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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 ENTRUSTED MANAGEMENT CONTRACT

THE PROPERTY ENTRUSTED MANAGEMENT CONTRACT

The Board announces that, on 14 July 2021 (after trading hours), Shenzhen Macrolink Industrial & Trading Development (an indirect wholly-owned subsidiary of the Company) entered into the Property Entrusted Management Contract with Macrolink Holding, pursuant to which Shenzhen Macrolink Industrial & Trading Development agreed to provide Macrolink Holding with property operation and management, solicitation of business and other related services in relation to the Entrusted Properties during the Period of Entrusted Management.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Macrolink Holding is an associate of Fu Kwan, the ultimate controlling shareholder of the Company, and hence Macrolink Holding is a connected person of the Company. The entering into of the Property Entrusted Management Contract and the transactions contemplated thereunder constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated on an annual basis in respect of the Property Entrusted Management Contract and the transactions contemplated thereunder exceed 0.1% but are less than 5%, the transaction contemplated under the Property Entrusted 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 Entrusted Management Contract are summarized as follows:

Date of the Contract: 14 July 2021

Parties: (i) Macrolink Holding (as the appointer); and
(ii) Shenzhen Macrolink Industrial & Trading Development (as the appointee)

(together, the “Parties”)

The Entrusted Properties: The basic information of the Entrusted Properties is as follows:

- Location: Taihu Village, Taihu Town, Tongzhou District, Beijing, the PRC
- Property right owner: Macrolink Holding
- Name: Macrolink Storage & Logistics Centre
- Use: Industrial plant, office, catering, storage and logistics
- Buildings: A total of 8 buildings on the site, including 6 industrial plant buildings, 1 office building, and 1 conference centre and guest rooms building
- Total gross floor area: 45,527.51 square metres

Scope of services:

Macrolink Holding has entrusted Shenzhen Macrolink Industrial & Trading Development to conduct property operation and management in relation to the Entrusted Properties as follows:

- (i) formulation and execution of leasing and operation plans;
- (ii) advertising services and placement; and
- (iii) introduction of tenants and leasing.

During the Period of Entrusted Management, Macrolink Holding will not further entrust any third party other than Shenzhen Macrolink Industrial & Trading Development to carry out the above entrusted operation and management work in relation to the Entrusted Properties.

The Period of Entrusted Management:

The Period of Entrusted Management is the three years commencing from 15 July 2021 and ending on 14 July 2024 (the “**Period of Entrusted Management**”).

On or before the expiry of the Period of Entrusted Management as agreed in the Property Entrusted Management Contract, the Parties may negotiate and enter into a supplemental agreement to extend the Period of Entrusted Management; if the Parties do not enter into a new contract on or before the expiry of the Property Entrusted Management Contract, the Property Entrusted Management Contract shall terminate automatically.

Leasing of the Entrusted Properties:

Shenzhen Macrolink Industrial & Trading Development will lease out the Entrusted Properties during the Period of Entrusted Management, and Shenzhen Macrolink Industrial & Trading Development shall enter into lease contracts with the lessees in its own name, and Shenzhen Macrolink Industrial & Trading Development shall collect rent from the respective tenants of the Entrusted Properties.

Distribution of rental income and payment method:

The Parties confirm that after the entrustment of the Entrusted Properties, Shenzhen Macrolink Industrial & Trading Development shall conduct the operational business of external solicitation of business, and the rental income received will be shared with Macrolink Holding in the ratio of 4:6, with Macrolink Holding receiving 60% of the rental income and Shenzhen Macrolink Industrial & Trading Development receiving 40% of the rental income.

In addition to Macrolink Holding bearing the property tax of all the properties, Macrolink Holding shall also bear the directly incurred repair and maintenance expenses.

Shenzhen Macrolink Industrial & Trading Development shall make a lump sum payment to Macrolink Holding before 1 December of each year based on the rental income received during the year and in accordance with the above distribution ratio, while Macrolink Holding shall issue an invoice to Shenzhen Macrolink Industrial & Trading Development.

During the Period of Entrusted Management, the estimated amount of the annual cumulative rental income to be received by Shenzhen Macrolink Industrial & Trading Development each year will not exceed RMB4,800,000 for 2021; RMB9,600,000 for 2022; RMB10,080,000 for 2023; and RMB5,730,000 for 2024.

The relevant terms of the distribution of rental income have been determined by the Parties after arm's length negotiations with reference to the following factors:

- (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 Entrusted Properties; and
- (iv) the estimated operating costs for the provision of property operation and management services (including administrative costs, etc.).

**Management of the
Entrusted Properties:**

The Parties confirm that Macrolink Holding will carry out the daily maintenance of the Entrusted Properties during the Period of Entrusted Management, which includes but is not limited to repairing and maintaining the properties and ancillary facilities and keeping the properties and ancillary facilities in a state that is safe for use, etc. As for the specific details of repair, Shenzhen Macrolink Industrial & Trading Development will confirm what needs to be repaired based on the properties or the repair items provided by tenants, and submit a repair list to Macrolink Holding, and Macrolink Holding will carry out the corresponding repair according to the contents of the repair list.

During the course of cooperation between the Parties, Shenzhen Macrolink Industrial & Trading Development shall carry out leasing, market investigation and research, information analysis, public relations activities, etc. in the course of the operation of the assets according to the management matters agreed by the Parties.

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 rental income receivable by Shenzhen Macrolink Industrial & Trading Development under the Property Entrusted Management Contract, the details of which are set out in the table below:

Period	Amount equivalent to	
	Amount <i>RMB</i>	approximately <i>HK\$</i>
From 15 July 2021 to 31 December 2021	4,800,000	5,760,000
From 1 January 2022 to 31 December 2022	9,600,000	11,520,000
From 1 January 2023 to 31 December 2023	10,080,000	12,096,000
From 1 January 2024 to 14 July 2024	5,730,000	6,876,000

The annual caps on the rental income receivable by Shenzhen Macrolink Industrial & Trading Development have been determined with reference to the following factors, among others: (i) the terms and conditions set out under the Property Entrusted Management Contract; (ii) the historical leasing conditions and the historical rental income derived from the Entrusted Properties; (iii) the expected growth in the utilization rate and demand for the lease of the Entrusted Properties for industrial use, storage and logistics in the area where the Entrusted Properties are situated; (iv) the natural rise and general inflation of the rate of rent for properties in the PRC; and (v) the factors referred to above for determining the terms relating to the distribution of rental income. There are no other similar transactions that should be aggregated with the Property Entrusted 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, and its principal activities are the trading of mineral concentrates, property sales agency and provision of property operation and management services. Its ultimate beneficial controller is Mr. Fu Kwan, an executive Director, the Chairman and a controlling shareholder of the Company.

Macrolink Holding is a company established in the PRC with limited liability, and is an associate of Fu Kwan, the ultimate controlling shareholder of the Company, and hence it is a connected person of the Company as at the date of this announcement. Macrolink Holding is principally engaged in investment holding. As at the date of this announcement, the ultimate beneficial owners of Macrolink Holding are Mr. Fu Kwan (an executive Director, the Chairman and a controlling shareholder of the Company) and Ms. Xiao Wenhui.

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

Entering into the Property Entrusted 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 Entrusted Management Contract have been determined after arm's length negotiations between the parties.

The Directors (including the independent non-executive Directors, but excluding Mr. Fu Kwan, Mr. Zhang Jian, Mr. Zhang Bishu and Ms. Liu Jing, executive Directors of the Company, who are materially interested in the Property Entrusted Management Contract and have abstained from voting on the Board resolutions approving the Property Entrusted Management Contract) consider that the Property Entrusted Management Contract is on normal commercial terms and in the ordinary and usual course of business of the Group, the terms of the Property Entrusted Management Contract are fair and reasonable, and the Property Entrusted 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 Holding is an associate of Fu Kwan, the ultimate controlling shareholder of the Company, and hence Macrolink Holding is a connected person of the Company. The entering into of the Property Entrusted Management Contract and the transactions contemplated thereunder constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated on an annual basis in respect of the Property Entrusted Management Contract and the transactions contemplated thereunder exceed 0.1% but are less than 5%, the transaction contemplated under the Property Entrusted 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, Mr. Zhang Jian, Mr. Zhang Bishu and Ms. Liu Jing, executive Directors of the Company, are connected with Macrolink Holding. Therefore, Mr. Fu Kwan, Mr. Zhang Jian, Mr. Zhang Bishu and Ms. Liu Jing are deemed to be unable to provide recommendations to the Board in an independent capacity and have abstained from voting at the relevant Board meeting on approving the Property Entrusted Management Contract. Save for Mr. Fu Kwan, Mr. Zhang Jian, Mr. Zhang Bishu and Ms. Liu Jing, no other Director had any material interest in the Property Entrusted Management Contract and the transactions 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:

“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”	properties entrusted for management which are stipulated under the Property Entrusted Management Contract, the details of which are set out in the paragraph headed “The Entrusted Properties” in the section headed “The Property Entrusted 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 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
“percentage ratio(s)”	has the meaning as ascribed thereto under the Listing Rules (as applicable to a transaction)
“Period of Entrusted Management”	the period of entrusted management under the Property Entrusted Management Contract, being three years commencing on 15 July 2021 and ending on 14 July 2024
“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 Entrusted Management Contract”	the property entrusted management contract dated 14 July 2021 entered into between Shenzhen Macrolink Industrial & Trading Development and Macrolink Holding, pursuant to which Shenzhen Macrolink Industrial & Trading Development agreed to provide property operation and management services in relation to the Entrusted Properties during the Period of Entrusted Management

“RMB”	Renminbi, the lawful currency of the PRC
“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)
“%”	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\$1.20. 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, 14 July 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. Fung Chuen Kin and Mr. Cheung Ka Wai.

* *For identification purpose only*