

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



新絲路文旅有限公司
NEW SILKROAD CULTURALTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 472)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE HOLDING COMPANY OF A PROPERTY MANAGEMENT GROUP

Reference is made to the announcement of the Company dated 21 December 2022 in relation to the potential acquisition of the Target Company by the Purchaser from the Vendor.

On 4 January 2023 (after trading hours), the Purchaser, as purchaser, entered into the Acquisition Agreement with the Vendor, a connected person of the Company, as vendor, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Interest, representing 100% of the equity interest of the Target Company, at the total consideration of RMB430,000,000 (equivalent to approximately HK\$485,900,000), payable by the Purchaser to the Vendor as to RMB364,488,775.16 in cash and as to RMB65,511,224.84 by way of assumption of debt due by the Vendor and its associates to the Target Group. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results, assets and liabilities will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios for the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Further, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor is indirectly wholly-owned by the sole shareholder of Macrolink Land, a controlling shareholder of the Company holding approximately 54.79% of the issued share capital of the Company as at the date of this announcement and a connected person of the Company within the meaning of the Listing Rules. Therefore, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to consider the terms of the Acquisition Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

The Company will convene and hold the SGM to seek approval from the Independent Shareholders to consider, and if thought fit, approve, among other matters, the Acquisition Agreement and the transactions contemplated thereunder. Macrolink Land and its associates shall abstain from voting on the ordinary resolution(s) to be proposed at the SGM.

A circular containing, among other things, (i) further details of the Acquisition Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 28 February 2023, as additional time is required for the preparation of certain information to be included in the circular.

Shareholders and potential investors of the Company should note that Completion is subject to fulfillment or waiver (as the case may be) of the conditions precedent under the Acquisition Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

Reference is made to the announcement of the Company dated 21 December 2022 in relation to the potential acquisition of the Target Company by the Purchaser from the Vendor.

INTRODUCTION

On 21 December 2022, the Purchaser and the Vendor entered into a non-legally binding letter of intent in relation to the potential acquisition of the Target Company by the Purchaser from the Vendor, the details of which are disclosed in the announcement of the Company dated 21 December 2022.

On 4 January 2023 (after trading hours), the Purchaser, as purchaser, entered into the Acquisition Agreement with the Vendor, a connected person of the Company, as vendor, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Interest, representing 100% of the equity interest of the Target Company, at the total consideration of RMB430,000,000 (equivalent to approximately HK\$485,900,000).

The principal terms of the Acquisition Agreement are set out below:

THE ACQUISITION AGREEMENT

Date: 4 January 2023

Parties: (i) The Vendor as vendor
(ii) The Purchaser as purchaser

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor is wholly-owned by Beijing Macrolink Land Limited, which is in turn wholly-owned by Macrolink Culturaltainment Development Co., Ltd., a company listed on the Shenzhen Stock Exchange with stock code: SZ000620 which wholly owns Macrolink Land, a controlling shareholder of the Company holding approximately 54.79% of the issued share capital of the Company as at the date of this announcement. As such, Macrolink Land is a connected person of the Company within the meaning of the Listing Rules. The Target Company was sold by the Vendor to the Group and the acquisition cost of the Vendor was RMB430 million (equivalent to approximately HK\$486 million).

Macrolink Culturaltainment Development Co., Ltd. is a property developer. It is a large-scale property developer with successful experience in developing high-end residential apartments, low-density ecological towns, Class-A office buildings, five-star hotels, commercial streets, large-scale commercial complexes and cultural tourist properties etc.

Assets to be acquired

Pursuant to the terms and conditions of the Acquisition Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Interest, representing 100% of the equity interest of the Target Company as at the date of this announcement.

Consideration

The total consideration for the Acquisition is RMB430,000,000 (equivalent to approximately HK\$485,900,000), which shall be satisfied by the Purchaser to the Vendor in the following manner:

- (i) RMB80,000,000 shall be payable by the Purchaser to the Vendor in cash at the signing of the Acquisition Agreement as refundable deposit (the “**Deposit**”), subject to the deduction of the earnest money already paid by the Purchaser to the Vendor in the amount of RMB12,000,000 for partial settlement of the consideration, by telegraphic transfer or in such manner as agreed by the Vendor and the Purchaser;
- (ii) RMB65,511,224.84 shall be settled by the Purchaser by way of assumption of debt due by the Vendor and its associates to the Target Group (which comprise primarily outstanding property management fees) at the Completion; and

- (iii) RMB284,488,775.16 shall be payable by the Purchaser to the Vendor in cash upon completion of the registration of the transfer of the Sale Interest with the relevant government authority in the PRC, by telegraphic transfer or in such manner as agreed by the Vendor and the Purchaser.

On 21 December 2022, the Purchaser and the Vendor entered into a non-legally binding letter of intent in relation to the potential acquisition of the Target Company by the Purchaser, the details of which are disclosed in the announcement of the Company dated 21 December 2022. Pursuant to the letter of intent, earnest money in the amount of RMB12,000,000 (equivalent to approximately HK\$13,560,000) (the “**Earnest Money**”) was paid by the Purchaser to the Vendor, which shall be applied for the partial settlement of the total consideration at the signing of the Acquisition Agreement. In the event that the Acquisition does not proceed to Completion, the Deposit (including the Earnest Money) shall be returned in full (without interest) by the Vendor to the Purchaser.

The consideration was determined after arm’s length negotiations between the Purchaser and the Vendor with reference to, including without limitation, the net profit of the Target Company recorded in its management accounts as at 30 June 2022, and relevant market adjustments, such as price-to-earnings ratio, etc. and the reasons for the Acquisition as disclosed in the paragraph headed “Reasons for the Acquisition” in this announcement.

Conditions precedent

Completion of the Acquisition is conditional upon the fulfillment (or waiver, as the case may be) of the following conditions:

- (i) the results of the due diligence to be conducted by the Purchaser on the Target Group being satisfactory to the Purchaser;
- (ii) the passing of the relevant resolution(s) by the Independent Shareholders at the SGM approving the Acquisition Agreement and the transactions contemplated thereunder;
- (iii) the receipt by the Purchaser of all the corporate and registration records on the Target Group and the Acquisition Agreement;

- (iv) the warranties given by the Vendor under the Acquisition Agreement remaining true, accurate and complete in all material respects;
- (v) all necessary consents, licences and approvals required to be obtained on the part of the Vendor in respect of the Acquisition Agreement and the transactions contemplated hereby having been obtained and remain in full force and effect;
- (vi) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser in respect of the Acquisition Agreement and the transactions contemplated hereby having been obtained and remain in full force and effect;
- (vii) the distribution of dividend by the Target Group in the amount of RMB220 million, subject to the maximum amount as permitted under the applicable laws and regulations; and
- (viii) there being no material adverse impact of RMB20,000,000 or more on the Target Company or any of its subsidiaries or their overall business operation, financial condition, results, assets or liabilities from the date of the Acquisition Agreement up to Completion.

The Purchaser may at its absolute discretion at any time waive in writing the condition set out in (i), (iii), (iv) or (viii) above (to the extent it is capable of being waived) subject to such terms and conditions as may be determined by the Purchaser. Conditions set out in (ii), (v) and (vi) above are incapable of being waived. If any of the conditions mentioned above has not been fulfilled or waived on or before the Long Stop Date, or such later date as the Purchaser and the Vendor may agree in writing, the Acquisition Agreement shall cease and determine and save for any antecedent breach, neither party shall have any obligations and liabilities towards each other.

Completion

Upon compliance with or fulfillment (or wavier) of all the conditions precedent as stated above, the Completion shall take place on the Completion Date.

Potential continuing connected transactions upon Completion

There are existing services agreements entered into between the Target Group and the Vendor and/or its associates for the provision of property management services by the Target Group to the Vendor and/or its associates for properties owned by the Vendor and/or its associates, which are expected to continue following the Completion. The transactions contemplated under such existing services agreements will constitute continuing connected transactions of the Group upon the Completion and the Company will comply with the applicable requirements under the Listing Rules and make an announcement for such transactions as and when appropriate.

INFORMATION ON THE TARGET GROUP

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Target Company is a company incorporated under the laws of the PRC principally engaged in investment holding, and its subsidiaries are principally engaged in property management in the PRC under the brand “Yuehao Property Management (悦豪物業管理)” as at the date of this announcement. As at the date of this announcement, the Target Company has 14 subsidiaries, all being wholly-owned companies established under the laws of the PRC.

The brand “Yuehao Property Management (悦豪物業管理)” has over 20 years of history and 北京悦豪物業管理有限公司 (Beijing Yuehao Property Management Co., Ltd.#), being the principal operating subsidiary and holding company all other subsidiaries of the Target Company, has the national first-class property management qualification (國家一級物業管理資質), and is a member of China Property Management Association (中國物業管理協會會員) and a council member of Beijing Property Management Association (北京物業管理協會理事會員單位). As at the date of this announcement, the property management business of the Target Group spans across different cities and regions of the PRC, with a total of 49 property management projects, involving large-scale residential quarters, high-end apartments, villas, industrial parks, commercial plazas, and other properties related to cultural tourism and urban service management.

FINANCIAL INFORMATION OF THE TARGET COMPANY

The financial information extracted from the unaudited consolidated financial statements of the Target Company prepared in accordance with the PRC Generally Accepted Accounting Principles for the relevant periods is set out below:

	For the six months ended 30 June 2022 (RMB'000) (unaudited)	For the year ended 31 December 2021 (RMB'000) (unaudited)	For the year ended 31 December 2020 (RMB'000) (unaudited)
Revenue	197,960	443,832	371,452
Profit/(Loss) before tax	20,727	71,255	47,026
Profit/(Loss) after tax	20,032	54,854	35,270

	At 30 June 2022 (RMB'000) (unaudited)	At 31 December 2021 (RMB'000) (unaudited)	At 31 December 2020 (RMB'000) (unaudited)
Net assets	221,999	201,967	147,113

REASONS FOR THE ACQUISITION

The Group is principally engaged in the (i) development and operation of integrated resort and cultural tourism in South Korea; (ii) development and operation of real estate in Australia; (iii) production and distribution of wine in the PRC; and (iv) operation of entertainment business in South Korea. Property development, operation and management has long been part of the principal businesses of the Group and the Company has been exploring the further expansion of its property-related businesses into property management in the PRC.

As disclosed in the announcement of the Company dated 21 December 2022, the Board believes that the Group should take advantage of the Group's current sufficient funds and sustainable sources of funds, as well as the proactive easing of the COVID-19 epidemic policy in the PRC beginning in mid-December 2022, and the State Council of China's Strategic Planning – "Outline of Strategic Planning for Expanding Domestic Demand (2022-2035)" issued on 15 December 2022 in which it is mentioned that the PRC government will "improve the quality level of community public services; build a community service system that combines public services, convenience and benefit services, and voluntary mutual assistance services; enhance community service functions; guide social forces to participate in community services; induce the social power and social supply chain to continue to improve the quality of community services; improve the level of intelligence in community services; support the integration and innovation of housekeeping, elderly care, childcare, property and other business services and; improve the ability and level of community epidemic prevention and control."

The Acquisition would provide the Company with an opportunity to expand its property-related businesses into property management in the PRC under an established brand name. The Target Group has over 20 years of history and experience in the field of property management in the PRC and the Acquisition would enable the Company to take advantage of the existing network and relationships of the Target Group, as well as the experienced and knowledgeable staff and management and relevant licences and approvals to seamlessly continue the existing business operations of the Target Group, which have been performing outstandingly over the past years and are expected to continue to generate promising growth and results to the Group after the Completion through the stable stream of management fee income. As the economy in the PRC is expected to gradually further recover from the pandemic, it is expected that the businesses of the Target Group would maintain consistent performance in the near future, allowing the Group to reap the returns for the Company and its Shareholders as a whole.

The Company believes that the Group, in expanding its real estate business through the acquisition of the Target Group, being nation-wide property management companies serving in the PRC, can make full use of the wealth of experience of the Group in developing and operating real estate development in Australia and South Korea and further expand the business of the Group to cater to the needs of the PRC's expanding domestic demand through developing high-quality property management business, allowing the Group to further extend the reach of its existing real estate business to a larger market in the PRC. Eventually, the Company would be able to provide the Shareholders with substantial and sustainable returns on investment from its growing and expanding real estate business.

The terms of the Acquisition Agreement were determined after arm's length negotiations between the parties thereto and the Directors (save for the independent non-executive Directors whose view will be set out in the circular to be published by the Company after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

All executive Directors have abstained from voting at the Board meeting approving the Acquisition Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Acquisition Agreement and the transactions contemplated thereunder and none of them is required to abstain, or has abstained, from voting on the relevant board resolutions approving the Acquisition Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios for the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Further, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor is indirectly wholly-owned by the sole shareholder of Macrolink Land, a controlling shareholder of the Company holding approximately 54.79% of the issued share capital of the Company as at the date of this announcement and a connected person of the Company within the meaning of the Listing Rules. Therefore, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to consider the terms of Acquisition Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

The Company will convene and hold the SGM to seek approval from the Independent Shareholders to consider, and if thought fit, approve, among other matters, the Acquisition Agreement and the transactions contemplated thereunder. Macrolink Land and its associates shall abstain from voting on the ordinary resolution(s) to be proposed at the SGM.

A circular containing, among other things, (i) further details of the Acquisition Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 28 February 2023, as additional time is required for the preparation of certain information to be included in the circular.

Shareholders and potential investors of the Company should note that Completion is subject to fulfillment or waiver (as the case may be) of the conditions precedent under the Acquisition Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set forth below:

“Acquisition”	the proposed acquisition of the Sale Interest by the Purchaser from the Vendor pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 4 January 2023 entered into between the Purchaser and the Vendor in relation to the Acquisition
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	New Silkroad Culturaltainment Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Completion Date”	a date falling within five (5) Business Days after the fulfillment (or waiver) of the conditions set out in Acquisition Agreement or such other date as the Purchaser and the Vendor may agree in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent committee of the Board comprising all its independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the terms of the Acquisition Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Acquisition Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Macrolink Land and its associates
“Independent Third Party(ies)”	person(s) or company(ies) who/which is/are independent of and not connected with the Directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	21 June 2023 (or such other date as the parties to the Acquisition Agreement may agree from time to time)
“Macrolink Land”	Macro-Link International Land Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned by Macrolink Culturaltainment Development Co., Ltd. (which is a company whose issued shares are listed on the Shenzhen Stock Exchange under stock code: 000620), being the controlling shareholder of the Company

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	四川絲路數據科技有限公司 (Sichuan Silkroad Data Technology Company Limited [#]), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Sale Interest”	100% of the equity interest in the Target Company
“SGM”	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and approve the Acquisition Agreement and the transactions contemplated thereunder
“Share(s)”	shares of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	北京潮來潮往文化傳媒有限公司 (Beijing Chaolaichaowang Culture Media Company Limited [#]), a company established under the laws of the PRC and wholly owned by the Vendor
“Target Group”	the Target Company and its subsidiaries
“Vendor”	北京運河長基投資有限公司 (Beijing Yunhe Zhangji Investment Limited [#]), a company established under the laws of the PRC and wholly-owned by 北京新華聯置地有限公司 (Beijing Macrolink Land Limited [#]), which is in turn wholly-owned by Macrolink Culturaltainment Development Co., Ltd., the sole shareholder of the controlling shareholder of the Company

“Yuehao Property Management”	a brand name operating property management business in the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

The English names of entities marked with “#” in this announcement are not the official names and are translated for identification purpose only.

The exchange rate of RMB1.00 to HK\$1.13 is used in this announcement for illustration purpose only. No representation is made that any amounts in RMB or HK\$ could be converted at such rates or any other rates.

By order of the Board
New Silkroad Culturaltainment Limited
Ma Chenshan
Chairman and Executive Director

Hong Kong, 4 January 2023

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Ma Chenshan, Mr. Zhang Jian, Mr. Hang Guanyu and Mr. Liu Huaming, and three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Mr. Tse Kwong Hon and Mr. Cao Kuangyu.