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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)

CONTINUING CONNECTED TRANSACTION

The Board is pleased to announce that on 13 September 2021, Diqing Shangri-la entered into the 2021 Zhenjiu Agreement with Guizhou Zhenjiu, pursuant to which Diqing Shangri-la has agreed to purchase Zhenjiu Wines from Guizhou Zhenjiu with an annual cap of RMB8.3 million (equivalent to approximately HK\$9.96 million) for each of the three years ending 31 December 2023.

As at the date of this announcement, Guizhou Zhenjiu is ultimately owned as to 90% by Mr. Wu who is the associate of Mr. Fu, the ultimate controlling shareholder of the Company. Therefore, Guizhou Zhenjiu is a connected person of the Company and the transactions contemplated under the 2021 Zhenjiu Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios for the annual caps under the 2021 Zhenjiu Agreement are more than 0.1% but less than 25% and annual caps are less than HK\$10,000,000, the 2021 Zhenjiu Agreement and the transactions contemplated thereunder (including the annual caps thereof) are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 13 September 2021, Diqing Shangri-la entered into the 2021 Zhenjiu Agreement with Guizhou Zhenjiu, pursuant to which Diqing Shangri-la has agreed to purchase Zhenjiu Wines from Guizhou Zhenjiu with an annual cap of RMB8.3 million (equivalent to approximately HK\$9.96 million) for each of the three years ending 31 December 2023. The key terms of the 2021 Zhenjiu Agreement are set out below:

THE 2021 ZHENJIU AGREEMENT

Date : 13 September 2021

Parties : (i) Diqing Shangri-la, a wholly-owned subsidiary of Shangri-la Winery, as the purchaser; and

(ii) Guizhou Zhenjiu, as the vendor

Subject matters:

Pursuant to the 2021 Zhenjiu Agreement, Diqing Shangri-la has agreed to purchase Zhenjiu Wines from Guizhou Zhenjiu with an annual cap of RMB8.3 million (equivalent to approximately HK\$9.96 million) for each of the three years ending 31 December 2023.

Under the 2021 Zhenjiu Agreement, the selling price of Zhenjiu Wines shall be based on the normal price list of Guizhou Zhenjiu with reference to the prevailing market price offered to the independent customers for the same or similar products. The terms of which would be no less favourable than terms offered to other independent third parties who are willing to order similar quantity. The purchase amount shall be settled by Diqing Shangri-la as a deposit in cash prior to delivery of Zhenjiu Wines by Guizhou Zhenjiu until the Zhenjiu Wines are procured after a warranty period of 270 days

BASIS OF DETERMINATION OF THE ANNUAL CAPS

The annual caps under the 2021 Zhenjiu Agreement was arrived at after considering and taking into account (i) the sales planning and survey of the Zhenjiu Wines by Diqing Shangri-la in the first half of 2021; and (ii) the procurement forecast by Diqing Shangri-la of Zhenjiu Wines in view of growing demand.

ANNUAL CAPS

The Directors anticipates that the maximum aggregate procurement sums to be paid by Diqing Shangri-la to Guizhou Zhenjiu under the 2021 Zhenjiu Agreement for each of the three financial years ending 31 December 2023 will not exceed the following annual caps:

Financial year ending 31 December 2021	Financial year ending 31 December 2022	Financial year ending 31 December 2023
RMB8.3 million (equivalent to approximately HK\$9.96 million)	RMB8.3 million (equivalent to approximately HK\$9.96 million)	RMB8.3 million (equivalent to approximately HK\$9.96 million)

The annual caps above, which are the aggregate caps for the transactions contemplated under the 2021 Zhenjiu Agreement, have been determined with reference to, among others, the following bases and assumptions:

- A. the historical and current demand and the future sales forecast of the Zhenjiu Wines in sales channels of the Group.
- B. the historical and current exchange rates of RMB.

The transactions under the 2021 Zhenjiu Agreement are subject to disclosure, reporting, announcement and annual review requirement under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.49 of the Listing Rules, details of the transactions under the 2021 Zhenjiu Agreement for each of the three years ending 31 December 2023 will be included in the relevant annual report of the Company.

REASONS FOR ENTERING INTO THE 2021 ZHENJIU AGREEMENT

The Group and its principal subsidiaries are engaged in the (i) development and operation of integrated resort and cultural tourism in South Korea; (ii) development and operation of real estate in South Korea and Australia; (iii) production and distribution of wine in the PRC; and (iv) operation of entertainment business in South Korea.

Guizhou Zhenjiu is principally engaged in the wholesale and distribution of Chinese baijiu. The winery has more than 20,000 tons of high-quality sauce-flavored old wine in stock. In 2020, the growth rate of Zhenjiu wine exceeded 67%, and the output value reached RMB1.6 billion.

The transactions contemplated under the 2021 Zhenjiu Agreement will be conducted in the ordinary course of business of the Group. The terms of the 2021 Zhenjiu Agreement have been negotiated based on normal commercial terms through arm's length negotiation between Diqing Shangri-la and Guizhou Zhenjiu. The pricing shall be based on the normal price list of Guizhou Zhenjiu with reference to the prevailing market price and on no less favourable than terms offered to other independent third parties who are willing to order similar quantity.

The Directors (including all the independent non-executive Directors) consider that the 2021 Zhenjiu Agreement has been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and the transactions contemplated thereunder are in the ordinary and usual course of the Group's business and in the interests of the Company and its Shareholders as a whole.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, none of the Directors has a material interest in the transactions contemplated thereunder and therefore no Director is required to abstain from voting on the board resolution in relation thereto.

LISTING RULES IMPLICATION

As at the date of this announcement, Guizhou Zhenjiu is a company established in the PRC, and is ultimately owned as to 90% by Mr. Wu who is the associate of Mr. Fu. Mr. Fu is interested in 59.76% shareholding in Cheung Shek Investment Company Limited. Cheung Shek Investment Company Limited and Mr. Fu are interested in Macro-Link Holding Company Limited as to 93.40% and 2.83% shareholdings respectively. Macro-Link Holding Company Limited is the holding company of Macrolink Culturaltainment Development Co., Ltd. (owned as to 61.174% by Macro-Link Holding Company Limited) and Macro-Link Industrial Investment Limited (wholly-owned by Macro-Link Holding Company Limited). Both Macrolink Culturaltainment Development Co., Ltd. and Macro-Link Industrial Investment Limited, through their respective wholly-owned subsidiaries, are together interested in 61.52% in the issued share capital of the Company. Therefore, Mr. Fu is the ultimate controlling shareholder of the Company and Guizhou Zhenjiu is a connected person of the Company. Accordingly the transactions contemplated under the 2021 Zhenjiu Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios for the annual caps under the 2021 Zhenjiu Agreement are more than 0.1% but less than 25% and the annual caps are less than HK\$10,000,000, the 2021 Zhenjiu Agreement and the transactions contemplated thereunder (including the annual caps thereof) are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“2021 Zhenjiu Agreement”	the master sales agreement dated 13 September 2021 and entered into between Diqing Shangri-la and Guizhou Zhenjiu in respect of the sale and purchase of Zhenjiu Wines for the three years ending 31 December 2023
“associate”	has the same meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	New Silkroad Culturaltainment Limited, a company incorporated in Bermuda and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the same meaning ascribed thereto in the Listing Rules
“controlling shareholder”	has the same meaning ascribed thereto in the Listing Rules
“Diqing Shangri-la”	迪慶香格里拉經濟開發區天籟酒業有限公司 (Diqing Shangri-la Economics Development Zone Tintai Winery Co., Ltd.), a wholly-owned subsidiary of Shangri-la Winery
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guizhou Zhenjiu”	貴州珍酒銷售有限公司 (Guizhou Zhenjiu Sales Co., Ltd.), ultimately owned as to 90% by Mr. Wu who is the associate of Mr. Fu, the ultimate controlling shareholder of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Fu”	Mr. Fu Kwan, the brother-in-law of Mr. Wu and a director and the ultimate controlling shareholder of Macrolink Culturaltainment Development Co., Ltd. (a company whose issued shares are listed on the Shenzhen Stock Exchange under stock code: 000620), which is the Company’s controlling shareholder, being the ultimate controlling shareholder of the Company

“Mr. Wu”	Mr. Wu Xiangdong, ultimately holding 90% equity interest in Guizhou Zhenjiu, being an associate of Mr. Fu
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shangri-la Winery”	香格里拉酒業股份有限公司 (Shangri-la Winery Company Limited [#]), a 95%-owned subsidiary of the Company established in the PRC principally engaged in the production and distribution of grape wine and Tibetan naked barley wine
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

The exchange rate of RMB1.00 to HK\$1.20 is used in this announcement for illustration purpose only. No representation is made that any amount in RMB or HK\$ could be converted at such rate or any other rate.

[#] *The English name is not an official name but is translated for reference only*

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

Hong Kong, 13 September 2021

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