新絲路文旅有限公司
NEW SILKROAD CULTURALTAINMENT LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 472)

Interim results announcement for the six months ended 30 June 2015

The board (the "**Board**") of directors (the "**Directors**") of New Silkroad Culturaltainment Limited (formerly known as JLF Investment Company Limited) (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2015, together with the comparative results for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**128,265**	154,294
Cost of sales		**(73,892)**	(79,939)
Gross profit		**54,373**	74,355
Other revenue		**5,131**	4,072
Selling and distribution expenses		**(49,707)**	(45,828)
Administrative expenses		**(26,605)**	(26,314)
(Loss) profit from operating activities	*5*	**(16,808)**	6,285
Finance costs		**(1,971)**	(1,993)
(Loss) profit before taxation		**(18,779)**	4,292
Taxation	*6*	**(585)**	(4,708)
Loss for the period		**(19,364)**	(416)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Attributable to:			
Owners of the Company		**(15,190)**	97
Non-controlling interests		**(4,174)**	(513)
		(19,364)	(416)
(Loss) earnings per share attributable to owners of the Company			
Basic and diluted	*7*	**HK(0.91) cent**	HK0.01 cent

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(19,364)**	(416)
Other comprehensive expense, net of income tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	**(1,013)**	(12,642)
Total comprehensive expense for the period	**(20,377)**	(13,058)
Attributable to:		
Owners of the Company	**(16,138)**	(11,014)
Non-controlling interests	**(4,239)**	(2,044)
	(20,377)	(13,058)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2015 (Unaudited) HK$'000	As at 31 December 2014 (Audited) HK$'000
ASSETS			
Non-current assets			
Land use rights		**31,164**	27,678
Property, plant and equipment		**292,717**	294,520
Intangible assets		**8,812**	9,192
Available-for-sale investment		**1,807**	1,810
		334,500	333,200
Current assets			
Inventories		**229,093**	248,056
Trade and bills receivables	*8*	**14,425**	23,052
Prepayments, deposits paid and other receivables		**31,578**	32,659
Tax recoverable		**2,255**	1,270
Cash and cash equivalents		**76,864**	105,455
		354,215	410,492
Total assets		**688,715**	743,692

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2015 (Unaudited) HK$'000	As at 31 December 2014 (Audited) HK$'000
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**16,685**	16,685
Reserves		**362,587**	378,725
		379,272	395,410
Non-controlling interests		**61,800**	66,039
Total equity		**441,072**	461,449
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**15,680**	15,711
		15,680	15,711
Current liabilities			
Trade payables	*9*	**37,596**	48,548
Accruals, deposits received and other payables		**131,021**	152,402
Amounts due to a related party		**–**	1,263
Bank borrowing – due within one year		**63,030**	63,150
Tax payables		**316**	1,169
		231,963	266,532
Total liabilities		**247,643**	282,243
Total equity and liabilities		**688,715**	743,692
Net current assets		**122,252**	143,960
Total assets less current liabilities		**456,752**	477,160

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its issued shares (the "**Shares**") are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company's registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is an investment holding company and its principal subsidiaries are engaged in the production and distribution of wine and Chinese baijiu in the People's Republic of China (the "**PRC**").

On 4 May 2015, it was announced that JLF Investment Company Limited ("**JLF BVI**"), a company incorporated in the British Virgin Islands, and Macro-Link International Land Limited ("**MIL**") entered into a sale and purchase agreement dated 22 April 2015 (the "**S&P Agreement**") relating to the sale of 841,120,169 Shares (the "**Sale Shares**") beneficially owned by JLF BVI at a cash consideration of HK$555,139,312 (equivalent to HK$0.66 per Share). The completion of the sale and purchase of the Sale Shares (the "**S&P Completion**") took place on 19 May 2015.

Upon S&P Completion, MIL and the parties acting in concert with it became interested in 1,057,108,506 Shares, representing approximately 63.35% of the total voting rights of the Company. An unconditional mandatory cash offer (the "**Offer**") was subsequently made on 5 June 2015 by V Baron Global Financial Services Limited ("**V Baron**") on behalf of MIL to acquire all the issued Shares other than those already owned or agreed to be acquired by MIL and parties acting in concert with it. The Offer was closed on 26 June 2015 with valid acceptance of a total of 77,200 Shares, representing approximately 0.00463% of the total issued share capital of the Company. Upon completion of the Offer, MIL and the parties acting in concert with it were interested in 1,057,185,706 Shares, representing approximately 63.36% of the issued share capital of the Company.

Macrolink Real Estate Co., Ltd., a company incorporated in the PRC and the issued shares of which are listed on the Shenzhen Stock Exchange under stock code: 000620, and Cheung Shek Investment Company Limited, a company incorporated in the PRC, have become the intermediate holding company and ultimate holding company of the Company respectively upon S&P Completion.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2014.

The accounting policies are adopted consistently with those followed in the preparation of the Group's financial statements for the year ended 31 December 2014.

During the period under review, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("**HKFRS(s)**") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2015:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The adoption of these amendments in the current year has no material impact on the Group's financial performance and positions for the current accounting period.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. TURNOVER

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Production and distribution of wine	**97,134**	98,834
Production and distribution of Chinese baijiu	**31,131**	55,460
	128,265	154,294

4. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting framework, the Group has identified operating segments based on similar products. The operating segments are identified by senior management who is designated as "Chief Operating Decision Maker" to make decisions about resource allocation to the segments and assess their performance.

The Group has two reportable segments, namely (i) production and distribution of wine; and (ii) production and distribution of Chinese baijiu. These segmentations are based on the information of the operation of the Group that management uses to make decisions.

The Group's measurement methodology used to determine reporting segment profit or loss remain unchanged from 2014.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments for the six months ended 30 June 2015 and 2014:

	Wine		Chinese baijiu		Total	
	2015	2014	**2015**	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Revenue from external customers	**97,134**	98,834	**31,131**	55,460	**128,265**	154,294
Segment profit (loss)	**52**	10,908	**(11,739)**	513	**(11,687)**	11,421
Unallocated corporate income					**44**	402
Unallocated corporate expenses					**(5,165)**	(5,538)
Finance costs					**(1,971)**	(1,993)
(Loss) profit before taxation					**(18,779)**	4,292
Taxation					**(585)**	(4,708)
Loss for the period					**(19,364)**	(416)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment results represent the loss incurred or profit earned by each segment without allocation of central administration costs, including directors' emoluments, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments as at 30 June 2015 and 31 December 2014:

	Wine		**Chinese baijiu**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**454,391**	497,004	**230,625**	241,111	**685,016**	738,115
Unallocated					**3,699**	5,577
					688,715	743,692
Segment liabilities	**109,184**	143,287	**57,938**	56,260	**167,122**	199,547
Unallocated					**80,521**	82,696
					247,643	282,243

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments except for certain financial assets which are managed on a group basis. All liabilities are allocated to reportable segments except for bank borrowing, deferred tax liabilities and other financial liabilities which are managed on a group basis.

(c) Geographical information

Over 90% of the Group's turnover and results were derived from the PRC. Accordingly, no geographical segment analysis is presented for the period.

As at the end of the reporting period, over 90% of the identifiable assets of the Group were located in the PRC. Accordingly, no geographical segment analysis on the carrying amount of segment assets or additions to property, plant and equipment is presented.

5. (LOSS) PROFIT FROM OPERATING ACTIVITIES

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(Loss) profit from operating activities has been arrived at after charging:		
Staff costs, including directors' emoluments		
– Salaries and allowances	**19,618**	21,992
– Retirement benefit scheme contributions	**4,128**	5,385
Total staff costs	**23,746**	27,377
Amortisation of intangible assets	**362**	232
Amortisation of land use rights	**590**	406
Cost of inventories recognised as expenses	**64,700**	65,484
Loss on disposal of property, plant and equipment	**1,893**	–
Depreciation of property, plant and equipment	**9,976**	9,516

6. TAXATION

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The PRC Corporate Income Tax	**585**	4,708

Hong Kong Profits Tax

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2015 (2014: Nil) as the Group and the Company have no assessable profit derived from Hong Kong for the period.

As at 30 June 2015, the Group had unused tax losses of approximately HK$87,478,000 (31 December 2014: HK$87,478,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

The PRC Corporate Income Tax

Shangri-la Winery Company Limited, a subsidiary of the Company, was granted a tax reduction rate of 15% from Yunnan State Administration of Taxation of the PRC for 3 years starting from 1 January 2011 and was expired on 31 December 2013. The tax reduction was renewed by Yunnan State Administration of Taxation of the PRC for 3 years starting from 1 January 2014 and the tax rate was 20%.

Save as disclosed above, all other subsidiaries established in the PRC are subject to a tax rate of 25% (2014: 25%).

7. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted loss or earnings per Share is based on the loss for the period attributable to owners of the Company of approximately HK$15,190,000 (six months ended 30 June 2014: profit of HK$97,000) and 1,668,532,146 Shares in issue during the period.

Diluted loss or earnings per Share and the basic loss or earnings per Share for the six months ended 30 June 2015 and 2014 were the same as there were no potential dilutive ordinary Shares in both periods.

8. TRADE AND BILLS RECEIVABLES

The Group generally allows an average credit period ranging from 30 to 90 days (31 December 2014: 30 to 90 days) to its trade customers and certain specific terms to major trade customers. An aging analysis of trade and bills receivables is as follows:

	As at 30 June 2015 (Unaudited) ***HK$'000***	As at 31 December 2014 (Audited) *HK$'000*
Within 30 days	**11,278**	6,027
More than 30 days and within 60 days	**365**	–
More than 60 days and within 90 days	**1,421**	1,082
More than 90 days and within 180 days	**209**	15,943
More than 180 days and within 360 days	**1,152**	–
More than 360 days	**81**	81
	14,506	23,133
Less: Impairment loss of trade and bills receivables	**(81)**	(81)
	14,425	23,052
Represented by:		
Receivables from related parties	**9,312**	17,969
Receivables from third parties	**5,113**	5,083
	14,425	23,052

All trade and bills receivables were denominated in Renminbi ("**RMB**"). The carrying amounts of trade and bills receivables approximate their fair values.

9. TRADE PAYABLES

An aging analysis of trade payables is as follows:

	As at 30 June 2015 (Unaudited) ***HK$'000***	As at 31 December 2014 (Audited) *HK$'000*
Within 90 days	**10,244**	38,798
More than 90 days and within 180 days	**9,290**	2,015
More than 180 days and within 360 days	**18,062**	7,735
	37,596	48,548

Trade payables are non interest-bearing and have an average credit term of three months (31 December 2014: four months).

10. EVENTS AFTER THE REPORTING PERIOD

Placing of New Shares under Specific Mandate

On 4 May 2015, it was announced that the Company and V Baron entered into a placing agreement dated 22 April 2015 (as supplemented), pursuant to which the Company has conditionally agreed to place through V Baron up to a maximum of 600,000,000 Shares to not less than six independent placees at a price of HK$0.66 per Share. Completion of the placing took place on 10 July 2015.

Change of Company Name

As approved by the shareholders at the special general meeting of the Company held on 6 July 2015, the English name of the Company has been changed from "JLF Investment Company Limited" to "New Silkroad Culturaltainment Limited" and a new Chinese name of "新絲路文旅有限公司" has been adopted as the secondary name of the Company in place of the Chinese name of "金六福投資有限公司" which was adopted for identification purpose with effect from 10 July 2015.

Acquisition and Subscription

Major Transaction in relation to the Acquisition of 51.5% Equity Interests in Development Golden Beach Co., Ltd. ("Golden Beach")

On 29 July 2015, the Company entered into a sale and purchase agreement with Blackstone Resort Co. ("**Blackstone**") pursuant to which Blackstone has conditionally agreed to sell and transfer, and the Company has conditionally agreed to acquire 206,000 shares of Golden Beach (the "**Acquisition**") at the cash consideration of KRW38,500,000,000 (equivalent to approximately HK$247,555,000), representing 51.5% of the entire issued share capital of Golden Beach. The Acquisition is subject to, among other conditions precedent, the approval of the shareholders in the Company's special general meeting to be convened.

Major and Connected Transaction in relation to the Subscription of Shares in Macrolink Glory Hill Co., Ltd. ("Glory Hill")

On 29 July 2015, the Company, Glory Hill and Blackstone entered into a subscription agreement pursuant to which the Company and Blackstone has each conditionally agreed to subscribe for, 2,707,848 shares and 300,872 shares of Glory Hill at the cash consideration of KRW27,078,480,000 (equivalent to approximately HK$174,114,626 and KRW3,008,720,000 (equivalent to approximately HK$19,346,070) respectively (the "**Subscription**").

As Glory Hill is owned as to 90% by MIL (which is the substantial shareholder of the Company and interested in about 37.08% of the issued share capital of the Company on the date of the subscription agreement) and thus, is a connected person of the Company within the meaning of the Listing Rules, the Subscription is subject to, among other conditions precedent, the approval of the independent shareholders in the Company's special general meeting to be convened.

Upon completion of the Acquisition and the Subscription, Golden Beach and Glory Hill will become non-wholly owned subsidiaries of the Company and their financial results, assets and liabilities will be consolidated in the Group's financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

The Group's turnover for the six months ended 30 June 2015 (the "**Period**") decreased by 16.9% to approximately HK$128.3 million (six month ended 30 June 2014: HK$154.3 million). Turnover of wine segment decreased slightly by 1.7% to HK$97.1 million (six months ended 30 June 2014: HK$ 98.8 million) while the turnover of Chinese baijiu segment slumped by 43.9% to HK$31.1 million (six months ended 30 June 2014: HK$55.5 million).

As a result of transformation in Chinese baijiu market from high-end products to mass market products, our Chinese baijiu business segment was seriously affected. Seeing a sharp fall in sales, the Chinese baijiu segment is still in the process of adjusting its product mix to adapt to the change.

Leveraging on the strategy to effectively focus on general consumption market, the wine segment, which accounted for 75.7% of total turnover, remained relatively stable for the Period.

Gross Profit

Gross profit decreased by 26.9% to approximately HK$54.4 million (six months ended 30 June 2014: HK$74.4 million). Wine and Chinese baijiu segments each accounted for HK$43.7 million (six months ended 30 June 2014: HK$48.8 million) and HK$10.7 million (six months ended 30 June 2014: HK$25.6 million) respectively.

Gross profit margin for both business segments were in the trend of decline with the wine segment suffered a decrease by 4.4% to 45.0% (six months ended 30 June 2014: 49.4%) whereas the Chinese baijiu segment fell significantly by 11.7% to 34.4% (six months ended 30 June 2014: 46.1%).

Other Revenue

Other revenue mainly represented government subsidies granted from the respective local finance department in subsidizing the Group's technical development. During the Period, other revenue increased by 26.0% to HK$5.1 million (six months ended 30 June 2014: HK$4.1 million).

Selling and Distribution Expenses

Selling and distribution expenses increased by 8.5% to HK$49.7 million (six months ended 30 June 2014: HK$45.8 million). The increase was mainly due to the enhanced effort in implementing marketing strategies to strengthen our band awareness in the general consumption market. Due to a lower turnover and increased marketing efforts, the marketing, selling and distribution expenses as a percentage of turnover for the Period increased by 9.1% to 38.8% (six months ended 30 June 2014: 29.7%).

Administrative Expenses and Finance costs

Administrative expenses mainly consisted of management staff salaries, office rental, professional fee and other administrative expenses. During the Period, administrative expenses increased slightly by 1.1% to HK$26.6 million (six months ended 30 June 2014: HK$26.3 million).

As total borrowings remained stable during the Period, finance costs maintained at approximately HK$2.0 million (six months ended 30 June 2014: HK$2.0 million).

Loss before Tax

The combined effect of the decline in gross profit and the increase in operating expenses resulted in a loss before tax of HK$18.8 million (six months ended 30 June 2014: profit of HK$4.3 million).

Taxation

Current income tax expense for the Period dropped by 87.6% to approximately HK$0.6 million (six months ended 30 June 2014: HK$4.7 million).

Loss Attributable to Owners of the Company

Loss after tax for the Period was HK$19.4 million (six months ended 30 June 2014: HK$0.4 million). Loss attributable to owners of the Company was HK$15.2 million (six months ended 30 June 2014: profit of HK$97,000). Basic loss per Share attributable to owners of the Company for the Period was HK0.91 cent (six months ended 30 June 2014: earnings per Share of HK0.01 cent).

Balance Sheet Analysis

Total assets of the Group decreased by 7.4% to approximately HK$688.7 million (31 December 2014: HK$743.7 million). Total non-current assets increased slightly by 0.39% to approximately HK$334.5 million (31 December 2014: HK$333.2 million) and current assets decreased by 13.7% to approximately HK$354.2 million (31 December 2014: HK$410.5 million). The decrease in current assets was mainly due to a decrease in bank balances as a result of net cash outflow from operation.

Total liabilities decreased by 12.3% to approximately HK$247.6 million (31 December 2014: HK$282.2 million). Current liabilities reduced by 13.0% to approximately HK$232.0 million (31 December 2014: HK$266.5 million) as more payables were being settled. Working capital of the Group was mainly financed by cash generated from operation and bank borrowings.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (six months ended 30 June 2014: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group's total borrowings amounted to approximately HK$63.0 million (31 December 2014: HK$63.2 million). Cash and cash equivalents amounted to approximately HK$76.9 million (31 December 2014: HK$105.5 million). The Group's current ratio was 1.5 (31 December 2014: 1.5) and gearing ratio, expressed as a percentage of total borrowings divided by total equity, was 14.3% (31 December 2014: 13.7%). Taking into account of the existing banking facilities, the Group has adequate financial resources to meet its ongoing operating and development requirements.

PLEDGE OF ASSETS

As at 30 June 2015, the Group had pledged land and buildings and production facilities with a total net book value amounting to approximately HK$37.5 million (31 December 2014: HK$38.8 million) to Agricultural Development Bank of China – Diqing Tibetan Autonomous Prefecture Branch to secure general banking facilities.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any significant contingent liabilities (31 December 2014: Nil).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

During the Period, the Group experienced little exchange rate fluctuations since the functional currency of the Group's operation is in RMB. It was believed that the devaluation of RMB as announced by the Central government in August 2015 was a one-off adjustment. As the Company established a key presence in Mainland China from which both expenses and income arise, the impact of the devaluation of RMB on costs and sales was negligible. However, a slight impact might be resulted from the devaluation of RMB when RMB is converted into Hong Kong dollars. The Company will closely observe the trend of the devaluation and make appropriate deployment as needed. However, given that the current exchange rate exposure is not significant, the Group does not employ any financial instruments for hedging purposes.

MATERIAL ACQUISITION AND DISPOSAL

During the Period, there was no material acquisition and disposal of subsidiaries or associated companies by the Group.

EMPLOYEE INFORMATION AND EMOLUMENT POLICY

As at 30 June 2015, the Group employed a total of 845 (31 December 2014: 869) full time employees, in which 278 staff were related to sales and marketing, 315 staff were related to production, 61 staff were related to management and 191 staff were related to administration. The Group's emolument policies are formulated based on the performance of individual employees and are reviewed annually. The Group also provides medical insurance coverage and provident fund schemes (as the case may be) to its employees in compliance with the applicable laws and regulation.

REVIEW OF OPERATION AND PROSPECTS

Economic Outlook

China's economy was facing downward pressure during the first half of 2015. The Purchasing Managers Index released in July was 48.2, which is lower than the market expectation of 49.7 and represents the lowest figure for the past 15 months. The figure matched the Organisation for Economic Co-operation and Development's prediction on the deterioration of China's economic for the coming months. Besides, economic figures from countries relying on China's export and Asian trading counterparts all indicated that China's economy is slowing down.

Operation Review

The Group's wine and Chinese baijiu business, which relies mainly on China's consumer market, remained weak during the Period. The revenue of the Group was reduced by 16.9% to HK$128.3 million with the Chinese baijiu being particularly adversely affected which dragged down the overall results of the Group leading to a reported loss after tax of HK$19.4 million for the Period.

As disclosed in the announcement of the Company dated 20 May 2015, upon the S&P Completion, MIL, a wholly-owned subsidiary of Macrolink Real Estate Co., Ltd. whose issued shares are listed on the Shenzhen Stock Exchange under stock code 000620, has become the substantial shareholder and obtained the controlling interest in the Company. Upon completion of the Offer on 26 June 2015, MIL has acquired 50.42% of the total issued Shares of the Company. MIL is also a sister company of MACRO-LINK International Investment Co., Ltd. ("**MII**"), which is our substantial shareholder and held 12.94% of the total issued Shares of the Company. On 29 July 2015, the Company announced that its name has been changed to New Silkroad Culturaltainment Limited to reflect the change of the status and to refresh the corporate image of the Company.

On 10 July 2015, the Company completed a placing of 600 million new Shares at a placing price of HK$0.66 per Share under a specific mandate to raise approximately HK$394.02 million (the "**Placing**"). The fund raised has strengthened the Company's financial position and prepared the Company for potential investment opportunities in the near future. After completion of the Placing, the equity interests of MIL and MII in the Company were diluted to 37.08% and 9.52% respectively. Together they still remain as controlling shareholders of the Company and are interested in a total of 46.6% of the Company's issued Shares. They will not only provide long-term shareholder support to the Company but will also introduce new business opportunities which will be beneficial to the Company and the shareholders as a whole.

Mr. Su Bo ("**Mr. Su**"), Mr. Hang Guanyu and Mr. Liu Huaming have been appointed as executive Directors with effect from 8 June 2015. Mr. Wu Xiang Dong ("**Mr. Wu**"), Mr. Shu Shi Ping ("**Mr. Shu**") and Mr. Sun Jian Xin have resigned as executive Directors, and Mr. Wu and Mr. Shu have also ceased to be the chairman of the Board and chief executive officer of the Company respectively after the close of the Offer on 26 June 2015 (the "**Resignations**"). Following the Resignations, Mr. Su and Mr. Yan Tao have been appointed as chairman of the Board and chief executive officer of the Company respectively. Mr. E Meng has resigned as an independent non-executive Director with effect from 25 August 2015.

Prospects

The next coming half of the year will continue to be challenging for the wine and Chinese baijiu industry in China. While rising cost is always a looming concern, we remain cautiously optimistic about the outlook of the industry in China, which continues to present opportunities for those with foresight and well-prepared.

Expansion of Business into Jeju

To generate diversified income and additional cash flow for the Group's continuing development, on 29 July 2015, the Company entered into a conditional sale and purchase agreement with Blackstone for the proposed acquisition of 51.5% of the issued share capital of Golden Beach at the cash consideration of KRW38,500,000,000 (equivalent to approximately HK$247,555,000). Golden Beach is a company with limited liability established on 15 December 2009 under the laws of South Korea. Upon completion of the Acquisition, the Group will, through Golden Beach, hold the gaming licence number 8 issued by the Jeju government allowing it to carry on gaming business including casino pursuant to the Special Act on the establishment of Jeju Special Self-Governing Province and the development of Free International City and carry out the casino business under the tradename of Golden Beach at KAL Hotel, a five-star hotel at Jeju, South Korea.

On the same date, the Company, Glory Hill and Blackstone entered into a conditional subscription agreement, pursuant to which the Company and Blackstone has each conditionally agreed to subscribe for, 2,707,848 shares and 300,872 shares of Glory Hill at the cash consideration of KRW27,078,480,000 (equivalent to approximately HK$174,114,626) and KRW3,008,720,000 (equivalent to approximately HK$19,346,070) respectively. The 2,707,848 shares of Glory Hill to be subscribed by the Company represent approximately 55% of the enlarged issued share capital of Glory Hill following the completion of the Subscription. Glory Hill is a company incorporated under the laws of South Korea on 24 March 2014 with limited liability. Its businesses cover various operations including commercial and residential real estate development and management, tourism and entertainment related business etc. It owns land and property located at Hallim Eup, Kumak Lisan, Jejusi, Jejudo, Jeju, South Korea of approximately 1,305,641 square meters aiming to develop into and operate as a large integrated tourist resort complex including hotel, commercial and residential properties, entertainment, spa and beauty therapy, healthcare, recreation playgrounds, golf courses etc. (the "**Glory Hill Project**"). Upon completion of the Subscription, the Company will be directly interested in 55% equity interest of Glory Hill and thus having 55% interests in the Glory Hill Project.

In the coming future, the Company will work on realizing the business potential of its operation in Jeju. In addition to that, we will seek further investment opportunities in other potential markets.

While exploring fresh opportunities, we are also well aware of the need to consolidate our position in existing markets through continuous efforts to improve the quality of our products and services. In 2015, Shangri-la Winery had participated in the International Wine and Spirit Competition ("**IWSC**") and Decanter World Wine Awards ("**DWWA**"). Our 2013 cabernet sauvignon was awarded 7 medals: Shangri-la Plateau A6 won bronze award and silver award in the IWSC and DWWA respectively; Shangri-la Shiraz won the silver award and bronze award in the IWSC and DWWA respectively; Shangri-la Plateau A3 won the silver award and commended award in the IWSC and DWWA respectively and Shangri-la 'Dong Shui Village' cabernet sauvignon won the silver award in the IWSC. With such encouraging results, the management will continue to follow its established strategy which will allow the Group to sustain remarkable growth.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all the applicable code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Period except for the deviations from code provisions A.6.7 and E.1.2 which are explained as follows:

Code provision A.6.7 provides that independent non-executive directors and non-executive directors should attend general meetings. Mr. E Meng, who was the independent non-executive Director at the time being, and Mr. Cao Kuangyu, being the independent non-executive Director, were unable to attend the special general meeting and the annual general meeting (the "**2015 AGM**") of the Company held on 27 February 2015 and 5 June 2015 respectively due to their overseas business engagement.

Code provision E.1.2 provides that the chairmen of the board and board committees should attend the annual general meeting to be available to answer questions thereat. Mr. Wu Xiang Dong, who was the chairmen of the Board and Nomination Committee of the Company at the time being, was unable to attend the 2015 AGM due to his overseas business engagement. However, Mr. Ng Kwong Chue, Paul, being the executive Director and company secretary of the Company, took the chair of the 2015 AGM, and the chairmen of the Audit Committee and Remuneration Committee of the Company, and the auditors attended the 2015 AGM to answer any questions from the shareholders. The Company considers that their presence is sufficient for effective communication with shareholders at the 2015 AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Upon specific enquiry by the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Audit Committee met twice to date in 2015 to review with senior management and the Company's internal and external auditors, the Group's internal controls and financial matters as set out in the Audit Committee's written terms of reference. The Audit Committee's review covers the audit plans and findings of internal and external auditors, external auditor's independence, the Group's accounting principles and practices, the Listing Rules and statutory compliance, internal controls, risk management and financial reporting matters.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited interim financial report for the Period. The Audit Committee comprises the two independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen and Mr. Cao Kuangyu.

By order of the Board
New Silkroad Culturaltainment Limited
Ng Kwong Chue, Paul
Executive Director

Hong Kong, 28 August 2015

As at the date of this announcement, the Board comprises six executive Directors, namely, Mr. Su Bo, Mr. Yan Tao, Mr. Zhang Jian, Mr. Ng Kwong Chue, Paul, Mr. Hang Guanyu and Mr. Liu Huaming, and two independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen and Mr. Cao Kuangyu.