

**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) CONTINUING CONNECTED TRANSACTIONS  
UPON COMPLETION OF THE PROPOSED ACQUISITION OF  
THE ENTIRE EQUITY INTEREST OF BEIJING CHAOLAICHAOWANG  
CULTURE MEDIA COMPANY LIMITED; AND  
(II) 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 6 to 20 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 23 to 44 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 21 to 22 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 Monday, 15 May 2023 at 11:00 a.m. or any adjournment thereof is set out on pages SGM-1 to SGM-2 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.*

28 April 2023

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## DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Interest by the Purchaser from the Vendor pursuant to the terms and conditions of the Acquisition Agreement, details of which are set out in the Circular
“Acquisition Agreement”	the conditional sale and purchase agreement dated 4 January 2023 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Announcement”	the announcement of the Company dated 22 March 2023 in relation to the Master Service Agreement
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Circular”	the circular of the Company dated 22 March 2023 in relation to the Acquisition
“Company”	New Silkroad Culturaltainment Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“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
“Enlarged Group”	the Group as enlarged by the Acquisition immediately after Completion

## DEFINITIONS

“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 Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps)
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps)
“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 Master Service Agreement, who shall be required under the Listing Rules to abstain from voting on the resolution to approve the terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps)
“Latest Practicable Date”	25 April 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
“Macrolink Culturaltainment”	Macrolink Culturaltainment Development Co., Ltd., a company listed on the Shenzhen Stock Exchange with stock code: SZ000620 which wholly owns Macrolink International Land, a controlling shareholder of the Company

## DEFINITIONS

“Macro-Link International Investment”	MACRO-LINK International Investment Co, Ltd., a company incorporated in the British Virgin Islands 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, being the controlling shareholder of the Company
“Master Service Agreement”	the master service agreement dated 22 March 2023 and entered into between the Purchaser and Macrolink Culturaltainment in respect of (i) the provision of the Property Management Services by the Target Group to Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries); (ii) the leasing of office premises by Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) to the Target Group; and (iii) the provision or procurement of provision of security and guarding services and other ancillary services by Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) to the Target Group
“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
“Property Management Annual Caps”	the maximum aggregate annual value for three years in respect of the provision of property management and other ancillary services by the Target Group to Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) contemplated under the Master Service Agreement
“Property Management Services”	the property management services provided or to be provided by the Target Group to Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) in the PRC
“Purchaser”	四川絲路數據科技有限公司 (Sichuan Silkroad Data Technology Company Limited <sup>#</sup> ), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Sale Interest”	100% of the equity interest in the Target Company

## DEFINITIONS

“Rental Annual Caps”	the maximum aggregate annual value for three years in respect of the rental payment for the leasing of office premises by Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) to the Target Group contemplated under the Master Service Agreement
“Security Service Annual Caps”	the maximum aggregate annual value for three years in respect of the provision or procurement of the provision of security and guarding services and other ancillary services by Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) contemplated under the Master Service Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 Monday, 15 May 2023 at 11:00 a.m. for the Independent Shareholders to consider and, if thought fit, approve the terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps).
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	北京潮來潮往文化傳媒有限公司 (Beijing Chaolaichaowang Culture Media Company Limited <sup>#</sup> ), a company established under the laws of the PRC and wholly owned by the Vendor
“Target Group”	the Target Company and its subsidiaries
“Vendor”	北京運河長基投資有限公司 (Beijing Yunhe Zhangji Investment Limited <sup>#</sup> ), a company established under the laws of the PRC and wholly-owned by 北京新華聯置地有限公司 (Beijing Macro-Link International Land Limited <sup>#</sup> ), which is in turn wholly-owned by Macrolink Culturaltainment Development Co., Ltd., the sole shareholder of the controlling shareholder of the Company

## DEFINITIONS

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

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

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

## LETTER FROM THE BOARD



# 新絲路文旅有限公司 NEW SILKROAD CULTURAL ENTERTAINMENT 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

28 April 2023

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
UPON COMPLETION OF THE PROPOSED ACQUISITION OF  
THE ENTIRE EQUITY INTEREST OF BEIJING CHAOLAICHAOWANG  
CULTURE MEDIA COMPANY LIMITED**

### INTRODUCTION

References are made to the Announcement.

The purpose of this circular is to provide you with, amongst others, (i) further details regarding the terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps); (ii) a letter from the Independent Board Committee to the Independent Shareholders setting out their advice in relation to the terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps); (iii) a letter of advice



## LETTER FROM THE BOARD

from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps); and (iv) a notice convening the SGM.

As disclosed in the Circular, there are certain existing property management services agreements entered into between the Target Group and the Vendor. Pursuant to such property management services agreements, the Target Group has been providing the Property Management Services to Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries). Further, Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) have been leasing certain office premises, and providing or procuring the provision of security and guarding services and other ancillary services to the Target Group. Such transactions contemplated under such property management services agreements are expected to continue following the Completion. As the Target Company will become an indirect wholly-owned subsidiary of the Company upon Completion, such transactions between the Target Group and Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) will constitute continuing connected transactions of the Enlarged Group upon the Completion and are subject to the reporting, announcement and/or Independent Shareholders' requirements under the Listing Rules. As at the Latest Practicable Date, Completion has not yet taken place.

Immediately upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Macrolink International Land, a controlling shareholder of the Company holding 1,757,450,743 Shares (representing approximately 54.79% of the issued share capital of the Company as at the Latest Practicable Date), is wholly-owned by Macrolink Culturaltainment, and is accordingly a connected person of the Company under the Listing Rules.

On 22 March 2023, the Purchaser and Macrolink Culturaltainment entered into the Master Service Agreement in relation to (i) the provision of the Property Management Services by the Target Group to Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries); (ii) the leasing of certain office premises by Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) to the Target Group; and (iii) the provision or procurement of the provision of security and guarding services and other ancillary services by Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) to the Target Group for a term up to 31 December 2025.

## LETTER FROM THE BOARD

The principal terms of the Master Service Agreement are set out below:

### THE MASTER SERVICE AGREEMENT

Date: 22 March 2023

Parties: (i) The Purchaser  
(ii) Macrolink Culturaltainment

Term: From the date of the Completion to 31 December 2025

Subject matter: (i) The Target Group shall provide the Property Management Services to Macrolink Culturaltainment and its associates. Such Property Management Services included (a) the selection and management of on-site staff including butlers, porters, front of house and maintenance; (b) the provision of full facilities management and maintenance; (c) the provision of full financial management including budget forecasts, service charge collection and allocation; (d) the provision of resident liaison services and acting as the primary point of contact for resident enquiries and grievances; and (e) the provision of lease renewal and negotiation services and licence assignment and alteration services;

(ii) Macrolink Culturaltainment and/or its associates shall lease certain office premises to the Target Group; and

(iii) Macrolink Culturaltainment and/or its associates shall provide or procure the provision of security and guarding services and other ancillary services to the Target Group. Such ancillary services included the assessment of security equipments, electronics and fire safety related matters and the registration and conduction of security checks on persons entering the premises.

Payment and pricing policy: (i) *Property management services*

Macrolink Culturaltainment and/or its associates shall pay monthly/quarterly property management service fees to the Target Group on a monthly/quarterly basis within three months after receiving the relevant invoice issued by the Target Group.

## LETTER FROM THE BOARD

The property management and other ancillary service fees are determined after arm's length negotiations between the relevant parties after taking into account (i) the area of the relevant premises; (ii) the type of the property projects; (iii) the contracted scope of services and standards; (iv) the number of staff required for the provision of services; (v) the labour costs including wages, overtime payment and welfare expenses; (vi) other staff costs, outsourcing service fees, one-off material input fees, cleaning fees and property management remuneration; (vii) the prevailing market rates and market prices for the provision of property management services of comparable quality and scope and in comparable areas for comparable types of properties; and (viii) the guidance price of such services for similar types of property projects issued by the local government (if applicable, the price administration department of the local people's governments above the county level and the competent property administration departments at the same level are responsible for regulating the fees charged by property management companies in their respective administrative regions. Therefore, different administrative regions may have different government guidance prices for different types of properties and service standards and local government policies and pricing guidance apply to most of the preliminary property management service agreements entered into between the property developers and the Group at the preliminary stage. If the fees charged are subject to the government guidance price, the specific pricing principles shall be determined by the competent price administration departments and property administration departments of the people's governments of each province, autonomous region and municipality directly under the central government.)

## LETTER FROM THE BOARD

The fees charged by property management can either be the government guidance price or market-based price depending on the nature and features of relevant properties. The main guidance prices are issued by the Beijing City Commission of Housing and Urban-Rural Development<sup>#</sup> (北京市住房和城乡建设委员会) which issues the guidance prices annually or bi-annually via its website (<http://zjw.beijing.gov.cn/bjjs/fwgl/wyglxx/index.shtml>) with reference to the latest market transactions. Each major city in the PRC has its own city commission and website on which guidance prices can be obtained. In addition to such guidance prices and latest market information, the Group also refer to prevailing market prices obtained through the conduction of site visits on the sales centers of the newly development resident projects in the area at the inception of any new projects, the conduction of online research on the monthly results of recent bidding of the public projects (e.g. governments, schools, convention centers etc.) and the conduction of semi-annual review on the market prices of commercial projects in the negotiation of the sales / leasing agents from the landlords, from at least two other similar property management service providers on comparable properties. The indicative price range compiled through the above research and reference check differs for different types of property projects.

For the year ended 31 December 2022, the average property management fee charged to Macrolink Culturaltainment and its associates under the Target Group's management was in the range of RMB1.0 and RMB28.0 per square metre per month varying from residential properties to commercial buildings, shops and offices, which are generally in line with the average property management fee charged to other customers by the Target Group for similar types of properties and service standards with slight adjustments depending on factors as mentioned above.

In determining the reasonableness of the property management fees charged, the Group will obtain and assess, among other things, (a) the reference prices of other property management companies of comparable size for similar property projects through market research and analysis; (b) the level of fees charged by the Group for other projects in the same region of similar scale; and (c) pricing standards issued by government authorities for industry reference and guidance. Based on the market rates of the services to be provided, the relevant personnel will proceed to plan and prepare budget for a particular subsidiary service agreement and then come up with a fee proposal in accordance with the applicable pricing policies for approval.

## LETTER FROM THE BOARD

As confirmed by the Directors, the terms offered by the Target Group to Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) should not be more favourable than those offered to other customers for similar services.

*(ii) Leasing of office premises*

The Target Group shall pay to Macrolink Culturaltainment and/or its associates the rent payment for the leased office premises on a monthly basis. The monthly rental amount of the office premises is determined with reference to (a) gross area leased, geographic location and profile of the surrounding area; and (b) historical rent and prevailing market rates for comparable properties in the surrounding area.

In respect of each of the three years ended 31 December 2022, the historical figures for the rent payments paid by the Target Group to Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) are RMB1.12 million, RMB1.59 million and RMB2.23 million respectively (equivalent to about HK\$1.24 million, HK\$1.79 million and HK\$2.52 million respectively). The maximum aggregate annual amount for each of the three years ending 31 December 2025 shall be RMB2.90 million, RMB3.00 million and RMB3.00 million respectively (equivalent to about HK\$3.28 million, HK\$3.39 million and HK\$3.39 million respectively).

In determining the proposed Rental Annual Caps, the Board has taken into account the historical figures for the rent payments paid by the Target Group to Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) under the existing lease contract and the expected fluctuation in the rental amount due to inflation and economic and social development.

In determining the reasonableness of the rent amount, the Group will obtain and assess, among other things, the prevailing market rates for comparable properties in the surrounding area by independent third-party owners. As confirmed by the Directors, the terms offered by Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) to the Target Group is no less favourable than those offered by independent third-party owners for comparable properties in the surrounding area.

## LETTER FROM THE BOARD

### *(iii) Security and guarding services*

The Target Group shall pay to Macrolink Culturaltainment and/or its associates the security and guarding services and other ancillary services fee for the leased office premises on a monthly basis. The monthly rental amount of the office premises is determined with reference to (a) the contracted scope of services and standards; and (b) the prevailing market rates offered by independent third-party service providers for the provision of security and guarding services and other ancillary services of comparable quality and scope and in comparable areas for comparable types of properties.

In respect of each of the three years ended 31 December 2022, the historical figures for the security and guarding service and ancillary service fees paid by the Target Group to Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) RMB3.68 million, RMB3.49 million and RMB3.40 million respectively (equivalent to about HK\$4.16 million, HK\$3.94 million and HK\$3.84 million respectively). The maximum aggregate annual amount for each of the three years ending 31 December 2025 shall be RMB4.00 million, RMB5.00 million and RMB5.00 million respectively (equivalent to about HK\$4.52 million, HK\$5.65 million and HK\$5.65 million respectively).

In determining the proposed Security Service Annual Caps, the Board has taken into account the historical figures for the security and guarding service and ancillary service fees paid by the Target Group to Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) under the existing contracts and the anticipated increase in such costs due to inflation and economic and social development.

In determining the reasonableness of the security and guarding services and other ancillary services fee, the Group will obtain and assess, among other things, the prevailing market rates offered by independent third-party service providers for the provision of security and guarding services and other ancillary services of comparable quality and scope and in comparable areas for comparable types of properties. As confirmed by the Directors, the terms offered by Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) to the Target Group is no less favourable than those offered by independent third-party service providers for comparable properties in the surrounding area.

## LETTER FROM THE BOARD

In respect of each of the three years ended 31 December 2022, the historical figures for the property management service fees in respect of the Property Management Services provided by the Target Group to Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) are as follows:

Nature of transaction	Historical figures (million) for the year ended 31 December (unaudited)		
	2020	2021	2022
Provision of property management services by the Target Group to Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries)	RMB24.90 (equivalent to about HK\$28.13)	RMB44.22 (equivalent to about HK\$49.97)	RMB30.82 (equivalent to about HK\$34.82)

The proposed maximum aggregate annual amount of property management fees for the Property Management Services to be provided by the Target Group to Macrolink Culturaltainment and/or its associates for each of the three years ending 31 December 2025 shall be as follows:

Nature of transaction	Property Management Annual Caps (million)		
	2023	2024	2025
Provision of property management services by the Target Group to Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries)	RMB52.00 (equivalent to about HK\$58.76)	RMB54.00 (equivalent to about HK\$61.02)	RMB56.00 (equivalent to about HK\$63.28)

As at the Latest Practicable Date, Completion has not yet taken place. Completion is expected to take place on or after the date of the SGM after the Independent Shareholders' approval is obtained and the amount of (i) the Property Management Services; (ii) the leasing of office premises by Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) to the Target Group; and (iii) the provision or procurement of provision of security and guarding services and other ancillary services by Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) to the Target Group after the Completion are expected to be covered by the respective proposed annual caps.



## LETTER FROM THE BOARD

In determining the proposed Property Management Annual Caps, being the only annual caps for which Independent Shareholders' approval is proposed to be obtained at the SGM, the Board has taken into account: (i) the historical figures and the trend for the same transactions in the past few years; (ii) the gross floor area of different types of properties owned by Macrolink Culturaltainment and its associates requiring property management services and the future development and planning of the offices; (iii) the rates chargeable by the Target Group per square metre of each type of the properties owned by Macrolink Culturaltainment and its associates requiring property management services; (iv) the anticipated growth of the property management industry in the PRC in the coming three years which will lead to an increase in demand for the property management business as currently carried out by the Target Group; (v) the historical and anticipated growth of the property management portfolio of the Target Group; (vi) a reasonable buffer to cater for any temporary and unexpected property management work and exchange rate fluctuations; and (vii) the prevailing market rates offered by independent third-party owners or service providers for comparable types of properties in the surrounding area.

The proposed Property Management Annual Caps is higher than the historical transaction amounts as they have taken into account the assumption that the Target Group would be able to enter into property management agreements for other new property projects to be constructed/completed, including another new large-scale cultural and tourism project, which are currently undergoing negotiation between the parties. The annual transaction amounts of the existing cultural and tourism project for which the Target Company provides property management services of approximately RMB15.4 million is used for reference.

Currently, Macrolink Culturaltainment is negotiating with the governments of Yazhou District in Sanya City of Hainan Province and Weibin District in Baoji City of Shanxi Province for certain property projects, which, if materialised, would require the provision of property management services by the Target Group. Adopting the pricing for the provision of property management services of existing cultural and tourism project in the range of RMB2.0-3.5 per square metre depending on the zonings of the managing area, any one additional cultural and tourism project which materialises from these negotiation would be ranged from RMB14.4-33.6 million, i.e. an estimated average of approximately RMB20 million.

Having considered, among others, (i) the upcoming potential culture and tourism projects (including the abovementioned projects in discussion by Macrolink Culturaltainment) which are expected to commence during 2023 or 2024, comprising not less than 10 property projects for each of the year from 2023 to 2025; (ii) the relevant contracts of more than 60% of these projects (in terms of transaction amounts) have already been entered into for the years 2023, 2024 and 2025, respectively, of which not less than 13 contracts have already been entered into with a potential culture and tourism project with transaction amounts of not less than RMB50 million for 2023; (iii) the revenue of these projects typically ranged from not less than RMB20,000 to not more than RMB16 million, subject to their size and scales; (iv) the total estimated amount for these existing and potential upcoming projects for the provision of property management services; (v) a potential culture and tourism project with expected revenue of not less than RMB15 million; and (vi) the need for flexibility to manage the potential fluctuations resulting from the market reactions to the PRC government policies, which is beyond the Company's control, the Board considers that the proposed Property Management Annual Caps are fair and reasonable, as compared with the historical transaction amounts for the year ended 31 December 2022.



## LETTER FROM THE BOARD

Further, the growth rate per year of 3.7% has taken into account the steady increase in consumer price index in China in recent year where the consumer price index rose by 2.1% in January 2023 from a year earlier, up from 1.8% growth in December 2022.

### Conditions precedent

The Master Service Agreement is conditional upon (a) the Completion having taken place; (b) the approval of the Independent Shareholders at the SGM having been obtained; and (c) all necessary approvals required to be obtained by the Purchaser and Macrolink Culturaltainment in respect of the Master Service Agreement and the transactions contemplated thereunder having been obtained.

### INFORMATION ON THE TARGET GROUP

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

The brand “Yuehao Property Management (悅豪物業管理)” has over 22 years of history and 北京悅豪物業管理有限公司 (Beijing Yuehao Property Management Co., Ltd.<sup>#</sup>), being the principal operating subsidiary and holding company of all other subsidiaries of the Target Company, has the national first-class property management qualification (國家一級物業管理資質), and is a member of China Property Management Association (中國物業管理協會會員) and a council member of Beijing Property Management Association (北京物業管理協會理事會員單位). As at the Latest Practicable Date, the property management business of the Target Group spans across different cities and regions of the PRC, with a total of 49 property management projects, which cover a total of 128 managing zones, and may be further broken down into different types of properties within the different managing zones such as largescale residential quarters, high-end apartments, villas, industrial parks, commercial plazas, and other properties related to cultural tourism and urban service management. A property management project commonly involves different managing zones depending on the different nature and phrases of development of, as well as demand and needs of the community.

### REASONS FOR ENTERING INTO THE MASTER SERVICE AGREEMENT

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 mentioned in the Circular, the Acquisition would provide the Company with an opportunity to expand its property-related businesses into property management in the PRC under the established brand name of “Yuehao Property Management (悅豪物業管理)”. The Target Group has over 22 years of history and experience in the field of property management in the PRC and the Acquisition would enable the Company to take advantage of the existing network and business relationships of the Target Group, as well as the experienced and knowledgeable staff and management and relevant licences and approvals to seamlessly continue the existing business operations of the Target Group, which have been performing outstandingly over the past years and are expected to continue to generate promising growth and results to the Group after the Completion. As the economy in the PRC is expected to gradually further recover from the pandemic, it is expected that the businesses of the Target Group would maintain consistent performance in the near future, allowing the Group to reap the returns for the Company and its Shareholders as a whole.

## LETTER FROM THE BOARD

As a result of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company. The Target Group has been providing property management services to Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) for over 20 years and such transactions constituted approximately 7.76%, 11.38% and 8.33% of the total turnover of Target Group for each of the three years ended 31 December 2022 respectively. Accordingly, the Master Service Agreement will allow the Enlarged Group to have a stable turnover with respect of its provision of property management services business in the PRC. Further, the Target Group has been leasing its current office premises from Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) and engaging them for the provision or procurement of provision of security and guarding services and other ancillary services for over 10 years and the terms of such leasing arrangement and provision of services have been on terms no less favourable than those offered by other independent third-parties for comparable properties in the surrounding area. The provision of security and guarding services is limited only to the headquarters building owned by Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) at which the Target Group has leased certain premises and for which Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) have been the provider of security and guarding services over the past years for security and privacy reasons and could not be replaced by third party contractors.

In view of the foregoing, the Directors consider that the entering into of the Master Service Agreement will be in the ordinary course of business of the Enlarged Group and that the terms of such agreements are determined on an arm's length basis with the counterparty. Accordingly, the Directors (save for the independent non-executive Directors whose view are set out in the "Letter from the Independent Board Committee" in this circular after taking into account the advice of the Independent Financial Adviser) are of the view that the terms and conditions of the Master Service Agreement (including the proposed annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Enlarged Group and the Shareholders as a whole.

All the executive Directors, being directors and/or officers of Macrolink International Land and/or Macrolink Culturaltainment (which is the holding company of Macro-Link International Land), will abstain from voting at the Board meeting approving the Master Service Agreement and the transactions contemplated thereunder (including the proposed annual caps). Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Master Service Agreement and the transactions contemplated thereunder (including the proposed annual caps) and none of them is required to abstain, or has abstained, from voting on the relevant board resolutions approving the Master Service Agreement and the transactions contemplated thereunder (including the proposed annual caps).

## LETTER FROM THE BOARD

### INTERNAL CONTROL

The following internal control measures have been implemented in order to ensure that the transactions contemplated under the Master Service Agreement are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole:

- (1) The Group has established a series of measures to ensure that the transactions contemplated under the Master Service Agreement will be conducted in accordance with the principal terms of the Master Service Agreement, such as a designated staff of the finance department would compare the fees and terms and check that they are no more favourable than those offered by the Group to independent third parties for the same or similar services on the same or similar conditions and carry out regular assessments on the pricing and fairness of the terms every six months and such price comparisons will be used as reference and basis for determining the prices offered by the Group to property developers and property owners (regardless of the method of sourcing contracts) which would not deviate materially from the market rates; and the implementation of separate agreements governing each particular transaction must be approved by, depending on size of the transaction, the business department, the sourcing department, the legal department, the finance department and/or the management to ensure that it is in accordance with the pricing policy.
- (2) In addition, the finance department will keep proper documentation of the agreements governing each particular transaction entered into between the Group and Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) pursuant to the Master Service Agreement, and the compliance department will report to the audit committee on a half-yearly basis whether the internal control measures in respect of the transactions contemplated under the Master Service Agreement remain complete and effective.
- (3) The finance department and compliance department shall be jointly responsible for monitoring the transaction amounts under the Master Service Agreement on a quarterly basis to ensure they do not exceed the annual caps.
- (4) The independent non-executive Directors will review the transactions contemplated under the Master Service Agreement, at least annually, to ensure, among other matters, that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the Master Service Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.
- (5) The external auditors of the Company will conduct an annual review on the transactions contemplated under the Master Service Agreement, including the annual caps and their actual utilisation, and confirm, among other matters, whether anything has come to their attention that causes them to believe such transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transaction.

## **LETTER FROM THE BOARD**

### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios calculated with reference to each of the Rental Annual Caps and the Security Service Annual Caps under the Master Service Agreement are more than 0.1% but less than 5%, the leasing of office premises and provision of security and guarding services contemplated under the Master Service Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Property Management Annual Caps exceed HK\$10,000,000 per annum and one of the applicable percentage ratios calculated with reference to which exceeds 5%, the provision of the Property Management Services by the Target Group to Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) after the Completion contemplated under the Master Service Agreement would constitute non-exempt continuing connected transactions of the Company subject to the reporting, announcement and Independent Shareholders' approval requirements under 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 Property Management Services under the Master Service Agreement (including the proposed Property Management Annual Caps) are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the 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 terms of the Property Management Services under the Master Service Agreement (including the proposed Property Management Annual Caps), and to advise the Independent Shareholders on how to vote 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 terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps). As Macro-Link International Land and Macro-Link International Investment, which are commonly owned by Macro-Link Holding Company Limited, being the Shareholders holding 1,757,450,743 Shares (representing approximately 54.79% of the issued share capital of the Company as at the Latest Practicable Date) and 215,988,336 Shares (representing approximately 6.73% of the issued share capital of the Company as at the Latest Practicable Date) respectively, Macro-Link International Land and Macro-Link International Investment and their respective associates shall abstain from voting on the proposed resolution to approve the terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps) 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 Monday, 15 May 2023 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 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 SGM, the register of members of the Company will be closed on Monday, 15 May 2023 for registration of any transfer of shares. 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 Friday, 12 May 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 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 the Vendor and/or Macro-Link International Land and/or Macrolink Culturaltainment Development Co., Ltd. (which is the holding company of Macro-Link International Land), and may thus have conflict of interests in the Master Service Agreement; and 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 Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps) 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 terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps) at the SGM.

Shareholders are advised to read carefully the “Letter from the Independent Board Committee” in this circular regarding the terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps) on pages 21 to 22 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 23 to 44 of this circular, considers that the terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps) 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 terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps) at the SGM.

### 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 Acquisition Agreement:*



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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 472)**

28 April 2023

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
UPON COMPLETION OF THE PROPOSED ACQUISITION OF  
THE ENTIRE EQUITY INTEREST OF BEIJING CHAOLAICHAOWANG  
CULTURE MEDIA COMPANY LIMITED**

We refer to the circular of the Company dated 28 April 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 Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps) 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 6 to 20 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 Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps) 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 23 to 44 of the Circular, we are of the opinion that the terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps) 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. The transactions contemplated under the Master Service Agreement will be conducted in the ordinary and usual course of business of the Enlarged Group upon Completion and will complement the other real property related businesses 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 terms of the Master Service Agreement in respect of the Property Management Services (including the proposed Property Management Annual Caps).

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 THE INDEPENDENT FINANCIAL ADVISER

*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 transaction 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,  
Hong Kong  
Tel: (852) 2857 9208  
Fax: (852) 2857 9100

28 April 2023

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

Dear Sir/Madam,

### **CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF THE PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST OF BEIJING CHAOLAICHAOWANG CULTURE MEDIA COMPANY LIMITED**

#### **I. INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Master Service Agreement in relation to the provision of the Property Management Services (the “**Continuing Connected Transactions**”), 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 28 April 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.

Reference is made to the circular of the Company dated 22 March 2023 in relation to the potential acquisition of the Target Company by the Purchaser from the Vendor. As disclosed in the circular, there are certain existing property management services agreements entered into between the Target Group and the Vendor. Pursuant to such property management services agreements, the Target Group has been providing the Property Management Services to Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries). Such transactions contemplated under such property management services agreements are expected to continue following the Completion. As the Target Company will become an indirect wholly-owned subsidiary of the Company upon Completion, the transactions contemplated under such existing property management services agreements will constitute continuing connected transactions of the Enlarged Group upon the Completion and are subject to the reporting, announcement and/or independent Shareholders’ requirements under the Listing Rules.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 22 March 2023, the Purchaser and Macrolink Culturaltainment entered into the Master Service Agreement in relation to the provision of the Property Management Services by the Target Group to Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) for a term up to 31 December 2025.

As set out in the Letter from the Board, as the Proposed Property Management Annual Caps (defined hereafter) exceed HK\$10,000,000 per annum and one or more applicable percentage ratios exceed 5%, the provision of the Property Management Services by the Target Group to Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) after the Completion under the Master Service Agreement in relation to the provision of the Property Management Services would constitute non-exempt continuing connected transactions of the Company and are subject to the annual review, reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

All the executive Directors, being directors and/or officers of Macrolink International Land and/or Macrolink Culturaltainment (which is the holding company of Macro-Link International Land), will abstain from voting at the Board meeting approving the Master Service Agreement in relation to the provision of the Property Management Services (including the proposed property management annual caps (the “**Proposed Property Management Annual Caps**”)). Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Master Service Agreement and the transactions contemplated thereunder (including the Proposed Property Management Annual Caps) and none of them is required to abstain, or has abstained, from voting on the relevant board resolutions approving the Master Service Agreement in relation to the provision of the Property Management Services (including the Proposed Property Management Annual Caps).

## II. THE 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 Master Service Agreement in relation to the provision of the Property Management Services (including the Proposed Property Management Annual Caps) 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 Master Service Agreement in relation to the provision of the Property Management Services (including the Proposed Property Management Annual Caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, Target 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 Acquisition Agreement and the transactions contemplated thereunder.

Save for our appointment as the independent financial adviser for the (i) major and connected transactions regarding the extension of term in relation to the redemption of redeemable preference shares in and provision of financial assistance to Macrolink Australia Investment Limited (the circular of which was dated 27 February 2023); and (ii) major and connected transactions regarding the acquisition of the holding company of a property management group (the circular of which was dated 22 March 2023), there was no engagement between the Company and Red Sun Capital Limited in the last two years.

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.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view in compliance with Rule 13.80 of the Listing Rules, which included, among others (i) the Master Service Agreement in relation to the provision of the Property Management Services and reviewed the terms thereunder; (ii) the announcement of the Company dated 22 March 2023 (the “**Announcement**”); (iii) reviewed the contents as set out in the Circular, including the reasons for entering in to the Master Service Agreement; (iv) reviewed the information as set out in the 2021 Annual Report, the 2022 Results Announcement and the 2022 Interim Report (defined hereafter) for our analysis on the background and historical financial performance of the Group; and (v) conducted market research on the background information of the property management industry in the PRC. 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 Master Service Agreement in relation to the provision of the Property Management Services (including the Proposed Property Management Annual Caps), 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.

### **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 Master Service Agreement in relation to the provision of the Property Management Services, 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.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below are the key financial information of the Group for the years ended 31 December, 2021 and 2022, and the six months ended 30 June 2021 and 2022 as extracted and summarized from the published annual report for the year ended 31 December 2021 (the “**2021 Annual Report**”), the announcement of results for the year ended 31 December 2022 (the “**2022 Results Announcement**”) 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	2022	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
<b>Segment revenue</b>					
Real estate, integrated resort and cultural tourism	202,361	–	285,753	2,489,318	–
Wine	47,720	50,020	83,699	112,415	117,160
Entertainment business	–	–	–	–	391
<b>Total</b>	<b>250,081</b>	<b>50,020</b>	<b>369,452</b>	<b>2,601,733</b>	<b>117,551</b>
<b>Segment result</b>					
Real estate, integrated resort and cultural tourism	(91,350)	(9,615)	(113,728)	405,600	(26,034)
Wine	(843)	6,771	(3,015)	9,365	(15,343)
Entertainment business	(7,747)	(5,257)	(11,880)	(283,660)	(64,830)
<b>Total</b>	<b>(99,940)</b>	<b>(8,101)</b>	<b>(128,623)</b>	<b>131,305</b>	<b>(106,207)</b>
<b>(Loss)/profit before tax</b>	<b>(105,572)</b>	<b>(14,683)</b>	<b>(141,079)</b>	<b>91,928</b>	<b>(122,095)</b>
<b>(Loss)/profit for the year/period</b>	<b>(123,428)</b>	<b>(14,647)</b>	<b>(171,741)</b>	<b>57,558</b>	<b>(114,310)</b>
<b>Attributable to:</b>					
Owners of the Company	(73,318)	(11,793)	(112,474)	61,864	(92,028)
Non-controlling interests	(50,110)	(2,854)	(59,267)	(4,306)	(22,282)

**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 Opera Residence, the development project of the Group in Sydney, Australia (the “**Project**”) with a recognised revenue of HK\$202.4 million.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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) as the estimated fair value of the land was less than the carrying amount of the project, comprising the land cost and development expenditure incurred; 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 2021 (the “FY2021”) and the year ended 31 December 2022 (the “FY2022”)***

As set out in the 2022 Results Announcement, the revenue of the Group decreased from approximately HK\$2,601.7 million for the FY2021 to approximately HK\$369.5 million for FY2022, representing a decrease of approximately HK\$2,232.2 million or 85.8%. The decrease was mainly due to the contribution from the recognition of revenue by the delivery of the residential apartments of the Project, which decreased from 89 apartments for FY2021 to 11 apartments for FY2022 because the Project is at its last stage of delivery.

Revenue of approximately HK\$285.8 million for FY2022 was recognised in development and operation of real estate, integrated resort and cultural tourism business which was mainly due to the delivery of the residential apartments of the Project is at its last stage of delivery. The decrease in revenue of wine of approximately HK\$28.7 million or 25.5% from approximately HK\$112.4 million for FY2021 to approximately HK\$83.7 million for FY2022 was mainly due to the impact of the epidemic in the PRC. No revenue from entertainment business was recognised for both FY2021 and FY2022 which was mainly attributable to the suffer from the impact of the pandemic.

During the FY2022, the Group recorded a loss of approximately HK\$171.7 million (FY2021: profit of approximately HK\$57.6 million). The turnaround from profit to loss was mainly attributable to the impairment loss of the Glorious Hill resort land in Jeju, South Korea, approximately HK\$91.4 million for FY2022 (FY2021: Nil) as the estimated fair value of the land was less than the carrying amount of the project, comprising the land cost and development expenditure incurred.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### ***Financial performance for the year ended 31 December 2020 (the “FY2020”) and 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.

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

	<b>As at 31 December 2022</b>	<b>2021</b>	<b>As at 30 June 2022</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Non-current assets	1,011,525	1,227,343	1,060,409
Current assets	1,133,226	1,539,497	1,206,981
Total assets	2,144,751	2,766,840	2,267,390
Non-current liabilities	(76,736)	(139,327)	(135,569)
Current liabilities	(257,788)	(485,911)	(201,158)
Total liabilities	(334,524)	(625,238)	(336,727)
Net assets	1,810,227	2,141,602	1,930,663

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### ***Financial position as at 30 June 2022***

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.

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%.

### ***Financial position as at 31 December 2022***

Among the Group's total assets of approximately HK\$2,144.8 million as at 31 December 2022, which mainly included (i) approximately HK\$762.2 million was property, plant and equipment; (ii) approximately HK\$554.7 million was cash and cash equivalents; (iii) approximately HK\$270.9 million was completed properties held for sale; (iv) approximately HK\$218.7 million was inventories; and (v) approximately HK\$146.9 million was intangible assets.

Among the Group's total liabilities of approximately HK\$334.5 million as at 31 December 2022, which mainly included (i) approximately HK\$149.4 million was accruals and other payables; and (ii) approximately HK\$59.5 million was lease liabilities.

As at 31 December 2022, the Group had net assets of approximately HK\$1,810.2 million.

### ***Financial position as at 31 December 2021***

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.



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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 Target Group**

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, the Target Company is a company established under the laws of the PRC principally engaged in investment holding, and its subsidiaries are principally engaged in property management in the PRC under the brand “Yuehao Property Management (悅豪物業管理)” as at the Latest Practicable Date. As at the Latest Practicable Date, the Target Company has 14 subsidiaries, all being wholly-owned companies established under the laws of the PRC.

The brand “Yuehao Property Management (悅豪物業管理)” has over 22 years of history and 北京悅豪物業管理有限公司 (Beijing Yuehao Property Management Co., Ltd.\*), being the principal operating subsidiary and holding company all other subsidiaries of the Target Company, has the national first-class property management qualification (國家一級物業管理資質), and is a member of China Property Management Association (中國物業管理協會會員) and a council member of Beijing Property Management Association (北京物業管理協會理事會員單位). As at the Latest Practicable Date, the property management business of the Target Group spans across different cities and regions of the PRC, with a total of 49 property management projects, which cover a total of 128 managing zones, and may be further broken down into different types of properties within the different managing zones such as large-scale residential quarters, high-end apartments, villas, industrial parks, commercial plazas, and other properties related to cultural tourism and urban service management. A property management project commonly involves different managing zones depending on the different nature and phrases of development of, as well as demand and needs of the community.

### **3. Background information on the property management industry in the PRC**

With reference to the website of the National Bureau of Statistics of the PRC (<http://www.stats.gov.cn>), and the PRC Fourth Quarter 2022 Gross Domestic Product Preliminary Results\* (2022年四季度國內生產總值初步核算結果)<sup>1</sup> the PRC recorded year-on-year growth in gross domestic product (“GDP”) in 2021 of approximately 8.4% and based on preliminary published figures for the twelve months ended 31 December 2022, the PRC recorded GDP a period-on-period growth of approximately 2.9% compared to the twelve months ended 31 December 2021. Such relatively moderate GDP growth for the twelve months ended 31 December 2022 was partly attributable to the re-emergence of COVID-19 cases in various regions or cities of the PRC from time to time. In this connection, the PRC government has introduced various regulations and measures to manage and contain the re-emergence of these COVID-19 cases, some of which may have temporarily affected the level of business activities in the subject area.

According to the 14th Five Year Plan (the “**14th FYP**”)\* (十四五規劃) announced by the PRC government in March 2021, the target urbanisation rate of the resident population\* (常住人口城鎮化率) is set at 65.0% by 2025. In this connection, the PRC government had implemented policies to promote urbanisation in the PRC through to, among others, (i) accelerate the agricultural population urbanisation\* (加快農業轉移人口市民化) by implementing three main strategies, namely further reform of the household registration system\* (深化戶籍制度改革), implementation of the residence permit system\* (實施居住證制度) and improvement on the system for promoting urbanisation of agricultural population\* (健全促進農業轉移人口市民化的機制); and (ii) optimise urbanisation layout\* (優化城鎮化佈局和形態) by implementing three main strategies, namely the acceleration of the construction and advancement of urban agglomeration\* (加快城市群建設發展), enhance the drive of activities by central cities\* (增強中心城市輻射帶動功能) and speeding up of the development of small and medium-sized cities and characteristic towns\* (加快發展中小城市和特色鎮).

Furthermore, based on publication by the PRC government in relation to the 14th FYP, the PRC government will focus on enhancing the quality and efficacy of the overall economy with a view to attain sustainable and healthy development through, among others, (i) the improvement of supply chain modernisation\* (提升產業鏈供應鏈現代化水平); (ii) the development of strategic new industries\* (發展戰略性新興產業); (iii) the acceleration of modern service industries development\* (加快發展現代服務業); (iv) the coordination of infrastructure construction advancement\* (統籌推進基礎設施建設); and (v) the acceleration of the development of digitalisation\* (加快數位化發展)<sup>2</sup>.

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<sup>1</sup> 2022年四季度國內生產總值初步核算結果 ([http://www.stats.gov.cn/sj/zxfb/202302/t20230203\\_1901718.html](http://www.stats.gov.cn/sj/zxfb/202302/t20230203_1901718.html))

<sup>2</sup> Publication of the State Council of the PRC titled “中共中央關於制定國民經濟和社會發展第十四個五年規劃和二〇三五年遠景目標的建議” (Source: [www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm))

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It is expected that the development of the PRC property market will continue to be influenced by changes in PRC government policies at a national and regional level which is intended to promote sustainable and healthy long-term development, the then prevailing market environment as well as the overall economic development of the PRC.

#### **4. Reasons for and benefits of entering into the Master Service Agreement**

Based on our discussion with the Management, we noted that the Continuing Connected Transactions contemplated under the Master Service Agreement are a furtherance of the Enlarged Group's existing business and will subject to terms of the subject agreement, including without limitation, the pricing policy set out thereunder to ensure that the terms of the transactions of the Enlarged Group are conducted on normal commercial terms and the Proposed Property Management Annual Caps are to facilitate the effective execution of the Continuing Connected Transactions.

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.

As mentioned in the Announcement, the Acquisition would provide the Company with an opportunity to expand its property-related businesses into property management in the PRC under the established brand name of "Yuehao Property Management (悅豪物業管理)". The Target Group has over 22 years of history and experience in the field of property management in the PRC and the Acquisition would enable the Company to take advantage of the existing network and relationships of the Target Group, as well as the experienced and knowledgeable staff and management and relevant licences and approvals to seamlessly continue the existing business operations of the Target Group, which have been performing outstandingly over the past years and are expected to continue to generate promising growth and results to the Group after the Completion. As the economy in the PRC is expected to gradually further recover from the pandemic, it is expected that the businesses of the Target Group would maintain consistent performance in the near future, allowing the Group to reap the returns for the Company and its Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As a result of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company. The Target Group has been providing property management services to Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) for over 20 years and such transactions constituted approximately 7.76%, 11.38% and 8.33% of the total turnover of Target Group for each of the three years ended 31 December 2022 respectively. Accordingly, the Master Service Agreement will allow the Enlarged Group to have a stable turnover with respect of its provision of property management services business in the PRC. Further, the Target Group has been leasing its current office premises from Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) and engaging them for the provision or procurement of provision of security and guarding services and other ancillary services for over 10 years and the terms of such leasing arrangement and provision of services have been on terms no less favourable than those offered by other independent third-parties for comparable properties in the surrounding area. The provision of security and guarding services is limited only to the headquarters building owned by Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) at which the Target Group has leased certain premises and for which Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) have been the provider of security and guarding services over the past years for security and privacy reasons and could not be replaced by third party contractors.

Having considered the following factors, among others, (i) the entering into of the Master Service Agreement will be in the ordinary course of business of the Enlarged Group; (ii) the Continuing Connected Transactions are a furtherance of the Enlarged Group's businesses; (iii) the Master Service Agreement and the Proposed Property Management Annual Caps, if approved, shall facilitate the Continuing Connected Transactions to be conducted in an effective and efficient manner without the need for the Company to seek Shareholders' approval on a transaction-by-transaction basis; and (iv) the Enlarged Group has the right but not the obligation to seek or provide the relevant services to Macrolink Culturaltainment at terms determined in accordance with the relevant pricing policies, we concur with the Directors' view that the Continuing Connected Transactions are in the interests of the Company as a whole.

### **5. Principal terms of the Master Service Agreement**

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

Date:	22 March 2023
Parties:	(i) The Purchaser (ii) Macrolink Culturaltainment
Term:	From the date of the Completion to 31 December 2025

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subject matter:

- (i) The Target Group shall provide the Property Management Services to Macrolink Culturaltainment and its associates. Such Property Management Services included (a) the selection and management of on-site staff including butlers, porters, front of house and maintenance; (b) the provision of full facilities management and maintenance; (c) the provision of full financial management including budget forecasts, service charge collection and allocation; (d) the provision of resident liaison services and acting as the primary point of contact for resident enquiries and grievances; and (e) the provision of lease renewal and negotiation services and licence assignment and alteration services;
- (ii) Macrolink Culturaltainment and/or its associates shall lease certain office premises to the Target Group; and
- (iii) Macrolink Culturaltainment and/or its associates shall provide or procure the provision of security and guarding services and other ancillary services to the Target Group. Such ancillary services included the assessment of security equipments, electronics and fire safety related matters and the registration and conduction of security checks on persons entering the premises.

Payment and pricing policy:

Macrolink Culturaltainment and/or its associates shall pay monthly/quarterly property management service fees to the Target Group on a monthly/quarterly basis within three months after receiving the relevant invoice issued by the Target Group.

The property management and other ancillary service fees are determined after arm's length negotiations between the relevant parties after taking into account (i) the area of the relevant premises; (ii) the type of the property projects; (iii) the contracted scope of services and standards; (iv) the number of staff required for the provision of services; (v) the labour costs including wages, overtime payment and welfare expenses; (vi) other staff costs, outsourcing service fees, one-off material input fees, cleaning fees and property management remuneration; (vii) the prevailing market rates and market prices for the provision of property management services of comparable quality and scope and in comparable areas for comparable types of properties; and (viii) the guidance price of such services for similar types of property projects issued by the local government (if applicable, the price administration department of the local people's governments above the county level and the competent property administration departments at the same level are responsible for regulating the fees charged by property management companies in their respective administrative regions. Therefore, different administrative regions may have different government guidance prices for different types of properties and service standards and local government policies and pricing guidance apply to most of the preliminary property management service agreements entered into between the property developers and the Group at the preliminary stage. If the fees charged are subject to the government guidance price, the specific pricing principles shall be determined by the competent price administration departments and property administration departments of the people's governments of each province, autonomous region and municipality directly under the central government.).

The fees charged by property management can either be the government guidance price or market-based price depending on the nature and features of relevant properties. The main guidance prices are issued by the Beijing City Commission of Housing and Urban-Rural Development<sup>#</sup> (北京市住房和城鄉建設委員會) which issues the guidance prices annually or biannually via its website (<http://zjw.beijing.gov.cn/bjjs/fwgl/wyglxx/index.shtml>) with reference to the latest market transactions. Each major city in the PRC has its own city commission and website on which guidance prices can be obtained. In addition to such guidance prices and latest market information, the Group also refer to prevailing market prices obtained through the conduction of site visits on the sales centers of the newly development resident projects in the area at the inception of any new projects, the conduction of online research on the monthly results of recent bidding of the public projects (e.g. governments, schools, convention centers etc.) and the conduction of semi-annual review on the market prices of commercial projects in the negotiation of the sales/leasing agents from the landlords, from at least two other similar property management service providers on comparable properties. The indicative price range compiled through the above research and reference check differs for different types of property projects.

For the year ended 31 December 2022, the average property management fee charged to Macrolink Culturaltainment and its associates under the Target Group's management was in the range of RMB1.0 and RMB28.0 per square metre per month varying from residential properties to commercial buildings, shops and offices, which are generally in line with the average property management fee charged to other customers by the Target Group for similar types of properties and service standards with slight adjustments depending on factors as mentioned above.



In determining the reasonableness of the property management fees charged, the Group will obtain and assess, among other things, (a) the reference prices of other property management companies of comparable size for similar property projects through market research and analysis; (b) the level of fees charged by the Group for other projects in the same region of similar scale; and (c) pricing standards issued by government authorities for industry reference and guidance. Based on the market rates of the services to be provided, the relevant personnel will proceed to plan and prepare budget for a particular subsidiary service agreement and then come up with a fee proposal in accordance with the applicable pricing policies for approval.

As confirmed by the Directors, the terms offered by the Target Group to Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) should not be more favourable than those offered to other customers for similar services.

Further details of the principal terms of the Master Service Agreement are set out in the Letter from the Board.

**6. Analysis on the principal terms of the Master Service Agreement and work performed on the internal control procedures**

With a view to assess the reasonableness of the terms of the Master Service Agreement, we have obtained and reviewed a total of not less than twenty five samples of historical transactions conducted during 2007 to 2022, being the period of the property management services provided by the Target Group to Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries), which included transactions for property management services provided by the Target Group to (i) Independent Third Parties, comprising not less than fifteen transactions; and (ii) Macrolink Culturaltainment and its associates, comprising not less than ten transactions (together the “**Services Samples**”). With a view to assess the fairness and reasonableness, the Services Samples with Macrolink Culturaltainment and its associates were selected on a random basis and compared against similar transactions with Independent Third Parties. Given the Services Samples covered (i) various years across the period during 2007 to 2022; and (ii) the Target Group’s property management services for a range of different properties in the PRC, we considered that the Services Samples to be appropriate and representative for the purpose of our analysis in this connection. We noted that the property management fee charged to Macrolink Culturaltainment and its associates were in the range of RMB1.0 and RMB28.0 per square meter per month (the “**Price Range**”). Based on the Services Samples reviewed, the Price Range was applied to transactions with both Independent Third Parties and Macrolink Culturaltainment and its associates.



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Furthermore, we understand from the Management that the Price Range was determined according to the various factors including the latest market information available to the Target Group. The Management advised that transactions for property management services provided by the Target Group to Independent Third Parties or the Macrolink Culturaltainment and its associates also have to take reference with the Price Range (unless any changes on the (i) prevailing market rates and market prices for provision of property management services for comparable types of properties; or (ii) guidance price of such services for similar type of property projects issued by the local government). The Management advised that the property management fee is proposed by the staff of the Target Group's business department based on a set of criteria, including, among others, (i) area of the relevant premises; (ii) type of property projects; (iii) scope of services and standards; (iv) relevant costs; (v) prevailing market rates; and market prices for the provision of property management services of comparable quality and scope and in comparable areas for comparable types of properties; and (vi) guidance price issued by the local government (if applicable) and approved by the business department, the legal department, the finance department and/or the Management. The Target Group will also perform a review of the Price Range on a semi-annual basis. Moreover, we have also obtained a template in relation to the review of market information compiled by the business department of the Target Group, which comprising of (i) data from different provinces; and (ii) various residential properties and commercial properties of different scales and will generate the average price range of the aforesaid residential/commercial buildings charged by Independent Third Parties, whether would be within the Price Range. Having considered (i) the template of the market data set; (ii) the market data set would cover various provinces; and (iii) the market data set would cover different types and scale of property projects, ensuring that the market data set is representative of the relevant market, we are of the view that the pricing basis of the Price Range to be fair and reasonable.

Based on our work and analysis performed and as set out above, the sampled transactions obtained and reviewed were conducted in accordance with the applicable pricing policies of the Target Group. We have also obtained updated templates demonstrating that the relevant internal approval procedures would be carried out, such as the subject transactions, together with the relevant terms thereunder, would be reviewed and approved by a representative from each of the business department, the legal department and the finance department. In addition, we have discussed and understood from the Management that the external auditors of the Company will also conduct an annual review on the pricing terms, the annual caps and their actual utilisation under the Master Service Agreement. We further understand from the Management that the finance department and compliance department of the Group will jointly monitor the actual transaction amounts contemplated under the Master Service Agreement on a quarterly basis and report to the Management if the aggregate transaction amount under the annual caps is close to its limit. We have also obtained and reviewed the current internal control policy implementing by the Target Group and the updated internal control policy to be implemented by the Group after the completion of the Acquisition and noted that the policy has been further updated based on the Master Service Agreement and the upcoming connected transactions.

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In view of the above, in particular, our analysis and work performed on the pricing policies and internal control procedures implemented by the Target Group such as the basis of service fees charged for property management services, were determined in accordance with the factors mentioned above and within the Price Range for both Independent Third Parties and Macrolink Culturaltainment and its associates, we are of the view that the effective implementation of the pricing policies and internal control procedures shall ensure the transactions for property management services to be contemplated under the Master Service Agreement to be fair and reasonable.

### 7. Rationale for determining the annual caps in connection with the Master Service Agreement

The historical transaction amounts for the property management services provided by the Target Group to Macrolink Culturaltainment and/or its associates (save for the Company and its subsidiaries) are set out below:

	For the year ended 31 December 2020 <i>RMB million</i>	For the year ended 31 December 2021 <i>RMB million</i>	For the year ended 31 December 2022 <i>RMB million</i>
Provision of property management services by the Target Group to Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries)	24.90 (equivalent to about HK\$28.13)	44.22 (equivalent to about HK\$49.97)	30.82 (equivalent to about HK\$34.82)

The table below sets out the Proposed Property Management Annual Caps under the Master Service Agreement:

	For the years ending 31 December 2023 <i>RMB million</i>	2024 <i>RMB million</i>	2025 <i>RMB million</i>
Proposed Property Management Annual Caps	52.00 (equivalent to about HK\$58.76 (the “2023 Proposed Annual Cap”)	54.00 (equivalent to about HK\$61.02 (the “2024 Proposed Annual Cap”)	56.00 (equivalent to about HK\$63.28 (the “2025 Proposed Annual Cap”)

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As at the Latest Practicable Date, Completion has not yet taken place. Completion is expected to take place on or after the date of the SGM after the Independent Shareholders' approval is obtained and the amount of (i) the Property Management Services; (ii) the leasing of office premises by Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) to the Target Group; and (iii) the provision or procurement of provision of security and guarding services and other ancillary services by Macrolink Culturaltainment and its associates (save for the Company and its subsidiaries) to the Target Group after the Completion are expected to be covered by the respective proposed annual caps.

As set out in the Letter from the Board and as disclosed above, the historical transaction amount for 2022 had a decrease of approximately 30.3%, primarily due to the decrease in number of property projects in 2022, due to the continued impact of COVID-19 (in particular, its social mobility restrictions), as well as general negative downturn of the PRC property industry. Policies in recent years to contain the outbreak of COVID-19 have directly slowed construction of new properties as well as directly impacted the property management service. The Board therefore has taken a prudent approach on setting the annual caps for the three years ending 31 December 2025. The Proposed Property Management Annual Caps for the year ending 31 December 2025 was determined after taking into account (i) the historical figures and the trend for the same transactions in the past few years; (ii) the gross floor area of different types of properties owned by Macrolink Culturaltainment and its associates requiring property management services and the future development and planning of the offices; (iii) the rates chargeable by the Target Group per square metre of each type of the properties owned by Macrolink Culturaltainment and its associates requiring property management services; (iv) the anticipated growth of the property management industry in the PRC in the coming three years which will lead to an increase in demand for the property management business as currently carried out by the Target Group; (v) the historical and anticipated growth of the property management portfolio of the Target Group; and (vi) a reasonable buffer to cater for any temporary and unexpected property management work and exchange rate fluctuations.

The proposed Property Management Annual Caps is higher than the historical transaction amounts as they have taken into account the assumption that the Target Group would be able to enter into property management agreements for other new property projects to be constructed/completed, including another new large-scale cultural and tourism project, which are currently undergoing negotiation between the parties. The annual transaction amounts of the existing cultural and tourism project for which the Target Company provides property management services of approximately RMB15.4 million is used for reference. Currently, Macrolink Culturaltainment is negotiating with the governments of Yazhou District in Sanya City of Hainan Province and Weibin District in Baoji City of Shanxi Province for certain property projects, which, if materialised, would require the provision of property management services by the Target Group. Adopting the pricing for the provision of property management services of existing cultural and tourism project in the range of RMB2.0-3.5 per square metre depending on the zonings of the managing area, any one additional cultural and tourism project which materialises from these negotiation would be ranged from RMB14.4-33.6 million, i.e. an estimated average of approximately RMB20 million.

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Further, the growth rate per year of 3.7% has taken into account the steady increase in consumer price index (the “CPI”) in China in recent year where the consumer price index rose by 2.1% in January 2023 from a year earlier, up from 1.8% growth in December 2022. We noted (i) the CPI released by the National Bureau of Statistics of China; and (ii) the inflation rate of the PRC released by the World Bank that the inflation rate of the PRC was approximately 2.9%, 2.4% and 1% for 2019, 2020 and 2021, respectively. In light of the above CPI growth rate and the inflation rate, we considered that the 3.7% growth rate per year is reasonable.

We noted that the PRC property development industry has faced challenges in the recent past attributable to the introduction of various PRC government policies with a view to promote the long-term sustainability of the PRC property development industry including, among others, (i) the strict implementation of the three red lines\* (三條紅線) from around the second half of 2020<sup>3</sup>, namely (a) the asset-to-liability ratio (after excluding receipts in advance) of real estate development enterprises shall not exceed 70%\* (房企剔除預收款後的資產負債率不得大於70%); (b) the net debt ratio of property development enterprises shall not exceed 100%\* (房企的淨負債率不得大於100%); and (c) the “cash and short term debt ratio” of the property development enterprises should be less than one\* (房企的「現金短債比」小於1), which became one of the core policy directives issued by the PRC government in relation to the property development industry at the relevant time; and more recently (ii) the announcement of Provision of Financial Support for the Stability and Healthy Development of the Real Estate Market\* (關於做好當前金融支持房地產市場平穩健康發展工作的通知)<sup>4</sup> jointly published by The People’s Bank of China\* (中國人民銀行) and China Banking and Insurance Regulatory Commission\* (中國銀行保險監督管理委員會) dated 23 November 2022 in relation to (a) ensure stable and orderly property financing\* (保持房地產融資平穩有序); (b) proactively carry out “guarantee delivery of vacant possession” related financial services\* (積極做好「保交樓」金融服務); (c) proactively cooperate on risk management of property development enterprises in difficulties\* (積極配合做好受困房地產企業風險處置); (d) protect the legal rights and interests of residential property financial consumers\* (依法保障住房金融消費者合法權益); (e) adjust part of the financial management policies in stages\* (階段性調整部分金融管理政策); and (f) provide greater financial support on leasing of residential properties\* (加大住房租賃金融支持力度). In view of the above, it is expected that the PRC property market may subject to short term fluctuations and that the future development of the PRC property market will continue to be influenced by changes in PRC government policies at a national and regional level which is intended to promote sustainable and healthy long-term development, the then prevailing market environment as well as the overall economic development of the PRC. In this connection,

<sup>3</sup> PRC government published article in relation to finance and land related policies dated 1 March 2021 (source: [http://www.gov.cn/xinwen/2021-03/01/content\\_5589400.htm](http://www.gov.cn/xinwen/2021-03/01/content_5589400.htm))

<sup>4</sup> Announcement of Provision of Financial Support for the Stability and Healthy Development of the Real Estate Market\* 《關於做好當前金融支持房地產市場平穩健康發展工作的通知》 jointly published by The People’s Bank of China\* (中國人民銀行) and China Banking and Insurance Regulatory Commission\* (中國銀行保險監督管理委員會) dated 23 November 2022 (source: <https://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1082913&itemId=915&generaltype=0>)

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we consider that it is necessary for the Management to take into account the aforesaid potential fluctuations by allowing sufficient flexibilities when determining the Proposed Property Management Annual Caps.

Nonetheless, in assessing the reasonableness of the Proposed Property Management Annual Caps in connection with the Master Service Agreement, we have obtained a schedule from the Management setting out the existing projects to be continued during 2023 to 2025 and upcoming potential culture and tourism projects (the “**Project Schedule**”) which the expected commencement date to be during 2023 or 2024.

Having considered, among others, (i) the information as set out in the Project Schedule, comprising (a) not less than 10 property projects for each of the year from 2023 to 2025; (b) the relevant contracts of more than 60% these projects (in terms of transaction amount) have been already entered into for 2023, 2024 and 2025, respectively, which not less than 13 contracts have been already entered into with a potential culture and tourism project with transaction amount of not less than RMB50 million for 2023. The abovementioned contracts with not less than 5 contracts generally have a contract period from 1 to 3 years and not less than 8 contracts were recurring in nature (the Company normally review the terms with the relevant party(ies) once a year); (c) projects located across more than 10 provinces; and (d) the expected revenue of these projects typically ranged from not less than RMB20,000 to not more than RMB16 million, subject to their size and scales; (ii) the total estimated amount for these existing and potential upcoming projects by the Management and the Price Range for the property management services; (iii) a potential culture and tourism project with expected revenue of not less than RMB15 million; and (iv) with a view to manage the potential fluctuations resulting from the market reactions to the PRC government policies, which is beyond the Company’s control, we consider that it is necessary for the Management to incorporate sufficient flexibilities when determining the Proposed Property Management Annual Caps, the increase of the 2023 Proposed Annual Cap as compared with the historical transaction amount for the year ended 31 December 2022 is reasonable based on the potential culture and tourism project, therefore, we consider that the 2023 Proposed Annual Cap, including its basis of determination, is considered to be fair and reasonable.

For the 2024 and 2025 Proposed Property Management Annual Caps, it is noted that such are at the level with less than 5% increase as compared with the 2023 Proposed Annual Cap. Given (i) the 2023 Annual Cap already represent an increase of not less than 50% as compared to the historical transaction amount for the year ended 31 December 2022 and each of the 2024 and 2025 Proposed Property Management Annual Caps represent less than 5% increase to the 2023 Proposed Annual Cap; (ii) the Management considered that it is necessary to take into account, to the extent possible, the potential market fluctuation when determining the Proposed Property Management Annual Caps to ensure the Continuing Connected Transactions can be carried out in an effective and undisrupted manner; (iii) the Management expected that the property market was temporary affected by the market reaction of the introduction of various PRC government policies, including the implementation of the three red lines\*; (iv) it is expected that the PRC property market may subject to short term fluctuations and that the future development of the PRC property market will continue to be influenced by changes in

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRC government policies at a national and regional level which is intended to promote sustainable and healthy long-term development, the then prevailing market environment as well as the overall economic development of the PRC, in this connection, we consider that it is necessary for the Management to take into account such uncertainties and potential fluctuations by allowing sufficient flexibilities when determining the Proposed Property Management Annual Caps; and (v) the Management is optimistic that the PRC government policies will facilitate the long-term sustainability and foster a healthy environment for the continued development of the PRC property development industry over time, we considered the 2024 and 2025 Proposed Property Management Annual Caps, including its basis of determination, to be fair and reasonable.

### VI. RECOMMENDATION

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

- (i) the reasons for and benefits of the Master Service Agreement;
- (ii) the provision of services under the Master Service Agreement is a furtherance of the Group's existing principal businesses;
- (iii) based on our work performed, the sampled transactions under the Master Service Agreement were conducted in accordance with its pricing policies and internal control procedures; and
- (iv) the value of, and the basis for determining the Proposed Property Management Annual Caps are reasonable as discussed in this letter above,

we are of the view that the Continuing Connected Transactions under the Master Service Agreement, are in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which, including the Proposed Property Management Annual Caps, are fair and reasonable so far as the Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders to vote in favour of the ordinary resolution to approve the Master Service Agreement in relation to the provision of the Property Management Services (including the Proposed Property Management Annual Caps) 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 25 years of experience in corporate finance industry.*

*\* For identification purposes only*



## 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. Further, it is provided under the terms of the Acquisition Agreement that after the Completion, the Vendor undertakes that it and its associates (including the abovenamed companies) will not, without the consent of the Group, engage in the operation of or investment in property management businesses.

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 (i) the conditional subscription agreement dated 29 September 2017 (as supplemented on 22 November 2017) entered into between Wealth Venture Asia Limited (“**Wealth Venture**”) and Macrolink Australia Investment Limited (“**Macrolink Australia**”) in relation to the subscription of 104 redeemable preference shares of US\$0.01 each (the “**Redeemable Preference Shares**”) in the share capital of Macrolink Australia; (ii) the conditional loan agreement dated 29 September 2017 (as supplemented on 22 November 2017) (the “**Loan Agreement**”) entered into between Wealth Venture and Macrolink Australia in relation to the provision of a loan in the principal amount of 74.41 million Australian dollars; (iii) the total return swap agreement dated 29 September 2017 (as supplemented on 22 November 2017) (the “**TRS Agreement**”) entered into between Wealth Venture and Macrolink Australia pursuant to which Wealth Venture and Macrolink Australia agreed to a swap arrangement; (iv) the supplemental agreement dated 29 November 2022 and entered into between Wealth Venture and Macrolink Australia to amend certain terms of the Loan Agreement; (v) 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; (vi) the supplemental agreement dated 29 November 2022 and entered into between Wealth Venture and Macrolink Australia to amend certain terms of the TRS Agreement; and (vii) the Acquisition Agreement, 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, (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; and (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., as such, Mr. Ma Chenshan, Mr. Zhang Jian, Mr. Hang Guanyu and Mr. Liu Huaming are indirectly interested in the Target Group, which is proposed to be acquired by the Group.

Save as disclosed, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which, since 31 December 2022 (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. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any circumstances or events that may give rise to a material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest audited financial statements of the Group were made up.

**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:

<b>Name</b>	<b>Qualification</b>
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 does not have any 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 does not have any 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 2022, being the date to which the latest published audited accounts of the Company were made up.

**9. GENERAL**

In the event of any inconsistency, the English texts of the circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

**10. DOCUMENT ON DISPLAY**

A copy of the Master Service Agreement will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and website of the Company ([www.newsilkroad472.com](http://www.newsilkroad472.com)) for a period of 14 days from the date of this circular.



**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 Monday, 15 May 2023 at 11:00 a.m., as special business, to consider and, if thought fit, pass with or without amendments the following resolution 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:

**“THAT:**

- (a) the conditional master service agreement (the “**Master Service Agreement**”) dated 22 March 2023 (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 四川絲路數據科技有限公司 (Sichuan Silkroad Data Technology Company Limited<sup>#</sup>) and Macrolink Culturaltainment Development Co., Ltd. (“**Macrolink Culturaltainment**”) in relation to, among other matters, the provision of property management services by 北京潮來潮往文化傳媒有限公司 (Beijing Chaolaichaowang Culture Media Company Limited<sup>#</sup>) to Macrolink Culturaltainment and its associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (save for the Company and its subsidiaries), and the transactions contemplated thereunder (including the annual caps for the property management services of RMB52 million, RMB54 million and RMB56 million for each of the three years ending 31 December 2023, 2024 and 2025 respectively), be and are hereby approved, confirmed and ratified; and

## NOTICE OF SGM

- (b) 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 Master Service Agreement and the transactions contemplated thereunder, and to make and agree to make such variations of the terms of the Master Service 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.”

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

Hong Kong, 28 April 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

# *The English names of entities marked with “#” are not the official names and are translated for identification purpose only.*  
*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 on Monday, 15 May 2023 for registration of any transfer of shares. 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 Friday, 12 May 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.*