

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in New Silkroad Culturaltainment Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 472)

**(I) MAJOR AND CONNECTED TRANSACTIONS:
EXTENSION OF TERM IN RELATION TO THE
REDEMPTION OF REDEEMABLE PREFERENCE SHARES IN
AND PROVISION OF FINANCIAL ASSISTANCE TO
MACROLINK AUSTRALIA INVESTMENT LIMITED;
(II) PROPOSED AMENDMENTS TO THE EXISTING BYE-LAWS AND
ADOPTION OF THE AMENDED AND RESTATED BYE-LAWS; AND
(III) NOTICE OF SGM**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



红日资本有限公司
RED SUN CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 7 to 33 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 36 to 65 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 34 to 35 of this circular.

A notice convening the SGM to be held at Conference Room, 8/F., Macrolink Group Building, Government Ave, Taihu Town, Tongzhou District, Beijing, the PRC on Wednesday, 22 March 2023 at 3:00 p.m. or any adjournment thereof is set out on pages SGM-1 to SGM-4 of this circular. Whether or not you are able to attend the SGM, you are advised to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, being not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

All times and dates specified in this circular refers to Hong Kong local times and dates.

27 February 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“2017 Agreements”	the Subscription Agreement, the Loan Agreement and the TRS Agreement collectively
“2017 Circular”	the circular of the Company dated 30 November 2017 in relation to, among other matters, the 2017 Agreements
“Amended Bye-Laws”	the amended and restated Bye-Laws incorporating all the Proposed Amendments proposed to be adopted by the Shareholders by way of a special resolution at the SGM (full text of which with the Proposed Amendments marked up against the Existing Bye-Laws are set out in Appendix III to this circular)
“Amended Total Return”	has the meaning set out in the paragraph headed “The TRS Agreement” in this circular
“Announcement”	the announcement of the Company dated 29 November 2022 in relation to, among other matters, the Supplemental Agreements and the Proposed Amendments
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“AusCo”	Macrolink & Landream Australia Land Pty Ltd, a company incorporated in Australia with limited liability and is owned as to 80% by Macrolink Australia and as to 20% by an Independent Third Party
“Australia Group”	Macrolink Australia and AusCo
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Bye-Laws”	the bye-laws of the Company as supplemented or amended or substituted from time to time
“Closing”	completion of transactions contemplated under the Subscription Agreement
“Closing Date”	20 December 2017, the date on which the Closing took place, being the date on which Wealth Venture became the holder of the Redeemable Preference Shares

DEFINITIONS

“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Existing Bye-Laws”	the existing Bye-Laws adopted by the Company at the annual general meeting of the Company held on 15 May 2012
“Glorious Hill”	certain land lots located at Hallim Eup, Kumak Lisan, Jejusi, Jeju-do region of South Korea with a total area of more than 1600 acres purchased by the Group with the aim to develop them into and operate them as a large integrated tourist resort complex including hotel, real estate, entertainment, healthcare, recreation playgrounds, golf courses etc.
“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 the independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Mr. Tse Kwong Hon and Mr. Cao Kuangyu, which has been established by the Board for the purpose of advising the Independent Shareholders on the terms of the Supplemental Agreements and the transactions contemplated thereunder
“Independent Financial Adviser” or “IFA”	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 Supplemental Agreements and the transactions contemplated thereunder

DEFINITIONS

“Independent Shareholders”	Shareholders other than (i) Macro-Link International Land, Macro-Link International Investment and their respective associates; and (ii) any Shareholders who are interested or have a material interest in the Supplemental Agreements, who shall be required under the Listing Rules to abstain from voting on the resolution to approve the Supplemental Agreements at the SGM
“Independent Third Party”	an independent third party not connected with the Company and its connected persons
“Latest Practicable Date”	23 February 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of AUD74.41 million (equivalent to approximately HK\$461.33 million at the then exchange rate of AUD1.00 to HK\$6.20) advanced by Wealth Venture to Macrolink Australia under the Loan Agreement
“Loan Agreement”	the conditional loan agreement dated 29 September 2017 (as supplemented on 22 November 2017) and entered into between Wealth Venture and Macrolink Australia in relation to the provision of the Loan
“Macro-Link International Investment”	MACRO-LINK International Investment Co, Ltd., a company incorporated in the BVI with limited liability which is interested in 6.73% of the issued share capital of the Company
“Macro-Link International 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
“Macro-Link Undertaking”	the undertaking letter dated 22 February 2023 and entered into between Wealth Venture and Macro-Link International Land in relation to the 49% voting rights of Macrolink Australia attached to the 100 ordinary shares in the share capital of Macrolink Australia owned by Macro-Link International Land as at the Latest Practicable Date

DEFINITIONS

“Macrolink Australia”	Macrolink Australia Investment Limited, a company incorporated in the BVI with limited liability, being the issuer of the Subscription Shares under the Subscription Agreement
“Macrolink Group”	refers generally to Macro-Link International Land and Macro-Link International Investment and its associates
“Outstanding Interest”	the outstanding interests accrued under the Loan Agreement, i.e. approximately AUD19.31 million (equivalent to approximately HK\$96.55 million)
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Premium”	the premium on the Redeemable Preference Shares payable by Macrolink Australia to Wealth Venture upon redemption, details of which are disclosed in the section headed “Terms of the Redeemable Preference Shares” in this circular
“Project”	the development of the Property into a 20-storey mixed use building composed of luxury residential units and premium retail premises and the sale of such residential units and retail premises
“Property”	a property development site located at 71 Macquarie Street, Sydney, Australia
“Proposed Amendments”	the proposed amendments to the Existing Bye-Laws to be incorporated in the Amended Bye-Laws
“Redeemable Preference Shares”	the redeemable preference shares of US\$0.01 each issued by Macrolink Australia to Wealth Venture pursuant to the Subscription Agreement
“Redemption Date”	the date on which the Redeemable Preference Shares shall be redeemed by Macrolink Australia, i.e. the date falling on the expiry of 84 months from the Closing Date or any other earlier date as may be mutually agreed in writing by Macrolink Australia and Wealth Venture, as supplemented by the Supplemental Subscription Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held at Conference Room, 8/F., Macrolink Group Building, Government Ave, Taihu Town, Tongzhou District, Beijing, the PRC on Wednesday, 22 March 2023 at 3:00 p.m. for the Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreements and the transactions contemplated thereunder and for the Shareholders to consider and, if thought fit, approve the Proposed Amendments to the Existing Bye-Laws by way of adoption of the Amended Bye-Laws
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Charge”	the deed of share charge executed by Macrolink Australia in favour of Wealth Venture in respect of 80% of the entire issued share capital of AusCo
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 104 Redeemable Preference Shares pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 29 September 2017 (as supplemented on 22 November 2017) and entered into between Wealth Venture and Macrolink Australia in relation to the Subscription
“Subscription Price”	the total subscription price for the Subscription Shares of approximately HK\$222.53 million
“Subscription Shares”	104 Redeemable Preference Shares subscribed by Wealth Venture pursuant to the terms and conditions of the Subscription Agreement
“Supplemental Agreements”	the Supplemental Subscription Agreement, the Supplemental Loan Agreement and the Supplemental TRS Agreement collectively
“Supplemental Loan Agreement”	the supplemental agreement dated 29 November 2022 and entered into between Wealth Venture and Macrolink Australia to amend certain terms of the Loan Agreement

DEFINITIONS

“Supplemental Subscription Agreement”	the supplemental agreement dated 29 November 2022 and entered into between Wealth Venture and Macrolink Australia to amend certain terms of the Redeemable Preference Shares
“Supplemental TRS Agreement”	the supplemental agreement dated 29 November 2022 and entered into between Wealth Venture and Macrolink Australia to amend certain terms of the TRS Agreement
“Total Return”	has the meaning set out in the paragraph headed “The TRS Agreement” under the section headed “(II) Provision of Loan to Macrolink Australia and the TRS Agreement” in the 2017 Circular
“TRS Agreement”	the total return swap agreement dated 29 September 2017 (as supplemented on 22 November 2017) and entered into between Wealth Venture and Macrolink Australia pursuant to which Wealth Venture and Macrolink Australia agreed to a swap arrangement on the Total Return and the interest payable under the Loan Agreement
“Wealth Venture”	Wealth Venture Asia Limited, a company incorporated in the BVI with limited liability which is a direct wholly-owned subsidiary of the Company
“AUD”	Australian dollars, the lawful currency of Australia
“CAD”	Canadian dollars, the lawful currency of Canada
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

The exchange rate of AUD1.00 to HK\$5.0 is used in this circular for illustration purpose only. No representation is made that any amounts in HK\$ or AUD could be converted at such rate or any other rates.



新絲路文旅有限公司
NEW SILKROAD CULTURAL TAINTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 472)

Executive Directors:

Mr. Ma Chenshan
Mr. Zhang Jian
Mr. Hang Guanyu
Mr. Liu Huaming

Registered Office:

Clarendon House 2
Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. Ting Leung Huel, Stephen
Mr. Tse Kwong Hon
Mr. Cao Kuangyu

*Head office and principal place of
business in Hong Kong:*

15/F., COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

27 February 2023

To the Shareholders

Dear Sir or Madam,

**(I) MAJOR AND CONNECTED TRANSACTIONS:
EXTENSION OF TERM IN RELATION TO THE
REDEMPTION OF REDEEMABLE PREFERENCE SHARES IN
AND PROVISION OF FINANCIAL ASSISTANCE TO
MACROLINK AUSTRALIA INVESTMENT LIMITED; AND
(II) PROPOSED AMENDMENTS TO THE EXISTING BYE-LAWS AND ADOPTION OF
THE AMENDED AND RESTATED BYE-LAWS**

INTRODUCTION

References are made to the announcement of the Company dated 29 September 2017 and the 2017 Circular in relation to, among other matters, the 2017 Agreements and the Announcement in relation to the Supplemental Agreements and the Proposed Amendments and the proposed adoption of the Amended Bye-Laws.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with amongst others, (i) further details of the Supplemental Agreements and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders setting out their advice in relation to the Supplemental Agreements; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreements; (iv) further details of the Proposed Amendments and the proposed adoption of the Amended Bye-Laws; and (v) a notice convening the SGM.

As disclosed in the 2017 Circular, on 29 September 2017, Wealth Venture, a directly wholly-owned subsidiary of the Company, entered into (i) the Subscription Agreement with Macrolink Australia, pursuant to which Wealth Venture has conditionally agreed to subscribe for 104 Redeemable Preference Shares (representing 51% of the voting rights of Macrolink Australia as enlarged by the allotment and issuance of the Redeemable Preference Shares upon Closing); (ii) the Loan Agreement as lender with Macrolink Australia as borrower for the provision of the Loan in the amount of AUD74.41 million (equivalent to approximately HK\$461.33 million at the then exchange rate of AUD1.00 to HK\$6.20); and (iii) the TRS Agreement with Macrolink Australia which provided an alternative arrangement for payment of the interest of the Loan by swapping such interest with the Total Return upon completion of the Project. The Group shall be entitled to terminate the TRS Agreement at its discretion in the event that the Total Return is lower than the accrued interest under the Loan Agreement. The transactions contemplated under the 2017 Agreements were approved by the Independent Shareholders at the special general meeting of the Company held on 20 December 2017.

The 2017 Agreements were entered into to enable the Group to diversify its real estate business in Australia. The proceeds from the Subscription and the Loan were used by Macrolink Australia to refinance the debts of AusCo due to Macrolink Group for financing the acquisition by AusCo of the Property and other development costs. In addition, the TRS Agreement provided Wealth Venture with the opportunity to receive the Total Return of the Project instead of the fixed interest under the Loan upon completion of the Project. After Closing, the Australia Group became subsidiaries of the Company. As a result of the transactions contemplated under the 2017 Agreements, the Group gained control over the Project during the term of such transactions, and could share the economic benefit of the Project. In essence, the Group has acquired a subsidiary in which it has a 51% controlling interest to facilitate its investment in the Project, which is controlled by the Group through its controlling interest in Macrolink Australia and funded by the proceeds from the Subscription and the Loan. Through the transaction structure designed under the 2017 Agreements, the Group is able to capture the entire net cashflow and economic interests of Macrolink Australia, i.e. 80% of the Available Project Cash Flow from the Project (subject to the terms thereof), while the results, assets and liabilities of Macrolink Australia can be consolidated into the books of the Company. If the return of the Project in terms of net cashflow (i.e. the Total Return) is less than the total interest income under the Loan Agreement, the Company can choose to receive the interest income instead of the Total Return at its discretion. On the other hand, if the net cashflow under the Project is higher than the total interest income under the Loan Agreement, the Group shall be entitled to swap to receive the net cashflow under the Project instead of the interest income under the Loan Agreement. As such, the better the performance of the Project, the higher the returns for the Group in its investment in the Project through Macrolink Australia.

LETTER FROM THE BOARD

Since Closing, the Project has faced many ups and downs. Over the past five years, Australia's economic growth accelerated from 2017 through 2018, decelerated in 2019, turned negative in 2020, and rebounded in 2021. Further, the impact of the COVID-19 pandemic, the China-United States trade war and the Russo-Ukrainian war have also put tremendous strain on the overall global economy and market sentiments, undoubtedly affecting the property market in Australia and the performance of the Project, hence delaying all the key milestone dates of its initial development and construction plan and the subsequent sale and delivery of units. These are unforeseen circumstances putting additional burden on the Project in addition to the risk factors of the Project which might potentially affect the Available Project Cash Flow from the Project, as disclosed in the "Letter from the Independent Financial Adviser" in the 2017 Circular, including material fluctuation in costs and expenses, financing of the Project, management of the Project, regulatory regime for property development in Australia, performance of the property market in Australia and such factors were all disclosed and assessed by the then Independent Shareholders. Despite the difficult environment, the Project was able to complete with the delivery of most of the residential apartments in December 2021 and 11 of the remaining 15 apartments in the Project were also successively delivered before 31 October 2022.

Pursuant to the 2017 Agreements, the Loan together with the interests accrued thereon have matured on 28 August 2022, and the alternative arrangement for payment of the interest of the Loan by swapping the interest of the Loan with the Total Return was to be calculated and determined upon completion of the Project such that the redemption of the Redeemable Preference Shares was to take place on 19 December 2022. The transactions contemplated under the 2017 Agreements were part and parcel and entered into with the expectation at the relevant time to complete the Project (all units in the Project being developed and sold) before the maturity date of the Loan Agreement. The transaction structure is designed such that when the Project is completed and all units are sold, after the Group has received all the net cashflow and economic interests of Macrolink Australia, it would cease to be a shareholder of Macrolink Australia by way of the redemption of Redeemable Preference Shares, which is more economical and time-saving as compared to the alternative of winding up a project company (i.e. Macrolink Australia after completion of the Project).

As at the Latest Practicable Date, 4 apartments and a boutique mall of 980 square meters remained undelivered and the units and rental premises under the Project have not all been delivered to the customers yet. Due to the unsatisfactory market condition and sentiment in the property market in Australia, it is not optimistic that the units and rental premises under the Project will have been all sold and delivered to the customers on terms satisfactory to the Group in the following months. Further, although the principal amount of the Loan has been repaid in full as at the Latest Practicable Date, certain interests accrued thereon remain outstanding and unpaid and Macrolink Australia does not currently have sufficient funds to make a full redemption of the Redeemable Preference Shares or fully repay the interests accrued under the Loan Agreement. The Total Return also cannot be determined unless and until the undelivered portion of the Project has been all delivered to the customers and the receipts are collected. In view of the foregoing and for the reasons set out in detail in the paragraph headed "Reasons for and the benefits of the Supplemental Agreements" below, Wealth Venture and Macrolink Australia consider it beneficial to both parties to extend the terms of the 2017 Agreements by entering into the Supplemental Agreements.

LETTER FROM THE BOARD

(I) THE SUPPLEMENTAL AGREEMENTS

On 29 November 2022, Wealth Venture and Macrolink Australia entered into the Supplemental Subscription Agreement, the Supplemental Loan Agreement and the Supplemental TRS Agreement, pursuant to which Wealth Venture and Macrolink Australia have agreed to, conditional upon the Company having obtained approval from the Independent Shareholders, among other matters, (i) extend the Redemption Date to the date falling on the expiry of 84 months from the Closing Date, i.e. 19 December 2024, and to amend the rate at which the Premium is calculated; (ii) extend the maturity date of the Loan to the date falling on the expiry of 83 months from the date of the Loan Agreement, i.e. 28 August 2024, and to amend the interest rate of the Loan; and (iii) change the time and specific terms of the swap arrangement between Wealth Venture and Macrolink Australia under the TRS Agreement in the manner disclosed in the paragraph headed “The TRS Agreement” below in this letter from the Board, respectively.

The major terms of the 2017 Agreements (as supplemented by the Supplemental Agreements) are set out below:

The Supplemental Subscription Agreement

Date: 29 November 2022

Parties: (i) Wealth Venture as subscriber
(ii) Macrolink Australia as issuer

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, 51% voting rights of Macrolink Australia is owned by Wealth Venture as holder of the Redeemable Preference Shares, and 49% voting rights of Macrolink Australia is owned by Macro-Link International Land which is the controlling shareholder of the Company interested in approximately 54.79% issued Shares as at the Latest Practicable Date. As such, Macrolink Australia is a connected person of the Company within the meaning of the Listing Rules.

Subscription of Redeemable Preference Shares

Pursuant to the Subscription Agreement, Wealth Venture has subscribed for 104 Redeemable Preference Shares (representing 51% of the voting rights of Macrolink Australia as enlarged by the allotment and issuance of the Redeemable Preference Shares upon Closing) at the Subscription Price of approximately HK\$222.53 million (equivalent to approximately HK\$2.14 million per Redeemable Preference Share), which was, as disclosed in the 2017 Circular, arrived at after arm's length negotiation between the parties to the Subscription Agreement with reference to the unaudited consolidated account of the Australia Group as at 30 June 2017 as adjusted by the amount based on the valuation of the Property. The Subscription Price was settled by Wealth Venture in cash upon Closing, after which each of Macrolink Australia and AusCo became a connected subsidiary of the Company taking into account the rights attaching to the Redeemable Preference Shares, and the Australia Group has since been accounted for as subsidiaries of the Group, and the financial results of the Australia Group have since been consolidated into the financial statements of the Group.

LETTER FROM THE BOARD

After the Redeemable Preference Shares are fully redeemed by Macrolink Australia (by which time the Project would have been completed), the Australia Group will cease to be subsidiaries of the Company and the financial results of the Australia Group would no longer be consolidated in the financial statements of the Company. The gain or loss on disposal of subsidiary (if any) would be recognised in the consolidated statement of profit or loss of the Company. As consulted with the auditors of the Company, there would be no derivative created under the TRS Agreement (as supplemented by the Supplemental TRS Agreement). Any deficit of the loan principal or interest or the redemption of the Redeemable Preference Shares at the Premium will be reclassified as amount due from related parties in the consolidated statement of financial position of the Company. The mechanism under the TRS Agreement (as supplemented by the Supplemental TRS Agreement) would ensure that the interest under the Supplemental Loan Agreement would be covered by the total return from the remaining unsold properties or the loan interest, whichever is higher. It is expected that the Group will continue to explore and identify suitable investment and/or divestment opportunities with regards to its real estate development and management business in Australia, Korea and other suitable regions, including but not limited to further cooperation opportunities with the Macrolink Group in the PRC or new property development projects in Australia, with the primary objective of generating higher and consistent returns for the Company and its shareholders as a whole. As at the Latest Practicable Date, the executive Directors have been searching for better investment opportunities for utilising the funds received from the repayment of loan principal and interest under the Loan Agreement and potential acquisitions were explored but none has materialised given the current economic environment remaining gloomy.

Terms of the Redeemable Preference Shares

The salient terms of the Redeemable Preference Shares (as supplemented by the Supplemental Subscription Agreement) are summarised as follows:

Number of shares issued:	104 Redeemable Preference Shares
Subscription Price:	Approximately HK\$2.14 million per Redeemable Preference Share
Redemption Date:	The date falling on the expiry of 84 months from the Closing Date (i.e. 19 December 2024) or such later date to which the Redemption Date may be postponed or any other earlier date as may be mutually agreed in writing by Macrolink Australia and Wealth Venture
Redemption:	Upon the Redemption Date, Macrolink Australia shall redeem all the Subscription Shares at an amount equal to the Subscription Price plus the Premium as detailed below. The right to receive any amount as mentioned above ranks in priority to any dividend and distribution of surplus of assets to ordinary shareholders of Macrolink Australia.

LETTER FROM THE BOARD

Premium: Holder(s) of Redeemable Preference Shares shall have the right to receive the Premium upon redemption.

The Premium shall be determined on and as at the Redemption Date calculated daily from the Closing Date to the Redemption Date at the rate of (i) 6.16% per annum (calculated on a 365-day year) and as may be varied by the parties from time to time in writing for the period from the Closing Date to 19 December 2022; and (ii) 5.50% per annum (calculated on a 365-day year) and as may be varied by the parties from time to time in writing for the period from 20 December 2022 to the Redemption Date using a 365-day year (and as may be varied by the parties from time to time in writing) based on:

- (a) during the first period commencing from the Closing Date and ending on the last day of the immediate calendar quarter, the Subscription Price;
- (b) during the second period of 3 months commencing on the day following the end of the first period as mentioned in (a) above, the Subscription Price plus the total Premium determined for the previous period; and
- (c) during each subsequent period of 3 months (or part thereof) commencing on the day following the end of the second period as mentioned in (b) above or the subsequent 3-month premium period ending on the last day of the respective calendar quarter or the Redemption Date, the Subscription Price plus the total of all Premium determined in respect of such previous periods.

LETTER FROM THE BOARD

The Premium was arrived at after arm's length negotiation between the parties with reference to the prevailing market interest rates and practices. In particular, in determining the Premium of 5.50% per annum for the period from 20 December 2022 to the Redemption Date (which is equivalent to the amended interest rate of the Loan for the period from the day after the date falling on the expiry of 59 months from the date of the Loan Agreement to the Final Repayment Date), the Board has taken into account, (i) the strong recovery of economy as compared to year 2021 and the strong rebounds of GDP mentioned above, which may be positive to the housing market of Australia; (ii) the rising residential property index of Sydney since June 2020 which may have positive impact on the price of the Project; (iii) weak retail and office property market conditions as at June 2022 but the boutique mall under sale had been leased out with a rental income each year; (iv) the principal amount of the Loan has been repaid in full thus the Company had recovered a majority amount in relation to the Loan; and (v) the Premium rate reduced from 6.16% to 5.50% per annum but is still similar to or more favourable than the fixed deposit interest rate offered by the banks in Hong Kong or Australia. The Directors consider such rates (including the Premium of 5.50% per annum for the period from 20 December 2022 to the Redemption Date) to be on normal commercial terms and are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Voting:

Holder(s) of Redeemable Preference Shares shall have the right to vote at any general meeting of the shareholders of Macrolink Australia before redemption where one Redeemable Preference Share equals one vote subject to the limitation that the holder(s) of Redeemable Preference Shares may not vote in respect of any changes to the rights, restrictions or terms of the Redeemable Preference Shares.

Dividend and distribution of surplus:

There is no right to any dividends payable by Macrolink Australia. There is no right to any distribution of surplus of assets on Macrolink Australia's liquidation or winding up, other than in the circumstance as set out in "Redemption" above.

LETTER FROM THE BOARD

While there are no rights to any dividends payable and surplus distribution by Macrolink Australia attached to the Redeemable Preference Shares, the right to receive the Premium upon redemption by Wealth Venture as a holder of Redeemable Preference Shares ranks in priority to any dividend and distribution of surplus of assets to the ordinary shareholders of Macrolink Australia. These terms on preferential rights for the holders of Redeemable Preference Shares are normal commercial terms and in line with common market practice.

Security: The liability of Macrolink Australia under the Subscription Agreement is secured by the Share Charge over the 80% shareholding interest in AusCo held by Macrolink Australia in favour of Wealth Venture as security for the performance of its obligations under the Subscription Agreement.

Conditions precedent to the Supplemental Subscription Agreement

The amendments to the Subscription Agreement are conditional upon the fulfilment of the following conditions:

- (a) the Company having obtained the relevant approval from the Independent Shareholders at the SGM in accordance with the requirements of the Listing Rules for the amendments as contemplated by the Supplemental Subscription Agreement;
- (b) all license, permit, consent, authorisation, permission, clearance, warrant, confirmation, certificate or approval of any competent authority or any other person (if any) (collectively, the “**Authorisations**”) which are required for the entering into or the performance of obligations under the Supplemental Subscription Agreement by the Company and the parties to the Supplemental Subscription Agreement having been obtained and all filings with any competent authorities and other relevant third parties which are required for the entering into and the implementation of the Supplemental Subscription Agreement having been made and such Authorisations (if any) remaining in full force and effect and there being no statement, notification or intimation of an intention to revoke or not to renew the same having been recorded; and
- (c) the warranties given by Macrolink Australia in the Supplemental Subscription Agreement remaining true, accurate and correct in all material respects.

Wealth Venture may in its absolute discretion at any time waive in writing any of the above conditions (other than conditions (a) and (b) which may not be waived), and such waiver may be made subject to such terms and conditions as are determined by Wealth Venture.

LETTER FROM THE BOARD

As at the Latest Practicable Date, none of the above conditions have been satisfied.

Macrolink Undertaking

On 22 February 2023, Wealth Venture and Macro-Link International Land entered into the Macrolink Undertaking, pursuant to which, Macro-Link International Land has undertaken to Wealth Venture: (i) not to exercise any and all rights in respect of its 49% voting rights in the general meetings of Macrolink Australia, without the consent of Wealth Venture; and (ii) to only exercise any and all rights in respect of its 49% voting rights in the general meetings of Macrolink Australia according to the instructions and directions given by Wealth Venture at all times so long as Wealth Venture and Macro-Link International Land are holders of shares in the share capital of Macrolink Australia.

The Supplemental Loan Agreement and the Supplemental TRS Agreement

At the same time of entering into the Supplemental Subscription Agreement, Wealth Venture also entered into the Supplemental Loan Agreement and the Supplemental TRS Agreement as the 2017 Agreements were part and parcel with one another. Salient terms of the Loan Agreement (as supplemented by the Supplemental Loan Agreement) and the TRS Agreement (as supplemented by the Supplemental TRS Agreement) are summarised as follows:

The Supplemental Loan Agreement

Date:	29 November 2022
Parties:	(i) Wealth Venture as lender (ii) Macrolink Australia as borrower
Final repayment date:	The date falling on the expiry of 83 months from the date of the Loan Agreement, i.e. 28 August 2024, or such other date as may be mutually agreed in writing by Macrolink Australia and Wealth Venture (the “ Final Repayment Date ”). Upon maturity, Macrolink Australia shall repay the Loan together with interest in full.
Loan principal:	The original amount of the Loan was AUD74.41 million (equivalent to approximately HK\$461.33 million at the then exchange rate of AUD1.00 to HK\$6.20), which has been repaid in full as at the Latest Practicable Date. The outstanding interest accrued thereon as at 29 August 2022, i.e. the subject of the Supplemental Loan Agreement, was AUD19.31 million (equivalent to approximately HK\$96.55 million).

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Interest Rate:

(i) from the date of drawdown of the Loan to the date falling on the expiry of 59 months from the date of the Loan Agreement at the rate of 6.16% per annum based on a 365-day year; and (ii) from the day after the date falling on the expiry of 59 months from the date of the Loan Agreement to the Final Repayment Date at the interest rate of 5.50% per annum based on a 365-day year, due and accrued on each Interest Payment Date and payable on the Final Repayment Date.

The interest rate was arrived at after arm's length negotiation between the parties with reference to the prevailing market interest rates and practices. In particular, in determining the interest rate of 5.50% per annum for the period from the day after the date falling on the expiry of 59 months from the date of the Loan Agreement to the Final Repayment Date (which is equivalent to the Premium for the period from 20 December 2022 to the Redemption Date), the Board has taken into account, (i) the strong recovery of economy as compared to year 2021 and the strong rebounds of GDP mentioned above, which may be positive to the housing market of Australia; (ii) the rising residential property index of Sydney since June 2020 which may have positive impact on the price of the Project; (iii) weak retail and office property market conditions as at June 2022 but the boutique mall under sale had been leased out with a rental income each year; (iv) the principal amount of the Loan has been repaid in full thus the Company had recovered a majority amount in relation to the Loan; and (v) the interest rate of the Loan reduced from 6.16% to 5.50% per annum but is still similar to or more favourable than the fixed deposit interest rate offered by the banks in Hong Kong or Australia. The Directors consider such rates (including the interest rate of 5.50% per annum for the period from the day after the date falling on the expiry of 59 months from the date of the Loan Agreement to the Final Repayment Date) to be on normal commercial terms and are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

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An “**Interest Payment Date**” means the last day of each reference period (a “**Reference Period**”), being the period from the date of drawdown of the Loan to 31 December 2020, and each later financial year ended 31 December, and the period from the end of the previous financial year ended 31 December to the Final Repayment Date. The Directors consider this interest rate to be on normal commercial terms and are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

The interest payable by Macrolink Australia to Wealth Venture in relation to each Reference Period is to be determined on each Interest Payment Date and the Final Repayment Date calculated daily from the date of drawdown to the end of the Reference Period at the Interest Rate based on:

- (a) during the first period commencing from the date of drawdown and ending on the last day of the immediate calendar quarter, the Loan amount;
- (b) during the second period of 3 months commencing on the day following the end of the first period as mentioned in (a) above, the Loan amount plus the total interest determined for the previous interest period; and
- (c) during each subsequent period of 3 months (or part thereof) commencing on the day following the end of the second period as mentioned in (b) above or the subsequent interest period ending on the last day of the respective calendar quarter or the Final Repayment Date, the Loan amount plus the total of all interest determined in respect of the previous periods in the Reference Period.

Pursuant to the TRS Agreement (as supplemented by the Supplemental TRS Agreement), Wealth Venture and Macrolink Australia have agreed to enter into a swap arrangement in relation to the interest, pursuant to which Wealth Venture shall receive and Macrolink Australia shall pay the Amended Total Return instead of the interest of the Loan on the Final Repayment Date. For details, please refer to the paragraph headed “The TRS Agreement” below.

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Early repayment: Macrolink Australia may prepay all or part of the Loan together with interest after the date of drawdown subject to the prior consent of Wealth Venture.

Conditions precedent to the Supplemental Loan Agreement

The amendments to the Loan Agreement are conditional upon the fulfilment of, among others, the following conditions:

- (i) the Company having obtained the relevant approval from the Independent Shareholders at the SGM in accordance with the requirements of the Listing Rules for the amendments as contemplated by the Supplemental Loan Agreement; and
- (ii) evidence that all authorisations have been obtained and all necessary filings, registrations and other formalities have been or will be completed in order to ensure that the Supplemental Loan Agreement is valid and enforceable.

As at the Latest Practicable Date, none of the above conditions have been satisfied.

The Supplemental TRS Agreement

Date: 29 November 2022

Parties: (i) Wealth Venture
(ii) Macrolink Australia

Under the TRS Agreement (as supplemented by the Supplemental TRS Agreement), on the date falling on the expiry of 83 months from the date of the TRS Agreement or any other earlier date as may be mutually agreed in writing by Macrolink Australia and Wealth Venture (the “**TRS Final Repayment Date**”), Macrolink Australia shall pay to Wealth Venture a sum equal to the Amended Total Return for the Amended Reference Period and Wealth Venture shall pay to Macrolink Australia a sum equal to the amount of accumulated interest payable by Macrolink Australia under the TRS Agreement. The sums if any payable by each party to the other shall be netted off against each other and reduced accordingly so that the sum, if any, payable by one party to the other shall be the net sum due from that first party after such netting off.

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“Amended Total Return” means a sum that is equal to 80% of the aggregate cash balance of all cash inflows net of all cash outflows and all provisions and accruals (including but not limited to the Subscription Price and the Premium, and the Loan and any interest thereon) in relation to the Project for the Amended Reference Period as shown in the books and records of AusCo (the “**Available Project Cash Flow**”), minus AUD34.48 million (equivalent to approximately HK\$213.78 million), being the then agreed market value of AusCo’s shares held by Macrolink Australia (the “**Macrolink Retained Amount**”); and in the event that 80% of the Available Project Cash Flow for the Amended Reference Period is less than the Macrolink Retained Amount, the Macrolink Retained Amount will be permanently reduced by the amount of 80% of the Available Project Cash Flow for the Amended Reference Period for the purposes of determining the Amended Total Return, provided that notwithstanding the foregoing in any event the Amended Total Return in the Amended Reference Period shall be limited to and shall not exceed a sum equal to the net cash balance of Macrolink Australia on the date the relevant sum is paid.

“Amended Reference Period” means the period commencing from 31 January 2018 to the TRS Final Repayment Date (or, if later, the date on which the Project is completed and all units in the Project are developed and sold).

Based on the understanding and arrangement between the parties to the TRS Agreement, the Group shall be entitled to terminate the TRS Agreement at its discretion in the event that the Total Return is lower than the accrued interest under the Loan Agreement.

Conditions precedent to the Supplemental TRS Agreement

The amendments to the TRS Agreement are conditional upon the fulfilment of the following conditions:

- (a) the Company having obtained the relevant approval from the Independent Shareholders at the SGM in accordance with the requirements of the Listing Rules for the amendments as contemplated by the Supplemental TRS Agreement;
- (b) all Authorisations (if any) which are required for the entering into or the performance of obligations under the Supplemental TRS Agreement by the Company and the parties to the Supplemental TRS Agreement having been obtained and all filings with any competent authorities and other relevant third parties which are required for the entering into and the implementation of the Supplemental TRS Agreement having been made and such Authorisations (if any) remaining in full force and effect and there being no statement, notification or intimation of an intention to revoke or not to renew the same having been recorded; and
- (c) the warranties given by Macrolink Australia and Wealth Venture in the Supplemental TRS Agreement remaining true, accurate and correct in all material respects.

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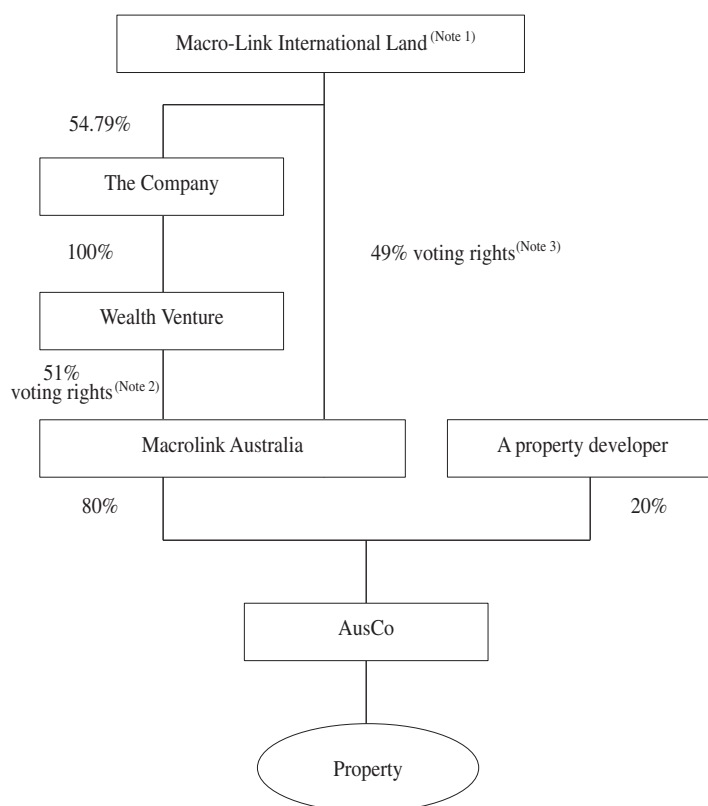
Wealth Venture may in its absolute discretion at any time waive in writing any of the above conditions (other than conditions (a) and (b) which may not be waived), and such waiver may be made subject to such terms and conditions as are determined by Wealth Venture.

As at the Latest Practicable Date, none of the above conditions have been satisfied.

INFORMATION ON THE AUSTRALIA GROUP AND THE PROPERTY

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, 51% voting rights of Macrolink Australia is owned by Wealth Venture as holder of the Redeemable Preference Shares, and 49% voting rights of Macrolink Australia is owned by Macro-Link International Land which is the controlling shareholder of the Company interested in approximately 54.79% issued Shares as at the Latest Practicable Date. As such, Macrolink Australia is a connected person of the Company within the meaning of the Listing Rules.

As at the Latest Practicable Date, the shareholding structure of the Australia Group is as follows:



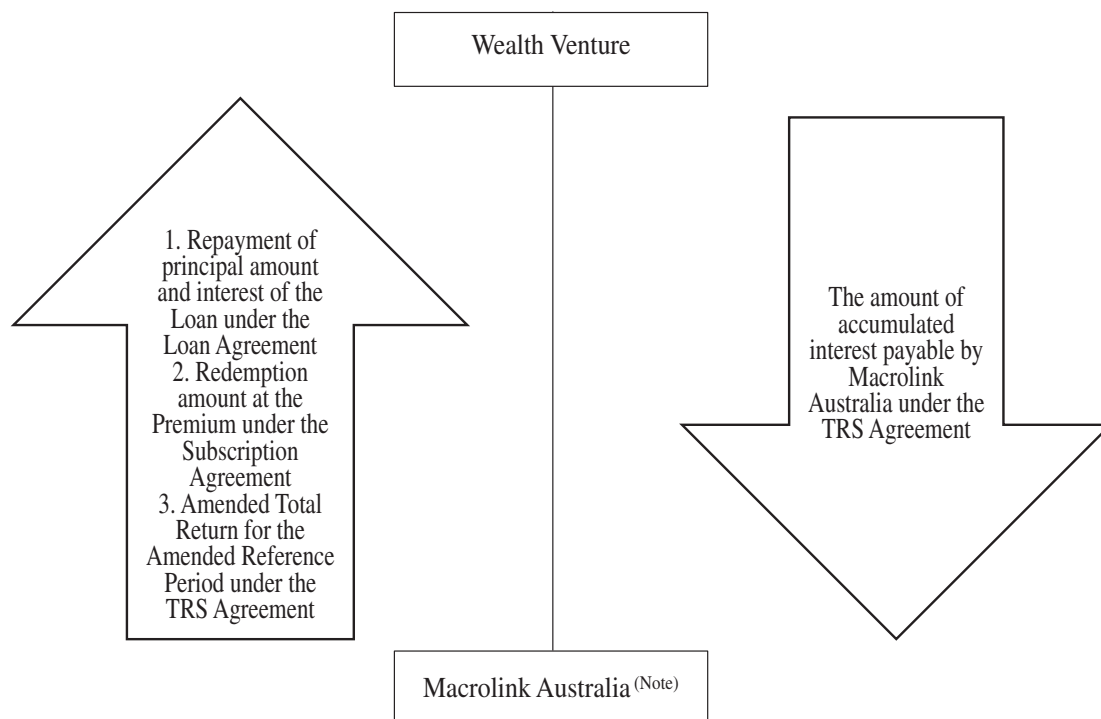
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Notes:

1. As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Macro-Link International Land is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Macrolink Culturaltainment Development Co., Ltd. whose issued shares are listed on the Shenzhen Stock Exchange with stock code 000620. Based on the disclosure of interests filings made and published on the website of the Stock Exchange, Macrolink Culturaltainment Development Co., Ltd. is owned as to 61.17% by Macro-Link Holding Company Limited, which in turn is owned as to 93.40% by Cheung Shek Investment Limited, as to 2.83% by Mr. Fu Kwan and as to the remaining 3.77% by five individuals. Cheung Shek Investment Limited is owned as to 59.76% by Mr. Fu Kwan, as to 33.46% by Ms. Xiao Wenhui, as to 3.36% by Mr. Zhang Jian and as to 3.42% by an individual.
2. These 51% voting rights in the general meetings of Macrolink Australia are attached to the 104 Redeemable Preference Shares allotted and issued by Macrolink Australia to Wealth Venture at completion of the Subscription and, together with the arrangements contemplated under the TRS Agreement, enabled the Company to consolidate the results, assets and liabilities of Macrolink Australia into the books of the Company as a 100% subsidiary without non-controlling interests in the statement of profit or loss of the Company.
3. Pursuant to the Macrolink Undertaking, Macro-Link International Land has undertaken to Wealth Venture: (i) not to exercise any and all rights in respect of its 49% voting rights in the general meetings of Macrolink Australia, without the consent of Wealth Venture; and (ii) to only exercise any and all rights in respect of its 49% voting rights in the general meetings of Macrolink Australia according to the instructions and directions given by Wealth Venture at all times so long as Wealth Venture and Macro-Link International Land are holders of shares in the share capital of Macrolink Australia. Further, as at the Latest Practicable Date, all directors of Macrolink Australia are nominated by Wealth Venture. As such, Wealth Venture has complete control over Macrolink Australia both on shareholder and board of directors level.

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The money flow in the transactions contemplated under the 2017 Agreements (as supplemented by the Supplemental Agreements) is as follows:



Note: As the holder of the Redeemable Preference Shares, Wealth Venture has control over 51% voting rights in the general meetings of Macrolink Australia and as a result of the arrangements contemplated under the TRS Agreement, the results, assets and liabilities of Macrolink Australia are consolidated into the books of the Company as a 100% subsidiary without non-controlling interests in the statement of profit or loss of the Company. This is consistent with the control that Wealth Venture has over Macrolink Australia both on shareholder and board of directors level.

Macrolink Australia is a special purpose vehicle incorporated in the BVI with limited liability on 29 December 2015. On 5 January 2016, it established AusCo with an Australian property developer, an Independent Third Party, which is owned as to 80% by Macrolink Australia and as to 20% by the Australian property developer. AusCo is principally engaged in development and sales of property. Its major asset is the Property, which had a site area of approximately 1,207 square meters with gross floor area of 26,308 square meters, on which the Project was developed. Upon completion of the Project, the total saleable area was approximately 10,867 square meters.

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The Project was broadly divided into four phases: (i) preconstruction such as design development and obtaining authority approvals; (ii) demolition of the existing building; (iii) construction; and (iv) sale and delivery to buyers. As at the Latest Practicable Date, the development of all units and premises under the Project have completed and 96.15% of the total of 104 units have been sold and delivered to the buyers, and the remaining 4 units (representing approximately 3.85% of the 104 units) and a boutique mall of 980 square meters remain unsold. The total contract sales for the sold and delivered portion was approximately AUD479.80 million (equivalent to approximately HK\$2,399.00 million). The Group will continue to monitor the real estate market in Australia and seek opportunities to sell the remaining 4 units and the boutique mall at an attractive price within 2 years.

The Group's revenue, expenses, assets and liabilities in respect of the Australia Group are denominated in Australian dollars and the functional currency of the Australia Group is Australian dollars. There is a natural hedge mechanism in place during the course of the business operation of the Project and the impact of the foreign exchange risk is low, therefore no financial instruments for hedging purposes are considered necessary. To enhance overall risk management, the Group will review its treasury management function from time to time and will closely monitor its currency and interest rate exposures in order to implement suitable foreign exchange hedging policy as and when appropriate to prevent related risks.

FINANCIAL INFORMATION OF THE AUSTRALIA GROUP

The unaudited consolidated management accounts of the Australia Group for the year ended 31 December 2021 and for the six months ended 30 June 2022, prepared in accordance with the Hong Kong Financial Reporting Standards, are summarised and set out below:

	For the six months ended 30 June 2022 (HK\$'000)	For the year ended 31 December 2021 (HK\$'000)
Revenue	202,361	2,489,319
Profit before tax	42,961	398,542
Profit after tax	24,895	300,031
	At 30 June 2022 (HK\$'000)	At 31 December 2021 (HK\$'000)
Total assets	444,974	1,127,799
Total liabilities	257,709	935,829
Net assets	187,265	191,970

REASONS FOR AND THE BENEFITS OF THE SUPPLEMENTAL AGREEMENTS

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.

As disclosed above, since Closing, the Project has faced many ups and downs due to the turbulent economy in Australia over the past five years and the impact of the COVID-19 pandemic, the China-United States trade war and the Russo-Ukrainian war, which have also put tremendous strain on the overall global economy and market sentiments, contributing significantly to the discrepancy in the actual performance of the Project from what the Company had initially projected when making the investment in the Project. In view of the current market condition and sentiment in the property market in Australia, it is not optimistic that the units and rental premises under the Project will have been all sold and delivered to the customers on terms satisfactory to the Group in the following months. Under the aforementioned circumstances, the delay in complete sale of units and rental premises under the Project, the long-lasting impact of the COVID-19 pandemic and the slowdown of global economic activities have also contributed to the increase in construction and development costs and finance costs in relation to the Project, causing the overall returns of the Group from the Project to be lower than initially projected.

In particular, in mid 2018, during the early construction period of the Project, there was intervention from the heritage department of the city of Sydney for its strict implication of preservation of the heritage sites in the Sydney Harbour. Since the Project is based in the Circular Quay of the Sydney Harbour, the Project has been subjected to many inspections on the construction site during the ground staking stage for better protection on the heritage water or sewage pipes built in the time of Queen Victoria at the city of Sydney. This was estimated to have caused a 6-month delay on the original delivery schedule. Subsequently, since late 2019, the outbreak of the COVID-19 pandemic and the lockdown of the Australian cities, including Sydney, by the government of Australia had significantly impacted the core construction period of the Project during mid 2020 to mid 2021. Most of the building and construction of the concrete reinforced structure and the construction of the boutique shopping mall and nearby auxiliary facilities underwritten to the government, such as the resting area and curtain wall in public area of the pedestrian zone of the Circular Quay, are delayed due to over 4 separate phases of the city lockdown during the said period. In aggregate, the interruption on construction process due to the above factors caused over one year of delay on the Project from its original delivery date in mid 2020 to the year-end delivery in 2021 to the pre-sale owners of residential units, resulting in an unforeseen increase in total project finance costs of approximately AUD26.41 million.

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Further, although the principal amount of the Loan has been repaid in full as at the Latest Practicable Date, certain interests accrued thereon remain outstanding and unpaid, and the dividend from AusCo, which is estimated to be approximately AUD30.62 million (equivalent to approximately HK\$153.10 million) has not yet been declared due to the local tax administration. As the Loan together with the interests accrued thereon have matured on 28 August 2022 and the redemption of the Redeemable Preference Shares was due by the end of 2022 but the Project has not yet completed, with only 4 apartments and a boutique mall of 980 square meters which remain unsold, Macrolink Australia has insufficient funds to make a full redemption of the Redeemable Preference Shares or fully repay the interests accrued under the Loan Agreement and the Amended Total Return also cannot be determined unless and until the apartments and the boutique mall under the Project are sold and delivered to the customers, the date of which is expected to be likely in 2023 or after. The drop in the expected return of the Project was mainly due to the unforeseen increase of total project finance costs resulted from the interruption on construction process. The Supplemental Agreements were entered into to extend the terms of the 2017 Agreements to allow the completion of the Project, avoid the default position of Macrolink Australia, which is the holding company of the Project as well as a subsidiary of the Company, and enable the Company to reap the maximum benefits from its remaining investment. Based on the latest information available to the Group, the remaining 4 units and boutique mall were valued at AUD52,240,000 (equivalent to approximately HK\$261,200,000) as at 30 June 2022 (without taking into account any discount commonly applied in a liquidation sale), which according to recent market transactions, are expected to continue to rise gradually together with the recovering demand in the property market in Australia.

Based on the current position of the AusCo and the prevailing condition of the real property market in Australia, if the remaining 4 units and boutique mall are to be sold presently, Macrolink Australia may not be able to repay in full its obligations under the 2017 Agreements (as supplemented by the Supplemental Agreements), and Macrolink Australia, being a subsidiary of the Company and the holding company of the Project, would therefore be in default of the repayment obligation under the Loan Agreement and the redemption obligation under the Subscription Agreement, thereby affecting the reputation of the AusCo and the Project, and the continuation of the Project. The primary objective of the extension of the 2017 Agreements is to enable the sale of the remaining units and the boutique mall under the Project at a more ideal time and more satisfactory prices such that the Group would be able to recuperate more of its investment in the Project and increase its potential gain, in order to fulfill the obligations under the 2017 Agreements. As the AusCo is an investment company and Macrolink Australia has no other assets save for its shareholding interests in the AusCo, there would be no practical value in commencing legal action or enforcement of security against Macrolink Australia and the amount which the Company would be able to recover from Macrolink Australia would be limited to the remaining proceeds to be generated from the Project. Further, as Macrolink Australia is a subsidiary of the Group, it would not be practical or economical for the Group to pursue any legal action or liquidate Macrolink Australia at this point in view of the default of its payment and redemption obligations under the 2017 Agreements, as any litigation or the costly liquidation procedures would only serve to further reduce the remaining proceeds that the Group may receive from its investment in the Project, which is not in the interest of the Company and the Shareholders as a whole.

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The Share Charge was provided by Macrolink Australia at the time of the entering into of the 2017 Agreements as security to safeguard against the potential failure of the AusCo to distribute its profits to Macrolink Australia for repayments to Wealth Venture, as the enforcement would allow the Company to take over the control of Macrolink Australia in its entirety and accordingly the operation and management of the AusCo and the Project. However, since the Closing, the Group was able to exercise its control in Macrolink Australia and the AusCo has distributed its profits proportionally to its shareholders, the enforcement of such security in the potential event of default on the part of Macrolink Australia would serve little practical value.

In view of the foregoing, the parties to the 2017 Agreements have taken this opportunity to reopen the discussion on the profitability of the Project and considered the amendment of terms of the 2017 Agreements to allow more time for the sale of units and rental premises by Macrolink Australia, which the Company is able to control through the Redeemable Preference Shares and the Macrolink Undertaking, under the Project and the realisation by the Group of its investment interests in the Project through the Redeemable Preference Shares and the repayment of the outstanding amount of the Loan to be received by the Group at a more favourable time to the Group when all units and rental premises under the Project have been sold and delivered.

The Board has given balanced and comprehensive consideration to the transactions contemplated under the 2017 Agreements against the aforementioned matters, and is of the view that the extension of the terms of the 2017 Agreements by entering into the Supplemental Agreements would provide the Group with the opportunity to delay the realisation of its investment in the Project at a more appropriate and favourable time to the Group and recuperate more of its investment in the Project which unfortunately has performed less satisfactorily than its initial projection due to the outbreak of the COVID-19 pandemic, delay in construction process leading to increase in finance costs, the China-United States trade war and unforeseen downturn in the global economy, taking into account that:

- (i) due to the challenging environment of the Australian real estate market under the influence of the global COVID-19 epidemic for the past three years, the city closure measures in Sydney have caused the Project to suspend for a total of more than 8 months between the year 2020 and 2021, the development of the Project and the completion of construction of the property was delayed by 1.5 years, which resulted in an increase in total project finance costs of approximately AUD26.41 million (equivalent to approximately HK\$132.05 million) as compared to the finance cost as disclosed in the 2017 Circular, which reduced the returns of the Group from the Project;
- (ii) the principal amount of the Loan and a portion of the interests accrued thereon have already been repaid by Macrolink Australia, however, due to the unsatisfactory performance of the Project, Macrolink Australia does not currently have sufficient funds to make a full redemption of the Redeemable Preference Shares or fully repay the interests accrued under the Loan Agreement, and unless the remaining units can be sold at prices comparable to the initial projected prices, it is expected that the Company would not be able to receive the total amount of the projected returns as disclosed in the 2017 Circular;

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- (iii) although the property market in Australia has recently begun to show signs of improvement and prospects after suffering from the economic downturn and setback, it was still uncertain if the remaining units could be sold on preferable terms for the remainder of 2022, however, based on the gradually recovering and rising housing prices and income levels in Australia and increasing rental values, the Board is hopeful that the property market in Australia will continue to gradually improve, and the extension of the terms of the 2017 Agreements would allow AusCo to sell the remaining units in the Project at higher prices and mitigate its losses in the Project, and provide the Group with the opportunity to realise its investment in the Project at a more appropriate and favourable time to the Group;
- (iv) as Macrolink Australia is a subsidiary of the Company, it would not be practical or economical for the Group to liquidate Macrolink Australia at this point by reason of the default of its payment and redemption obligations under the 2017 Agreements, as the costly liquidation procedures (which often involve disposal of the assets of the subject company at a heavily discounted rate) would only serve to further reduce the remaining proceeds that the Group may receive from its investment in the Project, which is extremely detrimental to the interests of the Company and its shareholders;
- (v) as a property project company, the AusCo has an obligation to complete the Project and under the terms of the property development and sale, the AusCo has provided certain warranties including defect warranty to the purchasers of the units under the Project for a number of years post-sale, as such the AusCo cannot be wound up while such obligations are subsisting;
- (vi) further, as the Project has not yet fully completed, any potential breach, including the failure of Macrolink Australia to fulfill its obligations under the 2017 Agreements, or the continuation of the Project after the expiry of the terms of the 2017 Agreements without the extension contemplated under the Supplemental Agreements, may tarnish the reputation of the Group, Macro-Link International Land, Macrolink Australia and the other shareholder holding 20% shareholding interest of the AusCo (as they are all parties to the Project). Given the default position of Macrolink Australia, which is the holding company of the Project, this would inevitably affect the confidence of the potential buyers and may materially and adversely affect the marketability and realisable value of the remaining units;
- (vii) as the Group has already recovered the principal amount of the Loan and a portion of the interests accrued thereon has already been repaid by Macrolink Australia, the remaining amount of the Loan is much lower. Moreover, the AusCo has now transferred from a property development company under construction to a sales and leasing company of developed properties, and the boutique mall under sale will have a rental income of AUD1.85 million (equivalent to approximately HK\$9.25 million) per year if it is unsold. It is sufficient for consistent interest payments and hence it has lower credit risk. Although the interest rate of the outstanding amount of the Loan is to be

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reduced from 6.16% to 5.50% per annum, such interest rate is still more favourable than that offered by banks in Hong Kong fixed deposit of similar terms and the extended Loan would continue to provide a decent interest income to the Group. However, the significance of the interest rate is not entirely relevant as (i) if the interest rate is high, Macrolink Australia would have less cash flow available and the Company could reap its investments in the Project through the interest payments; and (ii) if the interest rate is lowered alternatively, the Company could swap the reduced interest payments with the higher net cashflow under the Project, thereby ensuring that the Company would be able to obtain the maximum returns under the Project;

(viii) nevertheless, in the event that the property market in Australia experiences a strong growth and the Project can complete with substantial increase in investment returns, the TRS Agreement (as supplemented by the Supplemental TRS Agreement) would continue to act as a safeguard measure of the interests of the Company as it would allow Wealth Venture to receive the Amended Total Return instead of the fixed interest under the Loan upon completion of the Project, enabling the Company to maximise the returns to be achieved from the remaining Project; and

(ix) as Macrolink Australia is a connected subsidiary within the meaning of the Listing Rules and the amendment of terms contemplated under the Supplemental Agreements constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, in order to comply with the regulatory requirements under the Listing Rules, the Company has an obligation to comply with the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in proceeding with the amendment of terms under the Supplemental Agreements. Needless to say, the compliance of the Company with its continuing obligations under the Listing Rules is in the interests of the Company and its shareholders as a whole.

In view of the foregoing and the factors set out in the paragraphs headed "The Supplemental Subscription Agreement" and "The Supplemental Loan Agreement and the Supplemental TRS Agreement" considered in determining the amended interest rate and Premium rate, as well as taking into account that the executive Directors have been searching for better investment opportunities for utilising the funds received from the repayment of the principal amount and partial interest of the Loan (which represent a majority of the total amount payable by Macrolink Australia under the Loan Agreement) in early 2022 but have been unable to identify any suitable targets due to the lingering impact of the COVID-19 pandemic and the gloomy global economic environment across the globe, the Board consider that the best comparable investment return under the prevailing market condition and circumstances would be the HKD/USD fixed deposit rates and the prime lending rates in Hong Kong which is currently at 5.2% to 5.375%. Hence, the Board determined that the amended rate of 5.50% is fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

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If the Supplemental Agreements were not entered into to extend the term of the 2017 Agreements or if the Supplemental Agreements are not approved by the Independent Shareholders at the SGM, then Macrolink Australia (being a non-wholly owned subsidiary of the Company and the holding company of the Project) would be in default of the 2017 Agreements by being unable to redeem the Redeemable Preference Shares in full or to fully repay the interests accrued under the Loan Agreement. No redemption has taken place and Macrolink Australia is still a subsidiary of the Company. The Company would not pursue any claim against Macrolink Australia nor liquidate it for the reasons stated above but would still continue to sell the remaining 4 units and boutique mall. However, given the default position of Macrolink Australia, which is the holding company of the Project, this would inevitably affect the confidence of the potential buyers and hence have a negative impact on the marketability and realisable value of the remaining units, thereby affecting the return of the Project to the Group in the end. The reputation of the Group and the other parties of the Project, i.e. Macro-Link International Land and the 20% minority shareholder of the AusCo, would all be adversely affected which would have a long term impact on their respective future businesses, financing and developments.

As disclosed above, as Macrolink Australia is a connected subsidiary within the meaning of the Listing Rules and the amendment of terms contemplated under the Supplemental Agreements constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, it is imperative that the Company complies with the formalities and requirements under the Listing Rules in order to proceed with the amendment of terms under the Supplemental Agreements, which is necessary for the above reasons, in particular, for the continuation of the Project to allow the sale of the remaining units and the boutique mall for the Company to reap the maximum benefits of its remaining investments. As there is no other more practical and logical alternative to proceed given that liquidation of Macrolink Australia would cause more harm than good to the Group and continuing the Project without the extension under the Supplemental Agreements may be in breach of the 2017 Agreements and cause reputational and/or legal risks to the Group, being a party to such joint venture like AusCo, the Board is of the view that the transactions contemplated under the Supplemental Agreements, as the only viable option for the Company, whether from a commercial, legal and compliance, or business and reputational perspective, are necessary and beneficial to the Company and the Shareholders as a whole.

The executive Directors, Mr. Ma Chenshan, Mr. Zhang Jian, Mr. Hang Guanyu and Mr. Liu Huaming, who are also the directors or the associates of Macrolink Australia and/or Macro-Link International Land and/or Macrolink Culturaltainment Development Co., Ltd. (which is the holding company of Macro-Link International Land), have abstained from voting at the Board meeting for approving the Supplemental Agreements and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Supplemental Agreements and the transactions contemplated thereunder and none of them is required to abstain, or has abstained, from voting on the relevant board resolutions for approving the Supplemental Agreements and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As the transactions contemplated under the Supplemental Agreements constitute major changes to the terms of the 2017 Agreements, compliance with the Listing Rules is required. As one of the applicable percentage ratios in respect of the transactions contemplated under the Supplemental Agreements exceeds 25% but all are less than 100%, such transactions together constitute a major transaction of the Company under Chapter 14 of the Listing Rules. Further, as Macro-Link International Land, which is the controlling shareholder of the Company holding approximately 54.79% of the issued share capital of the Company as at the Latest Practicable Date, is a substantial shareholder of Macrolink Australia holding ordinary shares carrying 49% of its voting rights, Macrolink Australia is a connected subsidiary within the meaning of the Listing Rules and the transactions contemplated under the Supplemental Agreements together also constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Supplemental Agreements are therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Mr. Tse Kwong Hon and Mr. Cao Kuangyu, has been established to advise the Independent Shareholders as to whether the terms of the Supplemental Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole.

INDEPENDENT FINANCIAL ADVISER

Red Sun Capital Limited has been appointed as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreements and the transactions contemplated thereunder, and to advise the Independent Shareholders on how to vote in this regard at the SGM.

(II) PROPOSED AMENDMENTS TO THE BYE-LAWS

Pursuant to the Consultation Conclusion on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Stock Exchange has revised the core shareholder protection standards under Appendix 3 to the Listing Rules with effect from 1 January 2022. Listed issuers are required to make necessary amendments to their constitutional documents by the second annual general meeting following 1 January 2022 to bring the constitutional documents to conformation with the revised Appendix 3 to the Listing Rules.

LETTER FROM THE BOARD

The Existing Bye-Laws have not been amended since 2012. Accordingly, the Board proposed to amend the Existing Bye-Laws by adopting the Amended Bye-Laws in substitution for, and to the exclusion of, the Existing Bye-Laws in order to (i) bring the relevant provision of the Bye-Laws in line with the relevant requirements of the Listing Rules as well as the applicable laws of Bermuda; (ii) allow general meetings of the Company to be held in the form of, in addition to a physical meeting, a hybrid meeting or an electronic meeting where Shareholders may attend by electronic means in addition to physical attendance in person; and (iii) provide flexibility to the Company in relation to the conduct of general meetings. Other housekeeping and consequential amendments to the Bye-Laws are also proposed, including making consequential amendments in connection with the above amendments to the Bye-Laws and for clarity and consistency with the other provisions of the Bye-Laws where it is considered desirable and to better align the wording with those of the Listing Rules and the applicable laws of Bermuda.

The full text of the Amended Bye-Laws (with the Proposed Amendments marked-up against the Existing Bye-Laws), which incorporated the Proposed Amendments, are set out in Appendix III to this circular. The Amended Bye-Laws is written in English. The Chinese translation of the Amended Bye-Laws is for reference only and in case there are any inconsistencies between the English version and the Chinese version, the English version shall prevail.

The legal adviser to the Company as to Hong Kong laws has confirmed that the Proposed Amendments conform with the requirements of the Listing Rules. The legal adviser to the Company as to Bermuda laws has confirmed that the Proposed Amendments are not inconsistent with the applicable laws of Bermuda. The Company also confirms that there is nothing unusual about the Proposed Amendments for a company listed on the Stock Exchange.

The Proposed Amendments and the proposed adoption of the Amended Bye-Laws are subject to, and will become effective upon, the approval of the Shareholders by way of passing a special resolution at the SGM.

SGM

The SGM will be convened and held, for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the Supplemental Agreements and the transactions contemplated thereunder, and for the Shareholders to consider, and if thought fit, approve the Proposed Amendments by way of adoption of the Amended Bye-Laws. As the Supplemental Agreements are related to each other, similar to the 2017 Agreements, the Company will only proceed with the above transactions if all of them are approved by the Independent Shareholders at the SGM. Macro-Link International Land is interested in the Supplemental Agreements and the transactions contemplated thereunder. As such, Macro-Link International Land and Macro-Link International Investment which are commonly owned by Macro-Link Holding Company Limited holding approximately 54.79% and 6.73% issued Shares respectively and their respective associates shall abstain from voting on the proposed resolution to approve the Supplemental Agreements and the transactions contemplated thereunder at the SGM. Save for the aforesaid and to the best of the information, knowledge and belief of the Directors having made all such reasonable enquiries, no other Shareholder is required to abstain from voting at the SGM.

LETTER FROM THE BOARD

A notice convening the SGM at Conference Room, 8/F., Macrolink Group Building, Government Ave, Taihu Town, Tongzhou District, Beijing, the PRC on Wednesday, 22 March 2023 at 3:00 p.m. is set out on pages SGM-1 to SGM-4 of this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the SGM or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting thereof (as the case may be) should you so desire.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon its ultimate beneficial owners and their respective associates; and (ii) no obligation or entitlement of its ultimate beneficial owners and their respective associates as at the Latest Practicable Date, whereby it or he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its or his Shares to a third party, either generally or on a case-by-case basis.

RECORD DATE

For determining the entitlement to attend and vote at the above SGM, the register of members of the Company will be closed from Friday, 17 March 2023 to Wednesday, 22 March 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Progressive Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16 March 2023.

VOTING BY POLL

In accordance with Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the voting on all resolution(s) at the SGM will be conducted by way of poll.

LETTER FROM THE BOARD

RECOMMENDATION

The executive Directors, consisting of Mr. Ma Chenshan, Mr. Zhang Jian, Mr. Hang Guanyu and Mr. Liu Huaming, who are also the directors or the associates of Macrolink Australia and/or Macro-Link International Land and/or Macrolink Culturaltainment Development Co., Ltd. (which is the holding company of Macro-Link International Land), may thus have conflict of interests in the Supplemental Agreements; but including the independent non-executive Directors whose opinion is set forth in the “Letter from the Independent Board Committee” in this circular after considering the advice of the Independent Financial Adviser, believe that the terms of the Supplemental Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and thus, recommend the Independent Shareholders to vote in favour of the resolution to approve the Supplemental Agreements at the SGM.

Shareholders are advised to read carefully the letter from the Independent Board Committee regarding the Supplemental Agreements on pages 34 to 35 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 36 to 65 of this circular, considers that the terms of the Supplemental Agreements are fair and reasonable insofar as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Supplemental Agreements at the SGM.

The Board considers that the Proposed Amendments and the adoption of the Amended Bye-Laws are in the interests of the Company and the Shareholders as a whole. The Board also considers that the resolution(s) in respect of the Proposed Amendments by way of adoption of the Amended Bye-Laws proposed in the notice of SGM are in the interests of the Company and the Shareholders as a whole and therefore recommend you to vote in favour of the relevant resolution to be proposed at the SGM in respect of the Proposed Amendments by way of adoption of the Amended Bye-Laws.

FURTHER INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Supplemental Agreements:



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 472)

27 February 2023

To the Independent Shareholders

Dear Sir or Madam,

**(I) MAJOR AND CONNECTED TRANSACTIONS:
EXTENSION OF TERM IN RELATION TO THE
REDEMPTION OF REDEEMABLE PREFERENCE SHARES IN
AND PROVISION OF FINANCIAL ASSISTANCE TO
MACROLINK AUSTRALIA INVESTMENT LIMITED; AND
(II) PROPOSED AMENDMENTS TO THE EXISTING BYE-LAWS AND
ADOPTION OF THE AMENDED AND RESTATED BYE-LAWS**

We refer to the circular of the Company dated 27 February 2023 (the “**Circular**”), of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to consider whether the terms of the Supplemental Agreements are fair and reasonable, whether they are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board, as set out on pages 7 to 33 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of whether the terms of the Supplemental Agreements are fair and reasonable, whether they are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole, and the Independent Shareholders on how to vote.

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to you and us on pages 36 to 65 of the Circular, we are of the opinion that the Supplemental Agreements are on normal commercial terms, are in the interests of the Company and the Shareholders as a whole, and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Despite that the Supplemental Agreements are not conducted in the ordinary and usual course of business of the Company, the business conducted by the Australia Group, i.e. the Project, being the subject matter of the amendment of terms under the Supplemental Agreements, is in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Supplemental Agreements and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Mr. Ting Leung Huel, Stephen
*Independent non-executive
Director*

Mr. Tse Kwong Hon
*Independent non-executive
Director*

Mr. Cao Kuangyu
*Independent non-executive
Director*

LETTER FROM IFA

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and Independent Shareholders regarding the major and connected transactions for the purpose of inclusion in this circular.



红日资本有限公司
RED SUN CAPITAL LIMITED

Room 310, Floor 3,
China Insurance Group Building,
141 Des Voeux Road Central,
Central,
Hong Kong
Tel: (852) 2857 9208
Fax: (852) 2857 9100

27 February 2023

*To: The Independent Board Committee and the Independent Shareholders of
New Silkroad Culturaltainment Limited*

Dear Sir/Madam,

**MAJOR AND CONNECTED TRANSACTIONS:
EXTENSION OF TERM IN RELATION TO THE
REDEMPTION OF REDEEMABLE PREFERENCE SHARES IN AND
PROVISION OF FINANCIAL ASSISTANCE TO
MACROLINK AUSTRALIA INVESTMENT LIMITED**

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the major and connected transactions in connection with the extension of term in relation to the redemption of Redeemable Preference Shares and provision of financial assistance to Macrolink Australia Investment Limited and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company (the “**Circular**”) to the Shareholders dated 27 February 2023, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

References are made to the announcement of the Company dated 29 September 2017 and 2017 Circular in relation to, among other matters, the 2017 Agreements and the Announcement in relation to the Supplemental Agreements. As disclosed in the 2017 Circular, the 2017 Agreements were entered into to enable the Group to diversify its real estate business in Australia. The proceeds from the Subscription and the Loan were used by Macrolink Australia to refinance the debts of AusCo due to Macrolink Group for financing the acquisition by AusCo of the Property and other development costs. In addition, the TRS Agreement provided Wealth Venture with the opportunity to receive the Total Return of the Project instead of the fixed interest under the Loan upon completion of the Project. After Closing, the Australia Group became subsidiaries of the Company. As a result of the transactions contemplated under the 2017 Agreements, the Group gained control over the Project during the term of such

LETTER FROM IFA

transactions, and could share the economic benefit of the Project. In essence, the Group has acquired a subsidiary in which it has a 51% controlling interest to facilitate its investment in the Project, which is controlled by the Group through its controlling interest in Macrolink Australia and funded by the proceeds from the Subscription and the Loan. Through the transaction structure designed under the 2017 Agreements, the Group is able to capture the entire net cashflow and economic interests of Macrolink Australia, i.e. 80% of the Available Project Cash Flow from the Project (subject to the terms thereof), while the results, assets and liabilities of Macrolink Australia can be consolidated into the books of the Company. If the return of the Project in terms of net cashflow (i.e. the Total Return) is less than the total interest income under the Loan Agreement, the Company can choose to receive the interest income instead of the Total Return at its' discretion. On the other hand, if the net cashflow under the Project is higher than the total interest income under the Loan Agreement, the Group shall be entitled to swap to receive the net cashflow under the Project instead of the interest income under the Loan Agreement. As such, the better the performance of the Project, the higher the returns for the Group in its investment in the Project through Macrolink Australia.

Since Closing, the Project has faced many ups and downs. Over the past five years, Australia's economic growth accelerated from 2017 through 2018, decelerated in 2019, turned negative in 2020, and rebounded in 2021. Further, the impact of the COVID-19 pandemic, the China–United States trade war and the Russo-Ukrainian war have also put tremendous strain on the overall global economy and market sentiments, undoubtedly affecting the property market in Australia and the performance of the Project, hence delaying all the key milestone dates of its initial development and construction plan and the subsequent sale and delivery of units. These are unforeseen circumstances putting additional burden on the Project in addition to the risk factors of the Project which might potentially affect the Available Project Cash Flow from the Project, as disclosed in the “Letter from the Independent Financial Adviser” in the 2017 Circular, including material fluctuation in costs and expenses, financing of the Project, management of the Project, regulatory regime for property development in Australia, performance of the property market in Australia and such factors were all disclosed and assessed by the then Independent Shareholders. Despite the difficult environment, the Project was able to complete with the delivery of most of the residential apartments in December 2021 and 11 of the remaining 15 apartments in the Project were also successively delivered before 31 October 2022.

As at the Latest Practicable Date, 4 apartments and a boutique mall of 980 square meters remained undelivered and the units and rental premises under the Project have not all been delivered to the customers yet. As the Project has not yet completed, Wealth Venture and Macrolink Australia consider it beneficial to both parties to extend the terms of the 2017 Agreements by entering into the Supplemental Agreements. On 29 November 2022, Wealth Venture and Macrolink Australia entered into the Supplemental Agreements, pursuant to which Wealth Venture and Macrolink Australia have agreed to, conditional upon the Company having obtained approval from the Independent Shareholders, among other matters, (i) extend the Redemption Date to the date falling on the expiry of 84 months from the Closing Date i.e. 19 December 2024, and to amend the rate at which the Premium is calculated; (ii) extend the maturity date of the Loan to the date falling on the expiry of 83 months from the date of the Loan Agreement, i.e. 28 August 2024, and to amend the interest rate of the Loan; and (iii)

LETTER FROM IFA

change the time and specific terms of the swap arrangement between Wealth Venture and Macrolink Australia under the TRS Agreement in the manner disclosed in the paragraph headed “The TRS Agreement” in the Letter from the Board.

As one of the applicable percentage ratios in respect of the transactions contemplated under the Supplemental Agreements exceeds 25% but all are less than 100%, such transactions together constitute a major transaction of the Company under Chapter 14 of the Listing Rules. Further, as Macro-Link International Land, which is the controlling shareholder of the Company holding approximately 54.79% of the issued share capital of the Company at the Latest Practicable Date, is a substantial shareholder of Macrolink Australia holding ordinary shares carrying 49% of its voting rights, Macrolink Australia is a connected subsidiary within the meaning of the Listing Rules and the transactions contemplated under the Supplemental Agreements together also constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Supplemental Agreements are therefore subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

All executive Directors of the Company, who are the directors or the associates of Macrolink Australia and/or Macro-Link International Land and/or Macrolink Culturaltainment Development Co., Ltd. (which is the holding company of Macro-Link International Land), have abstained from voting at the Board meeting approving the Supplemental Agreements and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Supplemental Agreements 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 Supplemental Agreements and the transactions contemplated thereunder.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently comprises Mr. Ma Chenshan, Mr. Zhang Jian, Mr. Hang Guanyu and Mr. Liu Huaming as executive Directors, and Mr. Ting Leung Huel, Stephen, Mr. Tse Kwong Hon and Mr. Cao Kuangyu as independent non-executive Directors.

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Supplemental Agreements and the transactions contemplated thereunder respectively are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole.

We, Red Sun Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders for the purpose of advising the Independent Board Committee and the Independent Shareholders whether the terms of the Supplemental Agreements and the transactions contemplated thereunder respectively are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, AusCo, Australia Group and their respective shareholders, directors or chief executives, or any of their respective associates and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Supplemental Agreements and the transactions contemplated thereunder.

Apart from normal professional fees paid or payable to us in connection with this appointment and the engagement as stated above as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

IV. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group, made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

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We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Management has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification nor have we conducted any independent investigation into information provided by the Directors and the Management, background, business or affairs or future prospects of the Company and their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Supplemental Agreements and the transactions contemplated thereunder, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM IFA

V. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Supplemental Agreements and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

As set out in the Letter from the Board, 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.

Set out below are the key financial information of the Group for the years ended 31 December 2020 and 2021, and the six months ended 30 June 2021 and 2022 as extracted and summarised from the published annual report for the year ended 31 December 2021 (the “**2021 Annual Report**”) and the interim report for the six months ended 30 June 2022 (the “**2022 Interim Report**”), respectively:

Table 1: Consolidated financial result of the Group

	For the six months ended 30 June		For the year ended 31 December	
	2022	2021	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited)
Segment revenue				
Real estate, integrated resort and cultural tourism	202,361	–	2,489,318	–
Wine	47,720	50,020	112,415	117,160
Entertainment business	–	–	–	391
Total	<u>250,081</u>	<u>50,020</u>	<u>2,601,733</u>	<u>117,551</u>
Segment profit/(loss)				
Real estate, integrated resort and cultural tourism	(91,350)	(9,615)	405,600	(26,034)
Wine	(843)	6,771	9,365	(15,343)
Entertainment business	<u>(7,747)</u>	<u>(5,257)</u>	<u>(283,660)</u>	<u>(64,830)</u>
Total	<u>(99,940)</u>	<u>(8,101)</u>	<u>131,305</u>	<u>(106,207)</u>
(Loss)/profit before taxation	(105,572)	(14,683)	91,928	(122,095)
(Loss)/profit for the year/period	<u>(123,428)</u>	<u>(14,647)</u>	<u>57,558</u>	<u>(114,310)</u>

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	For the six months ended 30 June		For the year ended 31 December	
	2022	2021	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited)
Attributable to:				
Owners of the Company	<u>(73,318)</u>	<u>(11,793)</u>	<u>61,864</u>	<u>(92,028)</u>
Non-controlling interests	<u>(50,110)</u>	<u>(2,854)</u>	<u>(4,306)</u>	<u>(22,282)</u>

Financial performance for the six months ended 30 June 2021 (the “6M2021”) and the six months ended 30 June 2022 (the “6M2022”)

As set out in the 2022 Interim Report, the revenue increased from approximately HK\$50.0 million for the 6M2021 to approximately HK\$250.1 million for the 6M2022, representing an increase of approximately HK\$200.1 million or 400.2%. The increase was mainly attributable to the delivery of 8 apartments in the Project with a recognised revenue of HK\$202.4 million.

Revenue of approximately HK\$202.4 million for 6M2022 was recognised in development and operation of real estate, integrated resort and cultural tourism business which was mainly due to the Project that was completed with the delivery of most of the residential apartments as scheduled in December 2021. The decrease in revenue of wine of approximately HK\$2.3 million or 4.6% from approximately HK\$50 million for 6M2021 to approximately HK\$47.7 million for 6M2022 was mainly due to the constrain by PRC's epidemic prevention and control measures in the period. No revenue from entertainment business was recognised for both 6M2021 and 6M2022 which was mainly attributable to the suspend operations in order to cooperate with the local government's epidemic prevention work.

During the 6M2022, the Group recorded a loss of approximately HK\$123.4 million (6M2021: loss of approximately HK\$14.6 million). The increase in loss was mainly attributable to (i) the impairment loss of the Glorious Hill resort land in Jeju, South Korea, approximately HK\$103.6 million for 6M2022 (6M2021: Nil); and (ii) the accrual of under-provision in prior year income tax expenses of approximately HK\$18.1 million in the Project (6M2021: Nil).

Financial performance for the year ended 31 December 2020 (the “FY2020”) and the year ended 31 December 2021 (the “FY2021”)

As set out in the 2021 Annual Report, the revenue of the Group increased from approximately HK\$117.6 million for the FY2020 to approximately HK\$2,601.7 million for FY2021, representing an increase of approximately HK\$2,484.1 million or 2,112.3%. The increase was mainly attributable to the contribution from the recognition of revenue by the delivery of most of the residential apartments of the Project, the development project of the Group in Sydney, Australia.

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Residential apartments of the Project were delivered to buyers in December 2021 which 89 residential apartments out of a total of 104 were delivered and sales revenue of approximately HK\$2,489.3 million was recognised for FY2021. The decrease in revenue of wine of approximately HK\$4.8 million or 4.1% from approximately HK\$117.2 million for FY2020 to approximately HK\$112.4 million for FY2021 which was driven by PRC's domestic economic recovery. No revenue from entertainment business was recognised for FY2021 (FY2020: revenue from entertainment business of approximately HK\$0.4 million) due to the entertainment business is still suffering from the impact of the pandemic as the situation of COVID-19 outbreak in South Korea remains very volatile with the prevention measures continued to maintain in Jeju.

During the FY2021, the Group recorded a profit of approximately HK\$57.6 million (FY2020: loss of approximately HK\$114.3 million). The increase was mainly attributable to the successful delivery of the Project laid the foundation for the Group to turn losses into profits during the year.

Table 2: Consolidated financial position of the Group

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Non-current assets	1,060,409	1,227,343
Current assets	1,206,981	1,539,497
Total assets	2,267,390	2,766,840
Non-current liabilities	(135,569)	(139,327)
Current liabilities	(201,158)	(485,911)
Total liabilities	(336,727)	(625,238)
Net assets	1,930,663	2,141,602

Among the Group's total assets of approximately HK\$2,267.4 million as at 30 June 2022, which mainly included (i) approximately HK\$813.5 million was property, plant and equipment; (ii) approximately HK\$541.1 million was cash and cash equivalents; (iii) approximately HK\$359.1 million was completed properties held for sale; (iv) approximately HK\$214.5 million was inventories; and (v) approximately HK\$143.4 million was intangible assets.

Among the Group's total liabilities of approximately HK\$336.7 million as at 30 June 2022, which mainly included (i) approximately HK\$113.8 million was accruals and other payables; (ii) approximately HK\$58.8 million was bank borrowings; (iii) approximately HK\$55.6 million was lease liabilities; (iv) approximately HK\$26.8 million was deferred tax liabilities; and (v) approximately HK\$29.0 million was trade payables.

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As at 30 June 2022, the Group had net assets of approximately HK\$1,930.7 million. The gearing ratio as at 30 June 2022 was 3.9%.

Among the Group's total asset of approximately HK\$2,766.8 million as at 31 December 2021, which mainly included (i) approximately HK\$973.8 million was property, plant and equipment; (ii) approximately HK\$627.1 million was cash and cash equivalents; (iii) approximately HK\$545.4 million was completed properties held for sale; and (iv) approximately HK\$224.4 million was inventories.

Among the Group's total liabilities of approximately HK\$625.2 million as at 31 December 2021, which mainly included (i) approximately HK\$180.5 million was accruals and other payables; (ii) approximately HK\$107.9 million was loans from non-controlling shareholders of subsidiaries; and (iii) approximately HK\$101.5 million was tax payable.

As at 31 December 2021, the Group had net assets of approximately HK\$2,141.6 million. The gearing ratio as at 31 December 2021 was 8.1%.

2. Background information of the Australia Group and the Property

As set out in the Letter from the Board, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, 51% voting rights of Macrolink Australia is owned by Wealth Venture as holder of the Redeemable Preference Shares, and 49% voting rights of Macrolink Australia is owned by Macro-Link International Land which is the controlling shareholder of the Company interested in approximately 54.79% issued Shares as at the Latest Practicable Date. As such, Macrolink Australia is a connected person of the Company within the meaning of the Listing Rules.

Macrolink Australia is a special purpose vehicle incorporated in the British Virgin Islands with limited liability on 29 December 2015. On 5 January 2016, it established AusCo with an Australian property developer, an Independent Third Party, which is owned as to 80% by Macrolink Australia and as to 20% by the Australian property developer. AusCo is principally engaged in development and sales of property. Its major asset is the Property, which had a site area of approximately 1,207 square meters with gross floor area of 26,308 square meters, on which the Project was developed. Upon completion of the Project, the total saleable area was approximately 10,867 square meters.

The Project was broadly divided into four phases: (i) preconstruction such as design development and obtaining authority approvals; (ii) demolition of the existing building; (iii) construction; and (iv) sale and delivery to buyers. As at the Latest Practicable Date, the development of all units and premises under the Project have completed and 96.15% of the total of 104 units have been sold and delivered to the buyers, and the remaining 4 units (representing approximately 3.85% of the 104 units) and a boutique mall of 980 square meters remain unsold. The total contract sales for the sold and delivered portion was approximately AUD479.80 million (equivalent to approximately HK\$2,399.00 million). The Group will continue to monitor the real estate market in Australia and seek opportunities to sell the remaining 4 units and the boutique mall at an attractive price within 2 years.

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The Group's revenue, expenses, assets and liabilities in respect of the Australia Group are denominated in Australian dollars and the functional currency of the Australia Group is Australian dollars. There is a natural hedge mechanism in place during the course of the business operation of the Project and the impact of the foreign exchange risk is low, therefore no financial instruments for hedging purposes are considered necessary. To enhance overall risk management, the Group will review its treasury management function from time to time and will closely monitor its currency and interest rate exposures in order to implement suitable foreign exchange hedging policy as and when appropriate to prevent related risks.

2.1 Financial information of the Australia Group

The unaudited consolidated management accounts of the Australia Group for the year ended 31 December 2021 and for the six months ended 30 June 2022, prepared in accordance with the Hong Kong Financial Reporting Standards, are summarised and set out below:

	For the six months ended 30 June 2022 (HK\$'000)	For the year ended 31 December 2021 (HK\$'000)
Revenue	202,361	2,489,319
Profit (Loss) before tax	42,961	398,542
Profit (Loss) after tax	24,895	300,031

	At 30 June 2022 (HK\$'000)	At 31 December 2021 (HK\$'000)
Total assets	444,974	1,127,799
Total liabilities	257,709	935,829
Net assets	187,265	191,970

As set out in the financial information of the Australia Group above, the revenue of the Australia Group was approximately HK\$2,489.3 million for the year ended 31 December 2021 and approximately HK\$202.4 million for the six months ended 30 June 2022, respectively. The total assets of the Australia Group were approximately HK\$445.0 million as at 30 June 2022, with a decrease of approximately HK\$682.8 million as compared to the same as at 31 December 2021, which was mainly due to the decrease in inventories and cash and cash equivalents. The total liabilities of the Australia Group were approximately HK\$257.7 million as at 30 June 2022, with a decrease of approximately HK\$678.1 million as compared to the same as at 31 December 2021, which was mainly due to the decrease in tax payable settlement and settlement of amount due to inter-companies.

3. The Supplemental Agreements

3.1 Reasons for and benefits of the Supplemental Agreements

As set out in the Letter from the Board, since Closing, the Project has faced many ups and downs due to the turbulent economy in Australia over the past five years and the impact of the COVID-19 pandemic, the China–United States trade war and the Russo-Ukrainian war, which have also put tremendous strain on the overall global economy and market sentiments, contributing significantly to the discrepancy in the actual performance of the Project from what the Company had initially projected when making the investment in the Project. In view of the current market condition and sentiment in the property market in Australia, it is not optimistic that the units and rental premises under the Project will have been all sold and delivered to the customers on terms satisfactory to the Group in the following months.

In particular, in mid-2018, during the early construction period of the Project, there was intervention from the heritage department of the city of Sydney for its strict implication of preservation of the heritage sites in the Sydney Harbour. Since the Project is based in the Circular Quay of the Sydney Harbour, the Project has been subjected to many inspections on the construction site during the ground staking stage for better protection on the heritage water or sewage pipes built in the time of Queen Victoria at the city of Sydney. This was estimated to have caused a 6-month delay on the original delivery schedule. Subsequently, since late 2019, the outbreak of the COVID-19 pandemic and the lockdown of the Australian cities, including Sydney, by the government of Australia had significantly impacted the core construction period of the Project during the mid 2020 to mid 2021. Most of the building and construction of the concrete reinforced structure and the construction of the boutique shopping mall and nearby auxiliary facilities underwritten to the government, such as the resting area and curtain wall in public area of the pedestrian zone of the Circular Quay, are delayed due to over 4 separate phases of the city lockdown during the said period. In aggregate, the interruption on construction process due to the above factors caused over one year of delay on the Project from the its original delivery date in mid 2020 to the year-end delivery in 2021 to the pre-sale owners of residential units, resulting in an unforeseen increase in total project finance costs of approximately AUD26.41 million.

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Further, although the principal amount of the Loan has been repaid in full as at the Latest Practicable Date, certain interests accrued thereon remain outstanding and unpaid, and the dividend from AusCo, which is estimated to be approximately AUD30.62 million (equivalent to approximately HK\$153.10 million) has not yet been declared due to the local tax administration. As the Loan together with the interests accrued thereon have matured on 28 August 2022 and the redemption of the Redeemable Preference Shares would soon be due by the end of 2022 but the Project has not yet completed, with only 4 apartments and a boutique mall of 980 square meters which remain unsold, Macrolink Australia has insufficient funds to make a full redemption of the Redeemable Preference Shares or fully repay the interests accrued under the Loan Agreement and the Amended Total Return also cannot be determined unless and until the units and rental premises under the Project are sold and delivered to the customers, the date of which is expected to be likely in 2023 or after. The drop in the expected return of the Project was mainly due to the unforeseen increase of total project finance costs resulted from the interruption on construction process. The Supplemental Agreements were entered into to extend the terms of the 2017 Agreements to allow the completion of the Project, avoid the default position of Macrolink Australia, which is the holding company of the Project as well as a subsidiary of the Company, and enable the Company to reap the maximum benefits from its remaining investment. Based on the latest information available to the Group, the remaining 4 units and boutique mall were valued at AUD52,240,000 (equivalent to approximately HK\$261,200,000) as at 30 June 2022 (without taking into account any discount commonly applied in a liquidation sale), which according to recent market transactions, are expected to continue to rise gradually together with the recovering demand in the property market in Australia.

The Board has given balanced and comprehensive consideration to the transactions contemplated under the 2017 Agreements against the aforementioned matters, and is of the view that the extension of the terms of the 2017 Agreements by entering into the Supplemental Agreements would provide the Group with the opportunity to delay the realisation of its investment in the Project at a more appropriate and favourable time to the Group and recuperate more of its investment in the Project which unfortunately has performed less satisfactorily than its initial projection due to the outbreak of the COVID-19 pandemic, delay in construction process leading to increase in finance costs, the China–United States trade war and unforeseen downturn in the global economy, taking into account that:

- (i) due to the challenging environment of the Australian real estate market under the influence of the global COVID-19 epidemic for the past three years, the city closure measures in Sydney have caused the Project to suspend for a total of more than 8 months between the year 2020 and 2021, the development of the Project and the completion of construction of the property was delayed by 1.5 years, which resulted in an increase in total project finance costs of approximately AUD26.41 million (equivalent to approximately HK\$132.05 million) as compared to the finance costs as disclosed in the 2017 Circular, which reduced the returns of the Group from the Project;

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- (ii) the principal amount of the Loan and a portion of the interests accrued thereon have already been repaid by Macrolink Australia, however, due to the unsatisfactory performance of the Project, Macrolink Australia does not currently have sufficient funds to make a full redemption of the Redeemable Preference Shares or fully repay the interests accrued under the Loan Agreement, and unless the remaining units can be sold at prices comparable to the initial projected prices, it is expected that the Company would not be able to receive the total amount of the projected returns as disclosed in the 2017 Circular;
- (iii) although the property market in Australia has recently began to show signs of improvement and prospects after suffering from the economic downturn and setback, it was still uncertain if the remaining units could be sold on preferable terms for the remainder of 2022, however, based on the gradually recovering and rising housing prices and income levels in Australia and increasing rental values, the Board is hopeful that the property market in Australia will continue to gradually improve, and the extension of the terms of the 2017 Agreements would allow AusCo to sell the remaining units in the Project at higher prices and mitigate its losses in the Project, and provide the Group with the opportunity to realise its investment in the Project at a more appropriate and favourable time to the Group;
- (iv) as Macrolink Australia is a subsidiary of the Company, it would not be practical or economical for the Group to liquidate Macrolink Australia at this point by reason of the default of its payment and redemption obligations under the 2017 Agreements, as the costly liquidation procedures (which often involve disposal of the assets of the subject company at a heavily discounted rate) would only serve to further reduce the remaining proceeds that the Group may receive from its investment in the Project, which is extremely detrimental to the interests of the Company and its shareholders;
- (v) as a property project company, the AusCo has an obligation to complete the Project and under the terms of the property development and sale, the AusCo has provided certain warranties including defect warranty to the purchasers of the units under the Project for a number of years post-sale, as such the AusCo cannot be wound up while such obligations are subsisting;

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- (vi) further, as the Project has not yet fully completed, any potential breach, including the failure of Macrolink Australia to fulfill its obligations under the 2017 Agreements, or the continuation of the Project after the expiry of the terms of the 2017 Agreements without the extension contemplated under the Supplemental Agreements, may tarnish the reputation of the Group, Macro-Link International Land, Macrolink Australia and the other shareholder holding 20% shareholding interest of the AusCo (as they are all parties to the Project). Given the default position of Macrolink Australia, which is the holding company of the Project, this would inevitably affect the confidence of the potential buyers and may materially and adversely affect the marketability and realisable value of the remaining units;
- (vii) as the Group has already recovered the principal amount of the Loan and a portion of the interests accrued thereon has already been repaid by Macrolink Australia, the remaining amount of the Loan is much lower. Moreover, the AusCo has now transferred from a property development company under construction to a sales and leasing company of developed properties, and the boutique mall under sale will have a rental income of AUD1.85 million (equivalent to approximately HK\$9.25 million) per year if it is unsold. It is sufficient for consistent interest payments and hence it has lower credit risk. Although the interest rate of the outstanding amount of the Loan is to be reduced from 6.16% to 5.50% per annum, such interest rate is still more favourable than that offered by banks in Hong Kong fixed deposit of similar terms and the extended Loan would continue to provide a decent interest income to the Group. However, the significance of the interest rate is not entirely relevant as (i) if the interest rate is high, Macrolink Australia would have less cash flow available and the Company could reap its investments in the Project through the interest payments; and (ii) if the interest rate is lowered alternatively, the Company could swap the reduced interest payments with the higher net cashflow under the Project, thereby ensuring that the Company would be able to obtain the maximum returns under the Project;
- (viii) nevertheless, in the event that the property market in Australia experiences a strong growth and the Project can complete with substantial increase in investment returns, the TRS Agreement (as supplemented by the Supplemental TRS Agreement) would continue to act as a safeguard measure of the interests of the Company as it would allow Wealth Venture to receive the Amended Total Return instead of the fixed interest under the Loan upon completion of the Project, enabling the Company to maximise the returns to be achieved from the remaining Project; and

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- (ix) as Macrolink Australia is a connected subsidiary within the meaning of the Listing Rules and the amendment of terms contemplated under the Supplemental Agreements constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, in order to comply with the regulatory requirements under the Listing Rules, the Company has an obligation to comply with the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in proceeding with the amendment of terms under the Supplemental Agreements. Needless to say, the compliance of the Company with its continuing obligations under the Listing Rules is in the interests of the Company and its shareholders as a whole.

As advised by the Management, the Supplemental Agreements would enable the Group to have the opportunity to realise its investment in the Project and recuperate more of its investment in the Project if the property market in Australia continue to improve, of which the remaining units in the Project can be sold at higher prices. Considering the Group has already recovered the principal amount and a portion of interests accrued thereon has already been repaid by Macrolink Australia, the Management considered that even if the property market in Australia would not improve, the Group can still have the interest income from the Loan, therefore the risk is relatively low for the Group to enter into the Supplemental Agreements.

If the Supplemental Agreements were not entered into to extend the term of the 2017 Agreements or if the Supplemental Agreements are not approved by the Independent Shareholders at the SGM, then Macrolink Australia (being a non-wholly owned subsidiary of the Company and the holding company of the Project) would be in default of the 2017 Agreements by being unable to redeem the Redeemable Preference Shares in full or to fully repay the interests accrued under the Loan Agreement. No redemption was taken place and Macrolink Australia is still a subsidiary of the Company. The Company would not pursue any claim against Macrolink Australia nor liquidate it for the reasons stated above and our analysis as stated under the section headed "3.5 Evaluation on the terms of the Supplemental Agreements" below, but would still continue to sell the remaining 4 units and boutique mall. However, given the default position of Macrolink Australia, which is the holding company of the Project, this would inevitably affect the confidence of the potential buyers and hence have a negative impact on the marketability and realisable value of the remaining units, thereby affecting the return of the Project to the Group in the end. The reputation of the Group and the other joint venture parties of the Project, i.e. Macro-Link International Land and the 20% minority shareholder of the AusCo, would all be adversely affected which would have a long term impact on their respective future businesses, financing and developments.

3.2 Principal terms of the Supplemental Subscription Agreement

The following information has been extracted from the Letter from the Board:

Date: 29 November 2022

Parties: (i) Wealth Venture as subscriber
(ii) Macrolink Australia as issuer

Pursuant to the Subscription Agreement, Wealth Venture has subscribed for 104 Redeemable Preference Shares (representing 51% of the voting rights of Macrolink Australia as enlarged by the allotment and issuance of the Redeemable Preference Shares upon Closing) at the Subscription Price of approximately HK\$222.53 million (equivalent to approximately HK\$2.14 million per Redeemable Preference Share), which was, as disclosed in the 2017 Circular, arrived at after arm's length negotiation between the parties to the Subscription Agreement with reference to the unaudited consolidated account of the Australia Group as at 30 June 2017 as adjusted by the amount based on the valuation of the Property. The Subscription Price was settled by Wealth Venture in cash upon Closing, after which each of Macrolink Australia and AusCo became a connected subsidiary of the Company taking into account the rights attaching to the Redeemable Preference Shares, and the Australia Group has since been accounted for as subsidiaries of the Group, and the financial results of the Australia Group have since been consolidated into the financial statements of the Group.

Further details of the principal terms of the Supplemental Subscription Agreement are set out in the Letter from the Board.

Conditions precedent to the Supplemental Subscription Agreement

The amendments to the Subscription Agreement are conditional upon the fulfilment of the following conditions:

- (a) the Company having obtained the relevant approval from the Independent Shareholders at the SGM in accordance with the requirements of the Listing Rules for the amendments as contemplated by the Supplemental Subscription Agreement;

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- (b) all license, permit, consent, authorisation, permission, clearance, warrant, confirmation, certificate or approval of any competent authority or any other person (if any) (collectively, the “**Authorisations**”) which are required for the entering into or the performance of obligations under the Supplemental Subscription Agreement by the Company and the parties to the Supplemental Subscription Agreement having been obtained and all filings with any competent authorities and other relevant third parties which are required for the entering into and the implementation of the Supplemental Subscription Agreement having been made and such Authorisations (if any) remaining in full force and effect and there being no statement, notification or intimation of an intention to revoke or not to renew the same having been recorded; and
- (c) the warranties given by Macrolink Australia in the Supplemental Subscription Agreement remaining true, accurate and correct in all material respects.

Wealth Venture may in its absolute discretion at any time waive in writing any of the above conditions (other than conditions (a) and (b) which may not be waived), and such waiver may be made subject to such terms and conditions as are determined by Wealth Venture.

Macrolink Undertaking

On 22 February 2023, Wealth Venture and Macro-Link International Land entered into the Macrolink Undertaking, pursuant to which, Macro-Link International Land has undertaken to Wealth Venture: (i) not to exercise any and all rights in respect of its 49% voting rights in the general meetings of Macrolink Australia, without the consent of Wealth Venture; and (ii) to only exercise any and all rights in respect of its 49% voting rights in the general meetings of Macrolink Australia according to the instructions and directions given by Wealth Venture at all times so long as Wealth Venture and Macro-Link International Land are holders of shares in the share capital of Macrolink Australia.

As the holder of the Redeemable Preference Shares, Wealth Venture has control over 51% voting rights in the general meetings of Macrolink Australia and as a result of the arrangements contemplated under the TRS Agreement, the results, assets and liabilities of Macrolink Australia are consolidated into the books of the Company as a 100% subsidiary without non-controlling interests in the statement of profit or loss of the Company. This is consistent with the control that Wealth Venture has over Macrolink Australia both on shareholder and board of directors level. For further details of the Australia Group and the Property and the money flow in the transactions contemplated under the 2017 Agreements, please refer to section headed “INFORMATION ON THE AUSTRALIA GROUP AND THE PROPERTY” in the Letter from the Board in the Circular.

3.3 Principal terms of the Supplemental TRS Agreement

The following information has been extracted from the Letter from the Board:

Date: 29 November 2022

Parties: (i) Wealth Venture
(ii) Macrolink Australia

Under the TRS Agreement (as supplemented by the Supplemental TRS Agreement), on the date falling on the expiry of 83 months from the date of the TRS Agreement or any other earlier date as may be mutually agreed in writing by Macrolink Australia and Wealth Venture (the “**TRS Final Repayment Date**”), Macrolink Australia shall pay to Wealth Venture a sum equal to the Amended Total Return for the Amended Reference Period and Wealth Venture shall pay to Macrolink Australia a sum equal to the amount of accumulated interest payable by Macrolink Australia under the TRS Agreement. The sums if any payable by each party to the other shall be netted off against each other and reduced accordingly so that the sum, if any, payable by one party to the other shall be the net sum due from that first party after such netting off.

“Amended Total Return” means a sum that is equal to 80% of the aggregate cash balance of all cash inflows net of all cash outflows and all provisions and accruals (including but not limited to the Subscription Price and the Premium, and the Loan and any interest thereon) in relation to the Project for the Amended Reference Period as shown in the books and records of AusCo (the “**Available Project Cash Flow**”), minus AUD34.48 million (equivalent to approximately HK\$213.78 million), being the then agreed market value of AusCo’s shares held by Macrolink Australia (the “**Macrolink Retained Amount**”); and in the event that 80% of the Available Project Cash Flow for the Amended Reference Period is less than the Macrolink Retained Amount, the Macrolink Retained Amount will be permanently reduced by the amount of 80% of the Available Project Cash Flow for the Amended Reference Period for the purposes of determining the Amended Total Return, provided that notwithstanding the foregoing in any event the Amended Total Return in the Amended Reference Period shall be limited to and shall not exceed a sum equal to the net cash balance of Macrolink Australia on the date the relevant sum is paid.

“Amended Reference Period” means the period commencing from 31 January 2018 to the TRS Final Repayment Date (or, if later, the date on which the Project is completed and all units in the Project are developed and sold).

Based on the understanding and arrangement between the parties to the TRS Agreement, the Group shall be entitled to terminate the TRS Agreement at its discretion in the event that the Total Return is lower than the accrued interest under the Loan Agreement.

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Conditions precedent to the Supplemental TRS Agreement

The amendments to the Supplemental TRS Agreement are conditional upon the fulfilment of the following conditions:

- (a) the Company having obtained the relevant approval from the Independent Shareholders at the SGM in accordance with the requirements of the Listing Rules for the amendments as contemplated by the Supplemental TRS Agreement;
- (b) all Authorisations (if any) which are required for the entering into or the performance of obligations under the Supplemental TRS Agreement by the Company and the parties to the Supplemental TRS Agreement having been obtained and all filings with any competent authorities and other relevant third parties which are required for the entering into and the implementation of the Supplemental TRS Agreement having been made and such Authorisations (if any) remaining in full force and effect and there being no statement, notification or intimation of an intention to revoke or not to renew the same having been recorded; and
- (c) the warranties given by Macrolink Australia and Wealth Venture in the Supplemental TRS Agreement remaining true, accurate and correct in all material respects.

Further details of the principal terms of the Supplemental TRS Agreement are set out in the Letter from the Board.

3.4 Principal terms of the Supplemental Loan Agreement

The following information has been extracted from the Letter from the Board:

The Supplemental Loan Agreement

Date: 29 November 2022

Parties: (i) Wealth Venture as lender
(ii) Macrolink Australia as borrower

Final repayment date: The date falling on the expiry of 83 months from the date of the Loan Agreement, i.e. 28 August 2024, or such other date as may be mutually agreed in writing by Macrolink Australia and Wealth Venture (the “**Final Repayment Date**”).

Upon maturity, Macrolink Australia shall repay the Loan together with interest in full.

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Loan principal: The original amount of the Loan was AUD74.41 million (equivalent to approximately HK\$461.33 million at the then exchange rate of AUD1.00 to HK\$6.20), which has been repaid in full as at the Latest Practicable Date.

The outstanding interest accrued thereon as at 29 August 2022, i.e. the subject of the Supplemental Loan Agreement, was AUD19.31 million (equivalent to approximately HK\$96.55 million).

Interest Rate: (i) from the date of drawdown of the Loan to the date falling on the expiry of 59 months from the date of the Loan Agreement at the rate of 6.16% per annum based on a 365- day year; and (ii) from the day after the date falling on the expiry of 59 months from the date of the Loan Agreement to the Final Repayment Date at the interest rate of 5.50% per annum based on a 365-day year, due and accrued on each Interest Payment Date and payable on the Final Repayment Date.

Pursuant to the TRS Agreement (as supplemented by the Supplemental TRS Agreement), Wealth Venture and Macrolink Australia have agreed to enter into a swap arrangement in relation to the interest, pursuant to which Wealth Venture shall receive and Macrolink Australia shall pay the Amended Total Return instead of the interest of the Loan on the Final Repayment Date. For details, please refer to the paragraph headed “The TRS Agreement” as set out in the Letter from the Board.

Early repayment: Macrolink Australia may prepay all or part of the Loan together with interest after the date of drawdown subject to the prior consent of Wealth Venture.

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Further details of the principal terms of the Supplemental Loan Agreement are set out in the Letter from the Board.

Conditions precedent to the Supplemental Loan Agreement

The amendments to the Supplemental Loan Agreement are conditional upon the fulfilment of the following conditions:

- (a) the Company having obtained the relevant approval from the Independent Shareholders at the SGM in accordance with the requirements of the Listing Rules for the amendments as contemplated by the Supplemental Loan Agreement; and
- (b) evidence that all authorisations have been obtained and all necessary filings, registrations and other formalities have been or will be completed in order to ensure that the Supplemental Loan Agreement is valid and enforceable.

As at the Latest Practicable Date, none of the above conditions have been satisfied.

3.5 Evaluation on the terms of the Supplemental Agreements

We noted that the Group had abundant cash and cash equivalents of approximately HK\$541.1 million as at 30 June 2022, which was more than sufficient to cover its total liabilities of approximately HK\$336.7 million as at 30 June 2022. We further noted that the gearing ratio of the Group, being total liabilities to total assets, were approximately 14.8%. The Management have further advised that as of 31 October 2022, the Group had cash and cash equivalents of more than HK\$590 million. Therefore, we concur with the Management that the liquidity of the Group is on a healthy position.

Based on the above, we concur with the view of the Management that the Supplemental Agreements provide the Group an opportunity to mitigate its losses in the Project if the property market in Australia experience a strong growth that can be beneficial to the remaining Project with limited risk and based on the Group's healthy liquidity position.

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We have discussed and understand from the Management that in determining the terms of the Supplemental Agreements, including the interest rate, the Company has also considered, among other things, (i) the latest situation of the property market in Australia; (ii) the situation that Macrolink Australia does not currently have sufficient funds to make a full redemption of the Redeemable Preference Shares or fully repay the interests accrued under the Loan Agreement; (iii) the Group has already recovered the principal amount of the Loan and a portion of the interests accrued thereon has already been repaid by Macrolink Australia; (iv) there is rental income each year from the boutique mall if it is unsold; and (v) the Supplemental TRS Agreement would act as a safeguard measure allowing the Company to maximise the returns if property market in Australia experiences a strong growth. We have reviewed a calculation prepared by the Company based on the assumption that the remaining units can be sold at prices comparable to the initial projected prices, Macrolink Australia would still have fund gap of not more than AUD20.00 million (equivalent to approximately HK\$100.00 million). We have therefore further discussed with the Management and have considered two scenarios as below:

- (a) not entering into the Supplemental Agreements, thus no extension on the TRS Agreement, Subscription Agreement and the Loan Agreement, liquidate the Project and Macrolink Australia and recognise the relevant losses in the financial statement; and
- (b) entering into the Supplemental Agreements, the remaining units can be sold at prices comparable to the valuation as at 30 June 2022 during the two years extension and recognise the relevant losses in the financial statement after the end of Supplemental Agreements.

The relevant financial figures and estimated financial impacts to the Company is listed out for illustrative purpose as follows:

	Scenario (a) AUD'000	Scenario (b) AUD'000
Cash balance as at 31 December 2022	11,560	11,560
Value of unsold properties (with reference to the valuation as at 30 June 2022)	36,568 (Note 1)	52,240
Rental income	463	3,700
Operational costs	(403)	(3,220)
Liquidation costs	(800)	Nil
Estimated project cashflow	47,338	64,280
Estimated net cash inflows (representing 80% of the estimated project cashflow)	37,910	51,424

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	Scenario (a) AUD'000	Scenario (b) AUD'000
Outstanding interest on the Loan	(19,320)	(21,550)
Subscription amount of the Redeemable Preference Shares		
Shares	(35,890)	(35,890)
Premium on the Redeemable Preference Shares	(12,840)	(18,480)
Expected return gap	(30,140)	(24,496)

Note:

1. the value of unsold properties in scenario (a) is at a 30% discount to the valuation as at 30 June 2022, with reference to the discount commonly applied to the liquidated properties in the case of liquidation sale

We have discussed with the Management regarding the assumptions and scenarios as mentioned above, considering there would be extra costs to be incurred for liquidation in scenario (a) above and complicated and lengthy legal procedures, the Management further advised that based on the understanding from the Management, given (i) the complicated and time consuming process of liquidation; (ii) additional cost to be incurred during the liquidation process; and (iii) potential negative impact on the value of remaining property since the liquidator would need to produce the open valuation of the remaining property to be disposed off under the foreclosure through the court. As illustrated in the table above, the expected return gap for scenario (a) would be approximately AUD30.1 million which is attributable to the discount of unsold properties and the liquidation costs. For scenario (b), which would provide additional income to the Company but also incur operational costs, as a result the expected return gap would be approximately AUD24.5 million, which was mainly due to an unforeseen increase of total project finance costs of approximately AUD26.41 million in relation to the interruption of construction process. The difference between scenario (a) and (b) is approximately AUD5.6 million. We therefore concur with the Management that scenario (a) is not the scenario that is favourable to the Company, and scenario (b) is more favourable to the Company. As illustrated in the table above, the Australian Group would have sufficient cash to redeem the Redeemable Preference Shares but would not have sufficient cash to repay the total amount of the Premium and the accrued interests accrued under the Loan Agreement.

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As such, to further assess the fairness and reasonableness of the terms of the Supplemental Agreements, we have conducted our independent research in relation to the Australian economy, the property market of Australia, the lending rate and the deposit rate in Hong Kong and Australia:

- (i) based on the latest release from the Australian Bureau of Statistics in September 2022, the Australian economy grew by 3.9% over 2021-2022, which is the strongest year-on-year growth since 2011-2012 and a recovery from the Delta-affected 1.6% rise in the previous financial year¹;
- (ii) the Australian gross domestic product (the “GDP”) was greatly affected by the L-strain and the Delta outbreaks of COVID-19, resulting in two large falls in GDP during the height of restrictions across Australia². Strong rebounds in growth followed as the population emerged from lockdowns. The GDP rose 0.9% in the June quarter 2022, following a rise of 0.7% in March quarter 2022³;
- (iii) with reference to the residential property price indexes⁴, the index for Sydney rose for approximately 4.1% from September 2021 to December 2021, except for the decrease in 2019, the index has been rising since June 2020 from 165.9 to 218.7 for December 2021;
- (iv) according to the financial stability review issued by the Reserve Bank of Australia in October 2022, as at June 2022, the retail and office property market conditions remain weak while retail shopping centre vacancy rates remain elevated, particularly in the central business districts of major capital cities where the pandemic has had a persistent dampening effect on economic activity;
- (v) with reference to Hongkong and Shanghai Banking Corporation in Hong Kong as provided by the Company, the prime rate is approximately 5.375% as of November 2022 and the fixed deposit rate of the China Construction Bank (Asia) is approximately 5.35% as at 1 December 2022; and
- (vi) with reference to the public information on the websites of Commonwealth Bank Australia, Australia and New Zealand Banking Group, National Australia Bank and Macquarie Bank as of November 2022, the deposit rate is range from 3.75% to 4.00%.

¹ <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/jun-2022>

² <https://www.abs.gov.au/articles/economic-gains-and-losses-over-covid-19-pandemic>

³ <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/jun-2022>

⁴ <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/residential-property-price-indexes-eight-capital-cities/dec-2021>

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Considering the (i) strong recovery of economy as compared to year 2021; (ii) the strong rebounds of GDP mentioned above, which may be positive to the housing market of Australia; (iii) the rising residential property index of Sydney since June 2020 which may have positive impact on the price of the Project; (iv) weak retail and office property market conditions as at June 2022 but the boutique mall under sale had been leased out with a rental income each year; (v) the principal amount of the Loan has been repaid in full thus the Company had recovered a majority amount in relation to the Loan; and (vi) the interest rate of the Loan reduced from 6.16% to 5.50% per annum but is still similar to or more favourable than the fixed deposit interest rate offered by the banks in Hong Kong or Australia. We are of the view that the terms of the Supplemental Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In order to further assess the fairness and reasonableness of the Premium under the Supplemental Subscription Agreement at 5.50% per annum, considering the nature of the Redeemable Preference Shares is similar to the Loan, we therefore assess the interest rate of the Premium together with the interest rate of the Loan under the Supplemental Loan Agreement, which was also being 5.50%. We therefore reviewed similar transactions involving the provision of loan to a connected person with a fixed interest rate by companies listed in Hong Kong during the period from 1 June 2022 to and up to the date of the Announcement (the “**Review Period**”), being approximately six-months period prior to the date of the Supplemental Loan Agreement, which was considered to be sufficient for the purpose of our analysis set out hereunder as we are of the view that the transactions to be representative of similar historical transactions.

On a best effort basis and to the best of our knowledge, we have identified 13 transactions on an exhaustive basis (the “**Market Comparables**”) which are representative and meet the aforementioned criteria. In view of the criteria which are set out based on the relevant terms under the Supplemental Subscription Agreement and the Supplemental Loan Agreement and six-months period should be enough for reflecting the latest market condition with similar transactions, we consider the Market Comparables to be fair and representative for the purpose of conducting a comparable analysis for reference, and are meaningful references to the Independent Shareholders on the general market practice in connection with recent similar transactions. Set out below are the details of the Market Comparables:

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Shareholders should note that the size, business nature, scale of operations and prospects of the Company are not exactly the same as the Market Comparables and we have not made any adjustments to the Market Comparables, conducted any in-depth investigation into the size, business nature, scale of operations and prospects of the Market Comparable. Nevertheless, given that this analysis is aiming at taking a general reference to the market practice in relation to similar type of transactions, we consider that our comparable analysis on the terms of the Supplemental Loan Agreement without limiting to companies that are with similar size, business nature and scale of operations as that of the Group is fair and reasonable and useful for the Independent Shareholders' reference. We set out our findings in the table below:

No.	Date of announcement	Stock code	Company name	Size of the loan	Interest rate of the loan	Term to maturity	Collateral/ Guarantee
1.	24-Nov-22	606	SCE Intelligent Commercial Management Holdings Limited	Equivalent to approximately HK\$980.1 million (Note 1)	7.00%	N/A (Note 2)	Yes
2.	18-Nov-22	1328	Goldstream Investment Limited	Equivalent to approximately HK\$234 million	15.00%	24 months	No
3.	11-Nov-22	8480	Furniweb Holdings Limited	Equivalent to approximately HK\$8.3 million	6.00%	24 months	N/A (Note 9)
4.	29-Sep-22	2600	Aluminum Corporation of China Limited	Equivalent to approximately HK2.2 billion (Note 3)	5.35%	60 months	No
5.	29-Sep-22	6639	Arrail Group Limited	Equivalent to approximately HK\$86.3 million (Note 4)	4.50%	9 months	No
6.	16-Sep-22	1039	Changyou Alliance Group Limited	Equivalent to approximately HK\$100 million	6.50%	48 months	No
7.	15-Sep-22	667	China East Education Holdings Limited	Equivalent to approximately HK\$268.5 million (Note 5)	7.00%	18 months	Yes
8.	02-Aug-22	308	China Travel International Investment Hong Kong Limited	Equivalent to approximately HK\$244.1 million (Note 6)	4.35%	12 months	No
9.	26-Jul-22	230	Minmetals Land Limited	Equivalent to approximately HK\$102.4 million	Nil	48 months	No
10.	26-Jul-22	230	Minmetals Land Limited	Equivalent to approximately HK\$98.4 million	Nil	48 months	No

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No.	Date of announcement	Stock code	Company name	Size of the loan	Interest rate of the loan	Term to maturity	Collateral/ Guarantee
11.	18-Jul-22	2633	Jacobson Pharma Corporation Limited	Equivalent to approximately HK\$11.8 million (Note 7)	2.00%	60 months	No
12.	15-Jul-22	87001	Hui Xian Real Estate Investment Trust	Equivalent to approximately HK\$116.2 million (Note 8)	5.30%	60 months	N/A (Note 9)
13.	29-Jun-22	2280	HC Group Inc.	Equivalent to approximately HK\$29.3 million (Note 10)	8.00%	12 months	No
			Maximum	Approximately HK\$2.2 billion	15.00%	60 months	
			Minimum	Approximately HK\$8.3 million	Nil	9 months	
			Median	Approximately HK\$102.4 million	5.46%	24 months	
			Average	Approximately HK\$344.6 million	5.35%	35.3 months	
	29 November 2022	472	The Company	Approximately HK\$96.55 million (Note 11)	5.50%	36 months	No

Source: The website of the Stock Exchange (www.hkex.com.hk) and adopted from the relevant announcements.

Notes:

- For illustration purpose only, the amounts in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.0890.
- The term is a fixed term commencing from the date of drawdown and ending on 31 December 2024.
- For illustration purpose only, the amounts in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.1065.
- For illustration purpose only, the amounts in US\$ have been converted into HK\$ at the rate of US\$1 to HK\$7.8497.
- For illustration purpose only, the amounts in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.1189.
- For illustration purposes only, the amounts in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.1624.
- As disclosed in the announcement of Jacobson Pharma Corporation Limited dated 18 July 2022, subject to the fulfilment of the condition, the subscriber shall provide the shareholder's loan by tranches in an aggregate amount of not less than US\$1,500,000 but not more than US\$7,000,000 to OCUS and its subsidiaries. For illustration purpose, US\$1,500,000 has been the size of the loan and the amounts in US\$ have been converted into HK\$ at the rate of USD\$1 to HK\$7.8499.
- For illustration purposes only, the amounts in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.1617.
- No information in relation to the collateral or the guarantee was noted in the announcement.

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10. For illustration purposes only, the amounts in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.172.
11. The original amount of the Loan has been repaid in full as at the Latest Practicable Date, the outstanding interest accrued thereon as at 29 August 2022, i.e. the subject of the Supplemental Loan Agreement, was AUD19.31 million (equivalent to approximately HK\$96.55 million)

Interest rate

As shown from the table above, the interest rate of the Market Comparables ranges from nil to 15.00%, with an average of approximately 5.35% and a median of approximately 5.46% per annum. We note that the interest rate of 5.50% under the Supplemental Loan Agreement is higher than the average and the median, and falls within the range of the interest rate of the Market Comparables.

Term to maturity

As illustrated by the above table, the term to maturity of the Market Comparables ranges from 9 months to 60 months with an average of 35.3 months and median of 24 months. The duration of the Supplemental Loan Agreement is in line with the aforesaid range of Market Comparables. Accordingly, we consider the term of maturity of the Supplemental Loan Agreement to be fair and reasonable.

Collateral/Guarantee

As illustrated by the above table, (i) 9 out of 13 Market Comparables were not secured by collateral or guarantee; and (ii) no information in relation to the collateral or the guarantee was noted in the announcements for the remaining three Market Comparables. As such, it is not uncommon in the market for provision of a loan to a connected person by the listed companies in Hong Kong without collateral or guarantee.

Having considered the above, in particular (i) the Premium under the Supplemental Subscription Agreement and the interest rate under the Supplemental Loan Agreement is within the range, higher than the average and median of the interest rate of the Market Comparables during the Review Period; (ii) the term to maturity falls within the range of the term to maturity of the Market Comparables during the Review Period; and (iii) it is not uncommon in the market for provision of a loan to a connected person by the listed companies in Hong Kong without collateral or guarantee, we are of the view that the terms of the Supplemental Subscription Agreement and the Supplemental Loan Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

3.6 Potential financial effects

As at the Latest Practicable Date, the outstanding interest amount was approximately AUD19.31 million (equivalent to approximately HK\$96.55 million). The principal amount of the Loan has been repaid in full and there will be no further drawdown of Loan, thus, there will be no impact on the net asset value of the Group. Therefore, the entering into of Supplemental Loan Agreement is not expected to have any material impact on the Group's financial position. As illustrated under the section headed "3.5 Evaluation on the terms of the Supplemental Agreements" above, the relevant financial figures and estimated financial impacts to the Company has been listed out with scenario (a) and scenario (b), the Australian Group would have sufficient cash to redeem the Redeemable Preference Shares but would not have sufficient cash to repay the total amount of the Premium and the accrued interests accrued under the Loan Agreement. It should be noted that the above analysis is for illustrative purpose only and do not to represent how the financial position of the Group will be after entering the Supplemental Loan Agreement.

In view of the above financial effects, we consider that the overall financial effects on the Group as a result of the Supplemental Loan Agreement is acceptable.

VI. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular,

- (i) liquidity of the Group is on a healthy position and the Supplemental Agreements provide the Group an opportunity to mitigate its losses in the Project if the property market in Australia experience a strong growth that can be beneficial to the remaining Project with limited risk and based on the Group's healthy liquidity position;
- (ii) without the extension contemplated under the Supplemental Agreements may tarnish the reputation of the Group and the default position of Macrolink Australia would affect the confidence of the potential buyers and may affect the marketability and realizable value of the remaining units;
- (iii) the analysis of different scenarios and assumptions;
- (iv) further research conducted on assessing the fairness and reasonableness of the terms of the Supplemental Agreements showing that the terms of the Supplemental Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (v) the overall financial effects on the Group as a result of the Supplemental Agreements is acceptable.

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We are of the opinion that the transactions under the Supplemental Agreements are not in the ordinary and usual course of business of the Group, and the Supplemental Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolution to approve the Supplemental Agreements and the transactions contemplated thereunder at the SGM.

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 24 years of experience in corporate finance industry.

I. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022 are disclosed in the following documents which have been published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.newsilkroad472.com:

- Annual report of the Company for the year ended 31 December 2019 published on 14 May 2020 (pages 73 to 186) at <http://www1.hkexnews.hk/listedco/listconews/sehk/2020/0514/2020051400735.pdf>;
- Annual report of the Company for the year ended 31 December 2020 published on 15 April 2021 (pages 74 to 170) at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0415/2021041500299.pdf>;
- Annual report of the Company for the year ended 31 December 2021 published on 14 April 2022 (pages 76 to 164) at <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0414/2022041400978.pdf>; and
- Interim report of the Company for the six months ended 30 June 2022 published on 27 September 2022 (pages 2 to 26) at <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0927/2022092700914.pdf>.

II. INDEBTEDNESS STATEMENT

Borrowings

As at the close of business on 31 January 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had the following borrowings:

As at 31 January 2023, the total indebtedness of the Group amounted to approximately HK\$84.16 million, and comprised of (i) amounts due to related parties of approximately HK\$0.22 million; (ii) amount due to non-controlling shareholders of subsidiaries approximately HK\$25.20 million; (iii) secured borrowings of approximately HK\$58.31 million; and (iv) other borrowings of approximately HK\$0.43 million.

Contingent liabilities

As at the close of business on 31 January 2023, the Group did not have any contingent liabilities.

Save as disclosed in this circular and apart from intra-group liabilities, the Group did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities as at 31 January 2023, being the latest practicable date for the Group's indebtedness statement. Since 31 January 2023 and up to the Latest Practicable Date, there has not been any material adverse change in the Group's indebtedness and contingent liabilities.

III. WORKING CAPITAL STATEMENT

The Directors confirm that, after due and careful enquiry and taking into consideration the financial resources available to the Group, including banking facilities and other internal resources available to the Group, the Group has sufficient working capital for at least the next 12 months commencing from the date of this circular.

IV. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, save for (i) a probable decrease in revenue as less apartments were delivered under the Project; (ii) a possible impairment loss in the gaming license, and (iii) the increase in loss due to an impairment of the land in the Glorious Hill project, there was no material adverse change in the financial or trading position of the Group since 31 December 2021, the date to which the latest published audited consolidated financial statements of the Group were made up.

V. FINANCIAL AND TRADING PROSPECT OF THE GROUP

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.

In 2021, although the COVID-19 epidemic continued to run rampant, the global economy began to recover gradually from the huge impact of the COVID-19 epidemic. Under the strong leadership of the Chinese central government, China not only took the lead in controlling the spread of the epidemic, but also took the lead in realising economic recovery, and maintained its economic growth momentum in the past year, achieving the dual goals of higher growth and lower inflation with the good economic development momentum.

The Group's wine business was benefited and driven by China's effective control of the epidemic and China's domestic economic recovery. The revenue from the wine business for the year ended 31 December 2021 (the "Year") fell by only 4% to HK\$112.4 million (2020: HK\$117.2 million). However, due to the new product replenishing sales model adopted last year, the gross profit of the wine business for the Year increased sharply in 2022, achieving a net profit of about HK\$9.4 million. In keeping with what Shangri-La Wine re-branded in 2021, it adjusted its business strategy in a timely manner to activate the post-epidemic retaliatory high-end consumption with a clean-up model. The wine business is expected to remain a major part of the Group's total revenue, for which we will strive to promote revenue generation and review the feasibility of restructuring the existing business structure to be ready to respond to market changes. In the first half of 2022, The Group's winery business in Mainland China was constrained by China's epidemic prevention and control measures in the six months ended 30 June 2022, but the situation was still stable, with a period-to-period revenue drop of only 4.6%. We expect that the wine business will gradually recover and even grow amid the epidemic.

Among the two businesses of the Group in Jeju, South Korea, the development project of Glorious Hill has not been able to start construction due to project financing obstacles, and the entertainment business has been suspended throughout the Year in order to cooperate with the local government's epidemic prevention work. As it is expected that the global epidemic is likely to continue in the coming year, the Group will respond prudently and will adjust the business strategy of the Group's South Korean business as appropriate, including but not limited to considering the potential disposal or divestment of all or part of the South Korean business.

The Sydney Opera Residences Project was substantially completed with the delivery of most of the residential apartments on schedule in December 2021. The relevant revenue of approximately HK\$2,489.3 million and the relevant gross profit of HK\$499.6 million have been recognised in the financial results for the Year. After the repayment of about HK\$1.7 billion of the Australian project development loan, there are more than HK\$620 million equivalent of cash and more than HK\$540 million equivalent of sustainable real estate and commercial properties in the Group. It is expected that this part will continue to boost a better performance in 2022 in terms of greater income and return on investment. During the six months ended 30 June 2022, eight of the remaining apartments in the Project were successively delivered with a revenue of approximately HK\$202.4 million and related gross profit of HK\$35.1 million in the financial statements for the six months ended 30 June 2022.

As the successful delivery of the project in Australia laid the foundation for the Group to turn losses into profits during the Year, the overall revenue of the Group for the Year increased sharply by 2,113.3% to HK\$2,601.7 million (2020: HK\$117.6 million), and a profit of HK\$57.6 million (2020: loss of HK\$114.3 million) was recorded. Profit attributable to shareholders of the Company was HK\$61.9 million (2020: loss of HK\$92.0 million). Basic profit per share was HK1.93 cents (2020: loss of HK2.87 cents). As at 31 December 2021, the Group had total assets and net assets valued at HK\$2,766.8 million and HK\$2,141.6 million respectively. As in the six months ended 30 June 2022, (i) the revenue from winery business decreased by 4.60% to HK\$47.7 million (for the six months ended 30 June 2021: HK\$50.0 million), (ii) the Australian Project recognised revenue of approximately HK\$202.4 million (for the six months ended 30 June 2021: nil), total revenue for the six months ended 30 June 2022 increased largely by 400.0% to approximately HK\$250.1 million (for the six months ended 30 June 2021: HK\$50.0 million). However, due to the impairment loss of the Glorious Hill resort land in Jeju, South Korea, approximately HK\$103.6 million (for the six months ended 30 June 2021: nil) and the accrual of under-provision in prior year income tax expenses of approximately HK\$18.1 million in the Australian Project (for the six months ended 30 June 2021: nil), the Group recorded loss of approximately HK\$123.4 million (for the six months ended 30 June 2021: loss of HK\$14.6 million). Loss attributable to shareholders of the Company was HK\$73.3 million (for the six months ended 30 June 2021: loss of HK\$11.8 million); Basic loss per share was HK2.29 cents (for the six months ended 30 June 2021: loss of HK0.37 cents). As at 30 June 2022, the Group had total assets and net assets valued at HK\$2,267.4 million and HK\$1,930.7 million respectively.

Despite the huge pressure brought by the rebound of the COVID-19 epidemic and changes in the domestic and foreign economic environment, the PRC's strong ability to prevent and control the epidemic, strong economic resilience, sufficient potential, and long-term positive fundamentals have not changed, and the economy will continue to grow steadily. It is believed that the Group's wine business will continue to flourish. In addition, in both domestic and foreign market, fixed asset investment will still be the "ballast stone" for the smooth operation of the economy, especially when governments of various countries need to boost the local economy and accelerate the return of excessive monetary liquidity issued during the epidemic. Stable asset investment, being the mainstay of GDP, will still be favored by consumers, and it is expected that overseas real estate and cultural-tourism will return to normal operations. The Group will continue to take innovative ideas as its advantages, rely on financial stability, take diversified development as its orientation, and give back to the society. It will open up new opportunities in the changing situation, maintain high-quality development, and continue to provide customers with better products and services and outstanding achievements to create higher value for the development of cultural tourism and the urban-planning.

Looking ahead, the Group will continue to strive for business growth and seize opportunities in order to bring greater returns to the Shareholders. On 4 January 2023, the Group entered into an acquisition agreement to acquire 100% of the equity interest of 北京潮來潮往文化傳媒有限公司 (Beijing Chaolaichaowang Culture Media Company Limited), the indirect holding company of a group of property management companies under the brand name "Yuehao Property Management (悅豪物業管理)". The acquisition, if completed, is expected to provide the Company with an opportunity to expand its property related businesses into property management in the PRC under an established brand name. Details of the acquisition are disclosed in the announcement of the Company dated 4 January 2023.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company and their associates in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”) were as follows:

(i) Long positions in the Shares and underlying shares of the Company:

Name of Directors	Nature of interest	Number of Shares held	Number of underlying shares held pursuant to share options	Total	Approximate percentage of the Company's issued share capital
Mr. Zhang Jian	Beneficial owner	–	7,850,400	7,850,400	0.24%
Mr. Hang Guanyu	Beneficial owner	–	7,850,400	7,850,400	0.24%
Mr. Liu Huaming	Beneficial owner	–	7,850,400	7,850,400	0.24%

(ii) Long positions in the registered capital in associated corporation of the Company:

Name of Director	Name of associated corporation	Nature of interest	Registered capital held in the associated corporation	Approximate percentage of registered capital
Mr. Zhang Jian	Cheung Shek Investment Company Limited	Beneficial owner	RMB6,715,000	3.36%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. COMPETING INTERESTS

As at the Latest Practicable Date, (i) Mr. Ma Chenshan is the director and executive vice president of Macro-Link Holding Company Limited, the ultimate controlling shareholder of the Company, and the chairman and the director of Macrolink Culturaltainment Development Co., Ltd., a non-wholly owned subsidiary of Macro-Link Holding Company Limited, and a director of Macro-Link International Land, which is a wholly-owned subsidiary of Macrolink Culturaltainment Development Co., Ltd. and the controlling shareholder of the Company; (ii) each of Mr. Zhang Jian, Mr. Hang Guanyu and Mr. Liu Huaming is a director and/or senior management of Macrolink Culturaltainment Development Co., Ltd.

Macro-Link Holding Company Limited, Macrolink Culturaltainment Development Co., Ltd. and Macro-Link International Land are all involved in the development and operation of residential and commercial real estate, and cultural tourism businesses in the PRC. The above-mentioned competing businesses are operated and managed by companies with independent management and administration. In addition, the Board is independent of the boards of directors of the above-mentioned companies carrying on the competing businesses. Accordingly, the Group is capable of carrying on its businesses independent of the competing businesses mentioned above.

Save as disclosed above, none of the Directors or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, save for the 2017 Agreements, the Supplemental Agreements and the sale and purchase agreement dated 4 January 2023 referred to in item (d) of the material contracts referred to in the paragraph headed “9. Material Contracts” in this appendix, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

6. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which, since 31 December 2021 (the date to which the latest published audited financial statements of the Group were made up), had been or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, NSR Toronto Holdings Ltd. (“**NSR Toronto**”), an indirect wholly-owned subsidiary of the Company, was involved in the following litigation:

- (i) NSR Toronto Holdings Ltd. (“**NSR Toronto**”), an indirect wholly-owned subsidiary of the Company, issued a notice of action dated 30 May 2019 and filed a statement of claim dated 27 June 2019 (the “**2019 Claim**”) in the Superior Court of Justice in Ontario (the “**Ontario Court**”) against CIM Development (Markham) LP, CIM Mackenzie Creek Residential GP Inc., CIM Commercial LP, CIM Mackenzie Creek Commercial GP Inc., CIM Mackenzie Creek Inc. and CIM Global Development Inc. (collectively, the “**Project Defendants**”), which were all then non-wholly owned subsidiaries and/or affiliates of NSR Toronto, CIM Mackenzie Creek Limited Partnership, CIM Homes Inc., 10184861 Canada Inc. and Mr. Jiubin Feng (collectively, the “**CIM Defendants**”, together with the Project Defendants, collectively, the “**Defendants**”). Pursuant to the 2019 Claim, NSR Toronto seeks damages for breach of contract and breach of the duty of good faith, for accounting and disgorgement of profits for breach of fiduciary duty and breach of trust for failure or refusal to disclose self-dealing transactions that harmed NSR Toronto’s interests, and for specific performance (or damages in lieu thereof) for refusal to honour their obligations under the agreement entered into with the Group dated 30 May 2017 in amounts to be particularised in the course of proceedings together with interest and costs.

The Defendants filed a statement of defence and counterclaim dated 16 August 2019 (the “**Counterclaim**”) in the Ontario Court to (a) deny any and all liability to NSR Toronto; (b) ask that the action be dismissed; and (c) claim against NSR Toronto for damages, in an amount to be determined prior to trial, relating to the Defendants’ lost profits in the development project.

On 4 October 2019, NSR Toronto filed a notice of motion in Ontario Court for, among other matters: (a) an order staying or dismissing the Counterclaim brought on behalf of the Project Defendants; and (b) an order striking out the Counterclaim on the grounds that the Counterclaim was commenced without the authority of the Project Defendants which were controlled by NSR Toronto at the time.

On 17 January 2020, the Ontario Court ordered that the Counterclaim brought in the name of the Project Defendants be stayed and the CIM Defendants were ordered to pay NSR Toronto's costs incurred on the motion.

On 25 February 2020, NSR Toronto delivered an amended claim in which only the CIM Defendants remain as defendants (the "**Amended Claim**"). The Amended Claim reflects certain developments since the 2019 Claim was first issued. On 16 June 2020, the CIM Defendants served a fresh amended statement of defence and counterclaim (the "**Amended Counterclaim**") to claim against NSR Toronto for breach of contract, breach of fiduciary duties, breach of good faith and misrepresentation for damages in the amount of CAD50 million (equivalent to about HK\$310 million). On 11 September 2020, NSR Toronto delivered a reply and defence to the Amended Counterclaim.

During the year 2021, NSR Toronto, with the advice from the Canadian legal counsel, has determined for various strategic reasons not to advance this claim. On 28 June 2022, by its counsel, CIM Defendants and CIM International Group Inc. delivered a letter to NSR Toronto's counsel, enclosing a new claim commenced on 30 May 2022 against NSR Toronto, NSR Canada Development Limited, the Company, and various current and past management personnel of the Company. This new action, on its face, appears to duplicate the allegations already advanced in the existing counterclaim referred to above.

On 2 August 2022, counsel to the CIM parties advised that they would be bringing a motion to obtain an order freezing the balance of the proceeds from the Disposal (as defined below) in 2019 which the CIM parties alleged are held in an escrow arrangement. The same day, the CIM parties also advised that they had resolved matters with 2728926 Ontario Inc and they would no longer be defendants in the counterclaim. The freeze motion and cross motion, which were initially scheduled to be heard in January 2023, were, at the request of the CIM parties, rescheduled to be heard in January 2024.

- (ii) On 13 March 2020 (Toronto time), NSR Toronto and one of its officers were served in Ontario, Canada, with a statement of claim dated 21 February 2020 (the “**2020 Claim**”) filed in the Ontario Court by two Ontario companies (collectively, the “**Plaintiffs**”). The 2020 Claim raises a number of legal and factual allegations against the direct parent of NSR Toronto (and wholly owned subsidiary of the Company) and the Company, (the “**NSR Defendants I**”), NSR Toronto and the officer of NSR Toronto (the “**NSR Defendants II**”, together with the NSR Defendants I, collectively, the “**NSR Defendants**”) as well as against a number of entities not related to the Group (the “**Other Defendants**”). As against the NSR Defendants, the Plaintiffs seek CAD8 million (equivalent to about HK\$49.7 million) in the aggregate for alleged breaches of contract, conspiracy and punitive damages, including a consulting fee amounted to CAD5 million (equivalent to about HK\$31 million) in relation to disposal of a real estate investment project of the Group in 2019 (the “**Disposal**”). Similar claims are being advanced against the Other Defendants.

On 11 May 2020, the NSR Defendants II filed a statement of defence in the Ontario Court to deny the allegations of wrongdoing as alleged in the 2020 Claim and to request the action be dismissed. Subsequently, on 11 February 2021, one of the Plaintiffs served a motion record requesting from the Ontario Court, among other things, (a) an order allowing the Plaintiff to amend its 2020 Claim, including for the issuance of a certificate of pending litigation (“**CPL**”) as against the lands in the Disposal (the “**Amended 2020 Claim**”); (b) an order validating service of the Plaintiff’s motion record on the co-Plaintiff; (c) an order dispensing with service or allowing substitutional service by mail on the NSR Defendants I which have not been served yet with the 2020 Claim; and (d) the payment of CAD 5 million into the court by each of the NSR Defendants and the Other Defendants pending determination of the Plaintiffs rights regarding the consulting fee as stated above (the “**Plaintiff’s motion**”). The court granted the service-related relief on June 15, 2021, but items (a) and (d) remain outstanding (see below).

On 5 May 2021, the NSR Defendants II served a motion record for an order striking out the claims against them in the Amended 2020 Claim under the Rules of Civil Procedure (the “**NSR Defendants II’s motion**”). The motion was heard on 25 June 2021 and granted on 30 August 2021, with costs in favour of the NSR Defendants II fixed at CAD70,000. On May 12 2022, the Plaintiffs unsuccessfully attempted to appeal this decision before to the Court of Appeal. On 15 June 2021, also in respect of the Plaintiffs’ 11 February 2021 motion, the Ontario Court made orders to the effect that service on the NSR Defendants I was validated.

On 7 March 2022 the Ontario Superior Court heard the balance of the Plaintiffs’ 11 February 2021 motion (i.e., as to the issuance of a CPL and regarding the payment into court of the alleged CAD 5 million consulting fee). The court also heard the cross motion by the NSR Defendants I to challenge the Ontario courts’ jurisdiction over them. On 6 April 2022, the court issued its decision, dismissing the Plaintiffs’ motion and staying the action against the NSR Defendants I.

By letter to the Court dated 22 December 2022, counsel for the defendants requested that the appeal date be vacated pursuant to Justice Benotto's Order. On 23 December 2022, the Court advised the parties that the appeal had been delisted and the 3 February 2023 hearing date was cancelled. The NSR Defendants I have brought a motion to the Court of Appeal requiring the Plaintiffs to post security for costs of the appeal. That motion has not yet been scheduled by the court.

- (iii) On 9 June 2021 (Toronto time), NSR Toronto filed a statement of claim in the Ontario Court to claim against Global King Inc ("**Global King**") for compensatory damages of CAD7.2 million as well as punitive and exemplary damages of CAD0.1 million for Global King's interference in the disposition of Mackenzie Creek Project in 2019. Global King responded with a statement of defence on 29 July 2021. The parties are preparing affidavits of documents and are discussing a Discovery Plan, which is expected to be agreed by legal counsel for both the Plaintiff and the Defendants.

NSR Toronto will press the parties for completion of a Discovery Plan, failing which we may need to bring a motion to have the court set the dates of trials. The Discovery Plan would enable the Company to schedule examinations for discovery.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

8. QUALIFICATION AND CONSENT OF EXPERT

The following sets out the qualification of the expert who has given opinions, letter or advice included in this circular:

Name	Qualification
Red Sun Capital Limited	A licensed corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert had no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert had no interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the Supplemental Subscription Agreement;
- (b) the Supplemental Loan Agreement;
- (c) the Supplemental TRS Agreement; and
- (d) the sale and purchase agreement dated 4 January 2023 and entered into between 四川絲路數據科技有限公司 (Sichuan Silkroad Data Technology Company Limited) as purchaser and 北京運河長基投資有限公司 (Beijing Yunhe Zhangji Investment Limited) as vendor in relation to the acquisition of 100% of the equity interest of 北京潮來潮往文化傳媒有限公司 (Beijing Chaolaichaowang Culture Media Company Limited) at a total consideration of RMB430 million.

10. GENERAL

- (a) The secretary of the Company is Mr. Ng Mo Chun who is a fellow member and authorized supervisor of potential CPA of Hong Kong Institute of Certified Public Accountants, an associate of Hong Kong Company Governance Institute (Formerly known as Hong Kong Institute of Chartered Secretaries) and a member of Chartered Institute of Management Accountants.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (c) The principal place of business of the Company is located at Suite 15/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.
- (d) The Company's branch share registrar and transfer office in Hong Kong is Tricor Progressive Limited situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and website of the Company (www.newsilkroad472.com) for a period of 14 days from the date of this circular:

- (a) the letter from the Board, the text of which is set out on pages 7 to 33 of this circular;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 34 to 35 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 36 to 65 of this circular;
- (d) the written consent referred to in paragraph headed “8. Qualification and Consent of Expert” of this appendix; and
- (e) the material contracts referred to in the paragraph headed “9. Material Contracts” in this appendix.

The following are the Proposed Amendments brought about by the adoption of the New Bye-laws. Unless otherwise specified, clauses, paragraphs, clause numbers and Bye-law numbers referred to herein are clauses, paragraphs, clause numbers and Bye-law numbers of the Existing Bye-laws.

Bye-law No.	Proposed amendments (showing changes to the Existing Bye-laws)
Cover Page	<p>This is a consolidated version of the Bye-Laws of <u>New Silkroad Culturaltainment Limited</u>JLF Investment Company Limited formally adopted by shareholders at a <u>special</u> general meeting. The English version shall always prevail in case of any inconsistency between English version and its Chinese translation.</p> <p style="text-align: center;"><u>NEW SILKROAD CULTURALTAINMENT LIMITED</u> <u>JLF INVESTMENT COMPANY LIMITED</u> 新絲路文旅有限公司金六福投資有限公司* (Incorporated in Bermuda with limited liability)</p> <p style="text-align: center;">BYE-LAWS</p> <p style="text-align: center;">(Name changed from “Applied (China) Limited” to “MACRO-LINK International Holdings Limited” on 17 February 2004) (Name changed to “JLF Investment Company Limited” on 3 December 2007) <u>(Name changed to “New Silkroad Culturaltainment Limited”</u> <u>on 10 July 2015)</u></p> <p style="text-align: center;">(Adopted at an Annual<u>Special</u> General Meeting held on <u>22 March</u>15 May <u>2023</u>2012)</p> <p>* For identification purpose only</p>

1.	<p>In these Bye-laws, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column.</p> <table> <tr> <th data-bbox="395 348 496 385"><u>WORD</u></th><th data-bbox="783 348 927 385"><u>MEANING</u></th></tr> <tr> <td data-bbox="395 442 596 478">“business day”</td><td data-bbox="783 442 1396 825"> shall mean a day on which the Designated Stock Exchange generally is open for the business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Designated Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of these Bye-laws be counted as a business day. </td></tr> <tr> <td data-bbox="395 838 730 874">“close associate<u>associate</u>”</td><td data-bbox="783 838 1396 1187"> in relation to any Director, shall have the same meaning as defined in the Listing Rules as modified from time to time, except that for purposes of Bye-law 103 where the transaction or arrangement to be approved by the Board is a connected transaction referred to in the Listing Rules, it shall have the same meaning as that ascribed to “associate” in the Listing Rules.<u>the meaning attributed to it in the rules of the Designated Stock Exchange.</u> </td></tr> <tr> <td data-bbox="395 1229 555 1266">“Company”</td><td data-bbox="783 1229 1396 1442"> New Silkroad Cultural<u>tainment Limited</u>JLF Investment Company Limited (formerly known as <u>J L F I n v e s t m e n t C o m p a n y L i m i t e d</u>, – MACRO-LINK International Holdings Limited and Applied (China) <u>L</u>imited). </td></tr> <tr> <td data-bbox="395 1498 603 1534">“<u>Listing Rules</u>”</td><td data-bbox="783 1498 1396 1604"> <u>the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.</u> </td></tr> <tr> <td data-bbox="395 1659 724 1696">“substantial shareholder”</td><td data-bbox="783 1659 1396 1898"> a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the <u>Listing Rules</u>rules of the Designated Stock Exchange from time to time) of the voting <u>power</u>rights at any general meeting of the Company. </td></tr> </table>	<u>WORD</u>	<u>MEANING</u>	“ business day ”	shall mean a day on which the Designated Stock Exchange generally is open for the business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Designated Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of these Bye-laws be counted as a business day.	“ close associate <u>associate</u> ”	in relation to any Director, shall have the same meaning as defined in the Listing Rules as modified from time to time, except that for purposes of Bye-law 103 where the transaction or arrangement to be approved by the Board is a connected transaction referred to in the Listing Rules, it shall have the same meaning as that ascribed to “associate” in the Listing Rules. <u>the meaning attributed to it in the rules of the Designated Stock Exchange.</u>	“Company”	New Silkroad Cultural <u>tainment Limited</u> JLF Investment Company Limited (formerly known as <u>J L F I n v e s t m e n t C o m p a n y L i m i t e d</u> , – MACRO-LINK International Holdings Limited and Applied (China) <u>L</u> imited).	“ <u>Listing Rules</u> ”	<u>the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.</u>	“substantial shareholder”	a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the <u>Listing Rules</u> rules of the Designated Stock Exchange from time to time) of the voting <u>power</u> rights at any general meeting of the Company.
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2.	<p>(h) a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting <u>held in accordance with these Bye-laws and of which Notice in accordance with Bye-law 59 has been given;</u></p> <p>(j) a special resolution shall be effective for any purpose for which an ordinary resolution or a special resolution is expressed to be required under any provision of these Bye-laws or the Statutes;</p>
3.	<p>(3) Subject to compliance with the rules and regulations of the Designated Stock Exchange and any other competent<u>relevant</u> regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.</p>
7.	<p>Except so far as otherwise provided by the conditions of issue, or by these Bye-laws, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Bye-laws with reference to the payment of calls and instalments<u>installments</u>, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.</p>
9.	<p>Subject to Sections 42 and 43 of the Act, these Bye-laws, and to any special rights conferred on the holders of any shares or attaching to any class of shares, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its memorandum of association, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine. Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all Members alike.</p>

10.	<p>Subject to the Act and without prejudice to Bye-law 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths <u>of the voting rights of the Members holding shares</u> of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of these Bye-laws relating to general meetings of the Company shall, mutatis mutandis, apply, but so that:</p> <p>(a) the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a Member being a corporation, its duly authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two holders present in person (or in the case of a Member being a corporation, its duly authorised representative) or by proxy (whatever the number of shares held by them) shall be a quorum; and</p>
12.	<p>(1) Subject to the Act, these Bye-laws, any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount <u>to their nominal value</u>. Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such <u>allotment</u>, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.</p> <p>(2) The Board may issue warrants <u>or convertible securities or securities of similar nature</u> conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.</p>

16.	<p>Every share certificate shall be issued under the Seal or a facsimile thereof and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. <u>The Seal may only be affixed or imprinted onto a share certificate with the authority of the Directors, or be executed under the signature of appropriate officials with statutory authority, unless otherwise determined by the Directors.</u> No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any person.</p>
44.	<p>The Register and branch register of Members, as the case may be, shall be open to inspection between 10 a.m. and 12 noon during business hours by members of the public without charge at the Office or such other place at which the Register and/or branch register of Members are kept in accordance with the Act. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper and where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any means <u>(electronic or otherwise)</u> in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed <u>on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as at the date of the adoption of these Bye-laws (or the equivalent provision from time to time)</u> at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares. <u>Any Member who seeks to inspect the Register or branch Register, as the case may be, when it is closed may request the Company to issue a certificate signed by the Secretary stating the period for which, and by whose authority, it is closed.</u></p>
45.	<p><u>Subject to the rules of any Designated Stock Exchange, notwithstanding any other provision of these Bye-laws the Company or the Directors may fix any date as the record date for:</u></p> <p>(a) <u>determining the Members entitled to receive any dividend, distribution, allotment or issue</u>and such record date may be on, or at any time not more than thirty (30) days before or after, any date on which such dividend, distribution, allotment or issue is declared, paid or made; and</p>

46.	Subject to these Bye-laws, any Member may transfer all or any of his shares in any manner permitted by and in accordance with the rules of the <u>Listing Rules</u> Designated Stock Exchange or by an instrument of transfer in the usual or common form or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.
51.	The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in any newspapers in accordance with the requirements of any Designated Stock Exchange or by any means (electronic or otherwise) in such manner as may be accepted by the Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.
56.	Subject to the Act, a An annual general meeting of the Company shall be held in each financial year other than the financial year in which its statutory meeting is convened at an . An annual general meeting, at such time and place as may be determined by the Board, must be held within six such time (within a period of not more than fifteen (15) (6) months after the holding end of the Company's financial year last preceding annual general meeting unless a longer period would not infringe the Listing Rules rules of the Designated Stock Exchange, if (any) and place as may be determined by the Board.
57.	Each general meeting, other than an annual general meeting, shall be called a special general meeting. General meetings may be held in any part of the world as may be determined by the Board. <u>A meeting of the Members or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting. A general meeting may be held, as may be determined by the Board from time to time: (a) by physical attendance and participation by members at the specified place and where applicable, one or more places; (b) wholly by means of telephone, electronic or other communication facilities as mentioned above; or (c) by physical attendance at the specified place and where applicable, one or more places and at the same time by means of telephone, electronic or other communication facilities as mentioned above.</u>
58.	The Board may whenever it thinks fit call special general meetings, and <u>any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis,</u> shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be convened called by the Board and to add resolutions to the agenda of such <u>meeting for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Act.</u>

59.	<p>(1) An annual general meeting shall be called by Notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any special general meeting at which the passing of a special resolution is to be considered shall be called by Notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other special general meetings <u>(including a special general meeting at which the passing of a special resolution is to be considered)</u> may shall be called by Notice of not less than fourteen (14) clear days and not less than ten (10) clear business days but if permitted by the <u>Listing Rules</u> rules of the Designated Stock Exchange, a general meeting may be called by shorter notice if it is so agreed:</p> <p>(a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat <u>or by their proxies</u>; and</p> <p>(b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together <u>representing</u> holding not less than ninety-five per cent (95%) of the total voting rights at the meeting of all the <u>Members</u> in nominal value of the issued shares giving that right.</p>
61.	<p>(2) No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. Two <u>(2)</u> Members entitled to vote and present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy <u>or, for quorum purposes only, two (2) persons appointed by the clearing house as authorised representative(s) or proxy(ies) shall form a quorum for all purposes.</u></p>
63.	<p>The president or the chairman of the Company <u>or if there is more than one</u> the chairman, <u>any if one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present shall preside as chairman at every</u> any general meeting. If at any meeting the Company does not have a president or chairman or if the president or the chairman, as the case may be, is not present within fifteen (15) minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, <u>the deputy chairman of the Company or if there is more than one deputy chairman, any one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present shall preside as chairman. If no chairman or deputy chairman is present or is willing to act as chairman of the meeting</u> any person (whether or not a Director) appointed by the Board shall act as chairman of the meeting but failing such appointment, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or by proxy and entitled to vote shall elect one of their number to be chairman <u>of the meeting.</u></p>

66.	<p>(1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a poll every Member present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Bye-law, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views.</p> <p>(2) (b) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights, <u>on a one vote per share basis</u>, of all Members having the right to vote at the meeting; or</p> <p>(c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total <u>voting rights, on a one vote per share basis, in the share capital of the Company</u>sum paid up on all shares conferring that right.</p>
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73.	<u>All questions submitted to a meeting shall be decided by a simple majority of votes except where a greater majority is required by these Bye-laws or by the Act. In the case of an equality of votes, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.</u>
75.	<u>(3) Subject to Bye-law 76 and any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, all Members have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a Member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.</u>
76.	<u>(2) Where any Member is, under the Listing Rules</u> rules of the Designated Stock Exchange <u>, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.</u>
84.	<p>(1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative <u>to attend and vote at any meeting of the Company or at any meeting of any class of Members.</u> The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Bye-laws be deemed to be present in person at any such meeting if a person so authorised is present thereat.</p> <p>(2) Where a Member is a clearing house (or its nominee(s) and, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives <u>to attend and vote at any meeting of the Company or, at any meeting of any class of Members, or at any meeting of the creditors of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised.</u> Each person so authorised under the provisions of this Bye-law shall be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)), <u>including the right to speak and vote,</u> as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands.</p>

86.	<p>(2) <u>Without prejudice to the power of the Company in general meeting in accordance with any of the provisions of these Bye-laws to appoint any person to be a Director, The Directors Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or subject to authorization by Members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed shall hold office only until the following first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at the next annual general meeting.</u></p> <p>(4) Subject to any provision to the contrary in these Bye-laws the Members may, at any general meeting convened and held in accordance with these Bye-laws, by ordinary resolution remove a Director <u>(including a managing or other executive director)</u> at any time before the expiration of his period term of office notwithstanding anything in these Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the Notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director not less than fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.</p>
89.	<p>(6) ceases to be a Director by virtue of any provision of the Statutes or is removed from office pursuant to these Bye-laws.</p> <p><u>No Director shall be required to vacate office or be ineligible for re-election or re-appointment as a Director, and no person shall be ineligible for appointment as a Director, by reason only of his/her having attained any particular age.</u></p>

103.	<p>(1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his <u>close</u> associate(s) is/are materially interested, but this prohibition shall not apply to any of the following matters namely:</p> <p>(i) <u>the giving of any security or indemnity either:</u></p> <p>(a) <u>to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or</u></p> <p>(b) <u>to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;</u></p> <p>(ii) <u>any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;</u></p> <p>(iii) <u>any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:</u></p> <p>(a) <u>the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit;</u> <u>or</u></p> <p>(b) <u>the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associate(s) and employee(s) of the Company or any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates;</u></p>
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	<p><u>(iv) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.</u></p> <p>(i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;</p> <p>(ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;</p> <p>(iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;</p> <p>(iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company; or</p> <p>(v) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.</p>
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	<p>(2) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) and/or his associate<u>close associate</u>(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of interest of the Director and/or his associate<u>close associate</u>(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman <u>and/or his close associate(s)</u> as known to such chairman <u>and/or his close associate(s)</u> has not been fairly disclosed to the Board.</p>
109.	<p>(1) The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associate<u>close associated</u> in business) in establishing and making contributions out of the Company's moneys to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any of its subsidiary companies) and ex-employees of the Company and their dependants or any class or classes of such person.</p>
116.	<p>(2) Directors may participate in any meeting of the Board by means of a conference telephone, electronic<u>electronic</u> or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.</p>
118.	<p>The Board may elect <u>one or more</u>a chairman<u>chairmen</u> and one or more deputy chairman<u>chairmen</u> of its meetings and determine the period for which they are respectively to hold such office. If no chairman or deputy chairman is elected, or if at any meeting neither<u>no</u> the chairman or<u>nor</u> any deputy chairman is present within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.</p>

148.	<p>(1) The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law and subject to Section 40(2A) of the Act, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.</p> <p>(2) <u>Notwithstanding any provision of these Bye-laws, the Board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting.</u></p>
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153A.	<p>To the extent permitted by and subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the <u>Listing Rules</u>rules of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Bye-law 153 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, summarised financial statements derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.</p>
153B.	<p>The requirement to send to a person referred to in Bye-law 153 the documents referred to in that provision or a summary financial report in accordance with Bye-law 153A shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the <u>Listing Rules</u>rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Bye-law 153 and, if applicable, a summary financial report complying with Bye-law 153A, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.</p>
154.	<p>(1) Subject to Section 88 of the Act, at the annual general meeting or at a subsequent special general meeting in each year, the Membersshall, by <u>ordinary resolution</u>, or other body that is independent of the Board, shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Such auditor may be a Member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.</p> <p>(3) The Members may, at any general meeting convened and held in accordance with these Bye-laws, by <u>ordinary</u>special resolution remove the Auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another Auditor in his stead for the remainder of his term. <u>A body independent of the Board may also remove the Auditor and appoint another auditor in his stead for the remainder of his term.</u></p>

156.	The remuneration of the Auditor shall be fixed by the Company in <u>at the</u> annual general meeting or subsequent special general meeting at which they are appointed by ordinary resolution or in such <u>other</u> manner as the Members may determine.
157.	The Directors may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. The remuneration of any Auditor appointed by the Directors under this Bye-law may be fixed by the Board. Subject to Bye-law 154(3), an Auditor appointed under this Bye-law shall hold office until the next following annual general meeting of the Company and shall then be subject to appointment by the Members under Byelaw 154(1) at such remuneration to be determined by the Members under Byelaw 156. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and fix the remuneration of the Auditor so appointed.
160.	Any Notice or document (including any “corporate communication” within the meaning ascribed thereto under the <u>Listing Rules</u> rules of the Designated Stock Exchange), whether or not, to be given or issued under these Bye-laws from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appointed newspapers (as defined in the Act) or in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company’s website or the website of the Designated Stock Exchange, and giving to the member a notice stating that the notice or other document is available there (a “notice of availability”). The notice of availability may be given to the Member by any of the means set out above provided that such means is permitted by the rules of the Designated Stock Exchange. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

161.	<p>Any Notice or other document:</p> <p>(a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;</p> <p>(b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A Notice placed on the Company's website or the website of the Designated Stock Exchange is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;</p>
163.	<p>For the purposes of these Bye-laws, a cable or telex or facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director or alternate Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director or alternate Director in the terms in which it is received. <u>The signature to any notice or document to be given by the Company may be written, printed or made electronically.</u></p>
164.	<p>(1) <u>Subject to Bye-law 164(2), the</u> The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.</p>

166.	<p>(1) The Directors, Secretary and other officers and every Auditor for the time being of the Company at any time, whether at present or in the <u>past</u>, and the liquidator or trustees (if any) for the time being acting or who have acted in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.</p>
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新絲路文旅有限公司
NEW SILKROAD CULTURALTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 472)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HERE BY GIVEN that a special general meeting (the “**SGM**”) of New Silkroad Culturaltainment Limited (the “**Company**”) will be held at Conference Room, 8/F., Macrolink Group Building, Government Ave, Taihu Town, Tongzhou District, Beijing, the PRC on Wednesday, 22 March 2023 at 3:00 p.m., as special business, to consider and, if thought fit, pass with or without amendments the following resolutions of the Company:

ORDINARY RESOLUTION

To consider and, if thought fit, pass the following resolution (with or without modification) as ordinary resolution of the Company:

1. “**THAT:**

- (a) the supplemental subscription agreement (the “**Supplemental Subscription Agreement**”) dated 29 November 2022 (a copy of which has been produced at the SGM and marked “A” and initialled by the chairman of the SGM for the purpose of identification) between Wealth Venture Asia Limited (“**Wealth Venture**”), a direct wholly-owned subsidiary of the Company, and Macrolink Australia Investment Limited (“**Macrolink Australia**”) in relation to the proposed amendment of terms of the subscription agreement dated 29 September 2017 (as supplemented on 22 November 2017) in relation to, among other matters, the subscription of 104 redeemable preference shares of US\$0.01 each to be issued by Macrolink Australia to Wealth Venture, for a total consideration of HK\$222.53 million, the form and substance thereof and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

NOTICE OF SGM

- (b) the supplemental loan agreement (the “**Supplemental Loan Agreement**”) dated 29 November 2022 (a copy of which has been produced at the SGM and marked “B” and initialled by the chairman of the SGM for the purpose of identification) between Wealth Venture and Macrolink Australia in relation to the proposed amendment of terms of the loan agreement dated 29 September 2017 (as supplemented on 22 November 2017) (the “**Loan Agreement**”) in relation to, among other matters, a loan in the principal amount of AUD74.41 million (equivalent to approximately HK\$461.33 million) advanced by Wealth Venture to Macrolink Australia, the form and substance thereof and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) the supplemental total return swap agreement (the “**Supplemental TRS Agreement**”) dated 29 November 2022 (a copy of which has been produced at the SGM and marked “C” and initialled by the chairman of the SGM for the purpose of identification) between Wealth Venture and Macrolink Australia in relation to the proposed amendment of terms of the total return swap agreement dated 29 September 2017 (as supplemented on 22 November 2017) in relation to, among other matters, a swap arrangement on 80% of the aggregate net cash balance of a property development project on a development site at 71-79 Macquarie Street, Sydney, Australia and the interest payable under the Loan Agreement, the form and substance thereof and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (d) any director of the Company be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute (including the affixation of the common seal of the Company when required) all such documents for and on behalf of the Company as they may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Supplemental Subscription Agreement, the Supplemental Loan Agreement, the Supplemental TRS Agreement, and the transactions contemplated thereunder, and to make and agree to make such variations of the terms of the Supplemental Subscription Agreement, the Supplemental Loan Agreement and the Supplemental TRS Agreement as they may in their discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders as a whole.”

NOTICE OF SGM

SPECIAL RESOLUTION

To consider and, if thought fit, pass the following resolution (with or without modification) as special resolution of the Company:

2. “**THAT:**

- (a) the proposed amendments to the existing bye-laws of the Company (“**Proposed Amendments**”), the details of which are set out in Appendix III to the circular of the Company dated 27 February 2023, be and are hereby approved;
- (b) the amended and restated bye-laws of the Company (the “**Amended Bye-Laws**”), which incorporates all the Proposed Amendments (a copy of which has been produced at the SGM and marked “D” and initialled by the chairman of the SGM for the purpose of identification), be and is hereby approved and adopted as the bye-laws of the Company in substitution for, and to the exclusion of, the existing bye-laws of the Company with immediate effect; and
- (c) any director of the Company be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute (including the affixation of the common seal of the Company when required) all such documents for and on behalf of the Company as they may in their absolute discretion consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Proposed Amendments and the adoption of the Amended Bye-Laws, including without limitation, attending to the necessary registration and/or filings for and on behalf of the Company.”

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

Hong Kong, 27 February 2023

Registered Office:
Clarendon House 2
Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
15/F., COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

NOTICE OF SGM

Notes:

- (1) A member of the Company (“**Shareholder**”) entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one or more proxies (if such Shareholder is a holder of more than one share) to attend and vote in his stead. A proxy need not be a Shareholder.
- (2) For determining the entitlement to attend and vote at the above SGM, the register of members of the Company will be closed from Friday, 17 March 2023 to Wednesday, 22 March 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Progressive Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16 March 2023.
- (3) In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company’s share registrar, Tricor Progressive Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
- (4) In the case of joint holders of share(s) of the Company, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share(s) as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the SGM personally or by proxy, then one of the said persons so present whose name stands first on the register of members of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.
- (5) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (6) Completion and delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the SGM if the Shareholder so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.

As at the date of this notice, 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.