven Entrusted Properties. Those property assets are the properties entrusted for management under the Property Operation and Management Contract.

The six properties legally owned by Macrolink Development and Investment include:

- (i) A kindergarten located at Balizhuang Nanli, Chaoyang District, Beijing, the PRC (中國北京市朝陽區八里莊南里), with a gross floor area of approximately 1,308.32 square metres;
- (ii) A building located at Shuixian Road, Tongzhou District, Beijing, the PRC (中國北京市通州區水仙路), with a gross floor area of approximately 154.84 square metres, which is for the use of wet market; and
- (iii) Four buildings located at Lutong Main Street, Tongzhou District, Beijing, the PRC (中國北京市通州區潞通大街), with a total gross floor area of approximately 4,445.84 square metres, which are for commercial use.

The seven Entrusted Properties of Macrolink Development and Investment include:

- (i) The Xinhualian Jiayuan South Clubhouse, located at Tongzhou Yileyuan, Beijing, the PRC (中國北京市通州怡樂園的新華聯家園南區會所), with a gross floor area of approximately 6,646.07 square metres;
- (ii) Xinhualian Jiayuan South Kindergarten, located at Yunhe Main Street West, Tongzhou District, Beijing, the PRC (中國北京市通州區運河西大街的新華聯家園南區幼兒園), with a gross floor area of approximately 3,194.53 square metres;
- (iii) Xinhualian Jiayuan North Kindergarten, located at Yangzhuang Nanli, Tongzhou District, Beijing, the PRC (中國北京市通州區楊莊南里的新華聯家園北區幼兒園), with a gross floor area of approximately 1,879.45 square metres;
- (iv) A building located at Lutong Main Street, Tongzhou District, Beijing, the PRC (中國北京市通州區潞通大街), with a gross floor area of approximately 1,567.54 square metres, which is for commercial use;
- (v) The clubhouse of Youth City located at Hongjunying Road East, Chaoyang District, Beijing, the PRC (中國北京市朝陽區紅軍營東路的青年城會所), with a gross floor area of approximately 3,905.76 square metres;
- (vi) A kindergarten located at Wulidian Road West, Tongzhou District, Beijing, the PRC (中國北京市通州區五里店西路), with a gross floor area of approximately 1,872.04 square metres; and
- (vii) A shop located at Xinhualian Jiayuan North District at Tongchao Main Street, Tongzhou District, Beijing, the PRC (中國北京市通州區通朝大街的新華聯家園北區), with a gross floor area of approximately 3,748.16 square metres.

Service Period: The Service Period shall be the three years commencing from the date on which the Property Operation and Management Contract was signed and became effective (i.e., 8 February 2021) and ending on 7 February 2024.

Service Fees: The total Service Fees charged during the Service Period shall not exceed RMB12,000,000 per annum and shall be adjusted in accordance with the agreed rental income indicators and terms as follows:

- (i) If the rental income of the Subject Properties for the year is RMB15,000,000 or above, Shenzhen Macrolink Industrial & Trading Development will receive the full amount of the Service Fees (i.e., RMB12,000,000);
- (ii) If the rental income of the Subject Properties for the year is between RMB5,000,000 and RMB15,000,000, Shenzhen Macrolink Industrial & Trading Development will receive Service Fees on a pro rata basis (for example, if the rental income is RMB10,000,000, the formula for the Service Fees received is $\text{RMB10,000,000} \div \text{RMB15,000,000} \times \text{RMB12,000,000} = \text{RMB8,000,000}$); and
- (iii) If the rental income of the Subject Properties for the year is less than RMB5,000,000, Shenzhen Macrolink Industrial & Trading Development will not receive any service fee.

The Management Fees for the year ending 31 December 2021 will be calculated and charged on a full-year management fee basis, i.e., RMB12,000,000. The Management Fees are charged on a monthly basis, with less than one month being counted as one month, i.e., calculated at RMB1,000,000 per month.

The Service Fees and the relevant terms of their adjustment have been determined by the parties after arm's length negotiations with reference to the following factors, among others:

- (i) the service type, contents, and standard of property operation and management services required to be provided;
- (ii) the total area of the properties which requires the provision of property operation and management services;
- (iii) the historical leasing conditions and the annual rental income of the Subject Properties;
- (iv) the estimated operating costs for the provision of property operation and management services (including labour costs and administrative costs, etc.);
- (v) the estimated number of staff to be deployed for the provision of property operation and management services; and
- (vi) the rates for providing property operation and management services with respect to similar types of properties in the market.

Payment terms:

Service Fees under the Property Operation and Management Contract are payable on a quarterly basis.

Right of first refusal:

During or subsequent to the Service Period, Shenzhen Macrolink Industrial & Trading Development or its controlling shareholders shall have the right of first refusal to acquire the entire equity interest in Macrolink Development and Investment or its assets.

On the date of completion of the acquisition of the entire equity interest in Macrolink Development and Investment by Shenzhen Macrolink Industrial & Trading Development or its controlling shareholders and the completion of the change of business registration procedures, 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.

ANNUAL CAPS AND THEIR BASIS OF DETERMINATION

According to Chapter 14A of the Listing Rules, the Company is required to set annual caps on the Service Fees receivable for the provision of property management services under the Property Operation and Management Contract, the details of which are set out in the table below:

Period	Amount RMB	Amount equivalent to approximately HK\$
From 8 February 2021 to 31 December 2021	12,000,000	14,400,000
From 1 January 2022 to 31 December 2022	12,000,000	14,400,000
From 1 January 2023 to 31 December 2023	12,000,000	14,400,000
From 1 January 2024 to 7 February 2024	2,000,000	2,400,000

The annual caps on the Service Fees for the provision of property management services have been determined with reference to the following factors, among others: (i) the maximum Service Fees charged under the Property Operation and Management Contract of RMB12,000,000 per annum; (ii) the terms and conditions set out under the Property Operation and Management Contract; and (iii) the factors referred to above for determining the Service Fees and the terms related to their adjustment. There are no other similar transactions that should be aggregated with the Property Operation and Management Contract pursuant to Rule 14A.83 of the Listing Rules.

INFORMATION ON THE PARTIES

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.

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

Macrolink Development and Investment is a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of Macrolink Group Limited, a controlling shareholder of the Company. Its ultimate beneficial controller is Mr. Fu Kwan, an executive Director, the Chairman and the controlling shareholder of the Company, and its principal activities are property leasing operations, management of real estate on trust, and property asset management and operation.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY OPERATION AND MANAGEMENT CONTRACT

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

The Directors (including the independent non-executive Directors) consider that the Property Operation and Management Contract is on normal commercial terms and in the ordinary and usual course of business of the Group, the terms of the Property Operation and Management Contract are fair and reasonable, and the Property Operation and Management Contract is in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Macrolink Development and Investment is an indirect wholly-owned subsidiary of Macrolink Group Limited, a controlling shareholder of the Company. As such, Macrolink Development and Investment is a connected person of the Company. The entering into of the Property Operation and Management Contract and the transaction contemplated thereunder constitute continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) calculated on an annual basis in respect of the Property Operation and Management Contract and the transactions contemplated thereunder exceed 0.1% but are less than 5%, the transaction contemplated under the Property Operation and Management Contract is only subject to the reporting, announcement and annual review requirements, and is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Fu Kwan and Ms. Liu Jing, the executive Directors of the Company, are connected with Macrolink Group Limited and Macrolink Development and Investment by virtue of their indirect equity interest in Macrolink Group Limited and Macrolink Development and Investment and them being the directors of Macrolink Development and Investment; Mr. Zhang Jian, the executive Director of the Company, is connected with Macrolink Development and Investment by virtue of him being a director of Macrolink Development and Investment; Mr. Chan Yeuk, the executive Director of the Company, is connected with Macrolink Group Limited and Macrolink Development and Investment by virtue of his direct equity interest in Macrolink Group Limited and indirect equity interest in Macrolink Development and Investment. Therefore, Mr. Fu Kwan, Mr. Zhang Jian, Ms. Liu Jing and Mr. Chan Yeuk are deemed to be unable to provide recommendations to the Board in an independent capacity and have abstained from voting on the relevant Board resolution of approving the Property Operation and Management Contract. Save for Mr. Fu Kwan, Mr. Zhang Jian, Ms. Liu Jing and Mr. Chan Yeuk, no other Director had any material interest in the Property Operation and Management Contract and the transaction contemplated thereunder, and hence no other Director was required to abstain from voting on the relevant Board resolution.

DEFINITIONS

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

“Beijing Macrolink Weiye Property”	北京新華聯偉業房地產有限公司(Beijing Macrolink Weiye Property Co., Ltd.*), a company incorporated in the PRC with limited liability, which is an indirect subsidiary of Macrolink Holding and a connected person of the Company
“Board”	the board of Directors
“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
“controlling shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Entrusted Properties”	seven properties entrusted for management which are stipulated under the Property Rental Mandates, the details of which are set out in the paragraph headed “Subject Properties” in the section headed “Property Operation and Management Contract” in 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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“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 Holding”	新華聯控股有限公司 (Macrolink Holding Co., Ltd.*), a company incorporated in the PRC with limited liability, which is a connected person of the Company and its ultimate beneficial controller is Mr. Fu Kwan, an executive Director and the Chairman of the Company
“Macrolink Group Limited”	Macrolink Group Limited, a company incorporated in the Cayman Islands with limited liability, being a controlling shareholder of the Company directly holding approximately 72.14% of the issued share capital of the Company
“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
“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 Subject Properties during the Service Period

“Property Rental Mandates”	the six property rental mandates dated 1 July 2018 entered into between Macrolink Holding (as appointer) and Macrolink Development and Investment (as appointee) and a property entrusted management contract dated 1 July 2018 entered into between Beijing Macrolink Weiye Property (as appointer) and Macrolink Development and Investment (as appointee), pursuant to which Macrolink Holding and Beijing Macrolink Weiye Property have authorized Macrolink Development and Investment to provide property management and maintenance and other services in relation to six Entrusted Properties and one Entrusted Property, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“Service Fees”	the service fees payable by Macrolink Development and Investment to Shenzhen Macrolink Industrial & Trading Development for the provision of property operation and management services pursuant to the Property Operation and Management Contract
“Service Period”	the service period under the Property Operation and Management Contract, being the three years commencing on 8 February 2021 and ending on 7 February 2024
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders	the holder(s) of the Share(s)
“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
“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)
“Subject Properties”	six properties legally owned by Macrolink Development and Investment and the seven Entrusted Properties, the details of which are set out in the paragraph headed “Subject Properties” in the section headed “Property Operation and Management Contract” in this announcement

“%”

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\$1.2. 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, 8 February 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*