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

(Incorporated in Bermuda with limited liability)

(Stock Code: 472)

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

References are made to the announcement of the Company dated 29 September 2017 and the 2017 Circular in relation to, among other matters, the 2017 Agreements.

THE 2017 AGREEMENTS

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

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

THE SUPPLEMENTAL AGREEMENTS

Since Closing, the Project has faced many ups and downs. Over the past five years, Australia's economic growth accelerated from 2017 through 2018, decelerated in 2019, turned negative in 2020, and rebounded in 2021. Further, the impact of the coronavirus 2019 pandemic, the China-United States trade war and the Russo-Ukrainian war have also put tremendous strain on the overall global economy and market sentiments, undoubtedly affecting the property market in Australia and the performance of the Project, hence delaying all the key milestone dates of its initial development and construction plan and the subsequent sale and delivery of units.

Despite the difficult environment, the Project was able to complete with the delivery of most of the residential apartments in December 2021 and 11 of the remaining 15 apartments in the Project were also successively delivered before 31 October 2022. As at the date of this announcement, 4 apartments and a boutique mall of 980 square meters remained undelivered. As the Project has not yet completed, Wealth Venture and Macrolink Australia consider it beneficial to both parties to extend the terms of the 2017 Agreements by entering into the Supplemental Agreements, for the reasons set out in the paragraph headed "Reasons for and the benefits of the Supplemental Agreements" in this announcement.

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

LISTING RULES IMPLICATIONS

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

PROPOSED AMENDMENTS TO THE EXISTING BYE-LAWS

Pursuant to the Consultation Conclusion on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Listing Rules have been amended with effect from 1 January 2022 which requires, among others, listed issuers to adopt a uniform set of 14 “Core Standards” for shareholder protections for issuers set out in Appendix 3 of Listing Rules. Accordingly, the Board proposed to amend the Existing Bye-Laws by adopting the Amended Bye-Laws in order to, among other things, bring the Bye-Laws in line with the relevant requirements of the Listing Rules as well as the applicable laws of Bermuda.

The Proposed Amendments and the adoption of the Amended Bye-Laws are subject to the consideration and approval by the Shareholders by way of a special resolution at the SGM.

GENERAL

The Company will convene and hold the SGM to seek approval from the Independent Shareholders to consider, and if thought fit, approve, among other matters, the Supplemental Agreements and the transactions contemplated thereunder, and to seek approval from the Shareholders to consider, and if thought fit, approve, among other matters, the Proposed Amendments and the adoption of the Amended Bye-Laws. Macro-Link International Land and its associates shall abstain from voting on the ordinary resolution(s) to be proposed at the SGM in respect of the Supplemental Agreements.

A circular containing, among other things, (i) further details of each of the Supplemental Agreements and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser; (iv) further details of the Proposed Amendments and the proposed adoption of the Amended Bye-Laws; (v) other information as required to be disclosed under the Listing Rules; and (vi) a notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 20 December 2022.

INTRODUCTION

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

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

Since Closing, the Project has faced many ups and downs. Over the past five years, Australia's economic growth accelerated from 2017 through 2018, decelerated in 2019, turned negative in 2020, and rebounded in 2021. Further, the impact of the coronavirus 2019 pandemic, the China-United States trade war and the Russo-Ukrainian war have also put tremendous strain on the overall global economy and market sentiments, undoubtedly affecting the property market in Australia and the performance of the Project, hence delaying all the key milestone dates of its initial development and construction plan and the subsequent sale and delivery of units. Despite the difficult environment, the Project was able to complete with the delivery of most of the residential apartments in December 2021 and 11 of the remaining 15 apartments in the Project were also successively delivered before 31 October 2022.

Pursuant to the 2017 Agreements, the Loan together with the interests accrued thereon have matured on 28 August 2022, and the alternative arrangement for payment of the interest of the Loan by swapping the interest of the Loan with the Total Return was to be calculated and determined upon completion of the Project such that the redemption of the Redeemable Preference Shares was to take place on 19 December 2022. The transactions contemplated under the 2017 Agreements were part and parcel and entered into with the expected at the relevant time to take place of the Project (all units in the Project are developed and sold) before the maturity date of the Loan Agreement.

As at the date of this announcement, 4 apartments and a boutique mall of 980 square meters remained undelivered and the units and rental premises under the Project have not all been delivered to the customers yet. Due to the unsatisfactory market condition and sentiment in the property market in Australia, it is not optimistic that the units and rental premises under the Project will have been all sold and delivered to the customers by the end of the year. Further, although the principal amount of the Loan has been repaid in full as at the date of this announcement, certain interests accrued thereon remain outstanding and unpaid and Macrolink Australia does not currently have sufficient funds to make a full redemption of the Redeemable Preference Shares or fully repay the interests accrued under the Loan Agreement. The Total Return also cannot be determined unless and until the undelivered portion of the Project has been all delivered to the customers and the receipts are collected, the date of which is expected to likely be after 2022. In view of the foregoing and for the reasons set out in detail in the paragraph headed “Reasons for and the benefits of the Supplemental Agreements” below, Wealth Venture and Macrolink Australia consider it beneficial to both parties to extend the terms of the 2017 Agreements by entering into the Supplemental Agreements.

THE SUPPLEMENTAL AGREEMENTS

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

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

(I) The Supplemental Subscription Agreement

Date: 29 November 2022

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

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

Subscription of Redeemable Preference Shares

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

Terms of the Redeemable Preference Shares

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

Number of shares issued: 104 Redeemable Preference Shares

Subscription Price: Approximately HK\$2.14 million per Redeemable Preference Share

Redemption Date: The date falling on the expiry of 84 months from the Closing Date (i.e. 19 December 2024) or such later date to which the Redemption Date may be postponed or any other earlier date as may be mutually agreed in writing by Macrolink Australia and Wealth Venture

Redemption: Upon the Redemption Date, Macrolink Australia shall redeem all the Subscription Shares at an amount equal to the Subscription Price plus the Premium as detailed below.

The right to receive any amount as mentioned above ranks in priority to any dividend and distribution of surplus of assets to ordinary shareholders of Macrolink Australia.

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

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

- (a) during the first period commencing from the Closing Date and ending on the last day of the immediate calendar quarter, the Subscription Price;

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

The Premium was arrived at after arm's length negotiation between the parties with reference to the prevailing market interest rates and practices. The Directors consider such rate to be on normal commercial terms and are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Voting:

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

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

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

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

Conditions precedent to the Supplemental Subscription Agreement

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

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

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

(II) The Supplemental Loan Agreement and the Supplemental TRS Agreement

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

The Supplemental Loan Agreement

Date: 29 November 2022

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

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

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

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

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

Interest Rate:

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

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

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

(a) during the first period commencing from the date of drawdown and ending on the last day of the immediate calendar quarter, the Loan amount;

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

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

Early repayment:

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

Conditions precedent to the Supplemental Loan Agreement

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

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

The Supplemental TRS Agreement

Date: 29 November 2022

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

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

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

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

INFORMATION ON THE AUSTRALIA GROUP AND THE PROPERTY

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

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

The Project was broadly divided into four phases: (i) preconstruction such as design development and obtaining authority approvals; (ii) demolition of the existing building; (iii) construction; and (iv) sale and delivery to buyers. As at the date of this announcement, the first three phases have completed and 96.15% of the units have been sold and delivered to the buyers, save for 4 units and a boutique mall of 980 square meters. The total contract sales for the sold and delivered portion was approximately AUD479.80 million (equivalent to approximately HK\$2,399.00 million).

FINANCIAL INFORMATION OF THE AUSTRALIA GROUP

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

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

REASONS FOR AND THE BENEFITS OF THE SUPPLEMENTAL AGREEMENTS

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

As disclosed above, since Closing, the Project has faced many ups and downs due to the turbulent economy in Australia over the past five years and the impact of the coronavirus 2019 pandemic, the China-United States trade war and the Russo-Ukrainian war, which have also put tremendous strain on the overall global economy and market sentiments, contributing significantly to the discrepancy in the actual performance of the Project from what the Company had initially projected when making the investment in the Project. In view of the current market condition and sentiment in the property market in Australia, it is not optimistic that the units and rental premises under the Project will have been all sold and delivered to the customers by the end of the year. Under the aforementioned circumstances, the delay in complete sale of units and rental premises under the Project, the long-lasting impact of the coronavirus 2019 pandemic and the slowdown of global economic activities have also contributed to the increase in construction and development costs and finance costs in relation to the Project, causing the overall returns of the Group from the Project to be lower than initially projected.

Further, although the principal amount of the Loan has been repaid in full as at the date of this announcement, certain interests accrued thereon remain outstanding and unpaid, and the dividend from AusCo, which is estimated to be approximately AUD30.62 million (equivalent to approximately HK\$153.10 million) has not yet been declared due to the local tax administration. As the Loan together with the interests accrued thereon have matured on 28 August 2022 and the redemption of the Redeemable Preference Shares would soon be due by the end of 2022 but the Project has not yet completed, with only 4 apartments and a boutique mall of 980 square meters which remain unsold, it is expected that Macrolink Australia would not have sufficient funds to make a full redemption of the Redeemable Preference Shares or fully repay the interests accrued under the Loan Agreement and the Amended Total Return also cannot be determined unless and until the units and rental premises under the Project are sold and delivered to the customers, the date of which is expected to likely be after 2022.

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

The Board has given balanced and comprehensive consideration to the transactions contemplated under the 2017 Agreements against the aforementioned matters, and is of the view that the extension of the terms of the 2017 Agreements by entering into the Supplemental Agreements would provide the Group with the opportunity to delay the realisation of its investment in the Project at a more appropriate and favourable time to the Group and recuperate more of its investment in the Project which unfortunately has performed less satisfactory than its initial projection due to the outbreak of the coronavirus 2019 pandemic, the China-United States trade war and unforeseen downturn in the global economy, taking into account that:

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

- (iii) although the property market in Australia has recently begun to show signs of improvement and prospects after suffering from the economic downturn and setback, it is still uncertain if the remaining units can be sold on preferable terms for the remainder of 2022, however, based on the gradually recovering and rising housing prices and income levels in Australia and increasing rental values, the Board is hopeful that the property market in Australia will continue to gradually improve, and the extension of the terms of the 2017 Agreements would allow AusCo to sell the remaining units in the Project at higher prices and mitigate its losses in the Project, and provide the Group with the opportunity to realise its investment in the Project at a more appropriate and favourable time to the Group;
- (iv) as the Group has already recovered the principal amount of the Loan and a portion of the interests accrued thereon has already been repaid by Macrolink Australia, the remaining amount of the Loan is much lower. Moreover, the AusCo has now transferred from a property development company under construction to a sales and leasing company of developed properties, and the boutique mall under sale will have a rental income of AUD1.85 million (equivalent to approximately HK\$9.25 million) per year if it is unsold. It is sufficient for consistent interest payments and hence it has lower credit risk. Although the interest rate of the outstanding amount of the Loan is to be reduced from 6.16% to 5.50% per annum, such interest rate is still more favourable than that offered by banks in Hong Kong fixed deposit of similar terms and the extended Loan would continue to provide a decent interest income to the Group; and
- (v) nevertheless, in the event that the property market in Australia experiences a strong growth and the Project can complete with substantial increase in investment returns, the TRS Agreement (as supplemented by the Supplemental TRS Agreement) would continue to act as a safeguard measure of the interests of the Company as it would allow Wealth Venture to receive the Amended Total Return instead of the fixed interest under the Loan upon completion of the Project, enabling the Company to maximise the returns to be achieved from the remaining Project.

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

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

LISTING RULES IMPLICATIONS

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

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

PROPOSED AMENDMENTS TO THE EXISTING BYE-LAWS

Pursuant to the Consultation Conclusion on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Listing Rules have been amended with effect from 1 January 2022 which requires, among others, listed issuers to adopt a uniform set of 14 "Core Standards" for shareholder protections for issuers set out in Appendix 3 of Listing Rules.

Accordingly, the Board proposed to amend the Existing Bye-Laws by adopting the Amended Bye-Laws in substitution for, and to the exclusion of, the Existing Bye-Laws in order to (i) bring the relevant provision of the Bye-Laws in line with the relevant requirements of the Listing Rules as well as the applicable laws of Bermuda; (ii) allow general meetings of the Company to be held in the form of, in addition to a physical meeting, a hybrid meeting or an electronic meeting where Shareholders may attend by electronic means in addition to physical attendance in person; and (iii) provide flexibility to the Company in relation to the conduct of general meetings. Other housekeeping and consequential amendments to the Bye-Laws are also proposed, including making consequential amendments in connection with the above amendments to the Bye-Laws and for clarity and consistency with the other provisions of the Bye-Laws where it is considered desirable and to better align the wording with those of the Listing Rules and the applicable laws of Bermuda. The full text of the Proposed Amendments will be set out in an appendix to the circular to be despatched to the Shareholders.

The Proposed Amendments and the adoption of the Amended Bye-Laws are subject to the consideration and approval by the Shareholders by way of a special resolution at the SGM.

GENERAL

The Company will convene and hold the SGM to seek approval from the Independent Shareholders to consider, and if thought fit, approve, among other matters, the Supplemental Agreements and the transactions contemplated thereunder, and to seek approval from the Shareholders to consider, and if thought fit, approve, among other matters, the Proposed Amendments and the adoption of the Amended Bye-Laws. Macro-Link International Land and its associates shall abstain from voting on the proposed resolutions to approve the Supplemental Agreements 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.

A circular containing, among other things, (i) further details of each of the Supplemental Agreements and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser; (iv) further details of the Proposed Amendments and the proposed adoption of the Amended Bye-Laws; (v) other information as required to be disclosed under the Listing Rules; and (vi) a notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 20 December 2022.

DEFINITIONS

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

“2017 Agreements”	the Subscription Agreement, the Loan Agreement and the TRS Agreement collectively
“2017 Circular”	the circular of the Company dated 30 November 2017 in relation to, among other matters, the 2017 Agreements
“Amended Bye-Laws”	the amended and restated Bye-Laws incorporating all the Proposed Amendments proposed to be adopted by the Shareholders by way of a special resolution at the SGM
“Amended Total Return”	has the meaning set out in the paragraph headed “The TRS Agreement” in this announcement
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“AusCo”	Macrolink & Landream Australia Land Pty Ltd, a company incorporated in Australia with limited liability and is owned as to 80% by Macrolink Australia and as to 20% by an Independent Third Party
“Australia Group”	Macrolink Australia and AusCo
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company as supplemented or amended or substituted from time to time
“Closing”	completion of transactions contemplated under the Subscription Agreement

“Closing Date”	20 December 2017, the date on which the Closing took place, being the date on which Wealth Venture became the holder of the Redeemable Preference Shares
“Company”	New Silkroad Culturaltainment Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Existing Bye-Laws”	the existing Bye-Laws adopted at the annual general meeting of the Company held on 15 May 2012
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all its independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Mr. Tse Kwong Hon and Mr. Cao Kuangyu, established for the purpose of advising the Independent Shareholders on the terms of the Supplemental Agreements and the transactions contemplated thereunder
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Supplemental Agreements and the transactions contemplated thereunder

“Independent Shareholders”	Shareholders other than (i) Macro-Link International Land, Macro-Link International Investment and their respective associates; and (ii) any Shareholders who are interested or have a material interest in the Supplemental Agreements, who shall be required under the Listing Rules to abstain from voting on the resolution to approve the Supplemental Agreements at the SGM
“Independent Third Party”	an independent third party not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of AUD74.41 million (equivalent to approximately HK\$461.33 million at the then exchange rate of AUD1.00 to HK\$6.20) advanced by Wealth Venture to Macrolink Australia under the Loan Agreement
“Loan Agreement”	the conditional loan agreement dated 29 September 2017 (as supplemented on 22 November 2017) entered into between Wealth Venture and Macrolink Australia in relation to the provision of the Loan
“Macro-Link International Investment”	MACRO-LINK International Investment Co, Ltd., a company incorporated in the British Virgin Islands with limited liability which is interested in 6.73% of the issued Shares of the Company
“Macro-Link International Land”	Macro-Link International Land Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned by Macrolink Culturaltainment Development Co., Ltd. (which is a company whose issued shares are listed on the Shenzhen Stock Exchange under stock code: 000620), being the controlling shareholder of the Company

“Macrolink Australia”	Macrolink Australia Investment Limited, a company incorporated in the British Virgin Islands with limited liability, being the issuer of the Subscription Shares under the Subscription Agreement
“Macrolink Group”	refers generally to Macro-Link International Land and Macro-Link International Investment and its associates
“Outstanding Interest”	the outstanding interests accrued under the Loan Agreement, i.e. approximately AUD19.31 million (equivalent to approximately HK\$96.55 million)
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Premium”	the premium on the Redeemable Preference Shares payable by Macrolink Australia to Wealth Venture upon redemption, details of which are disclosed in the section headed “Terms of the Redeemable Preference Shares” of this announcement
“Project”	the development of the Property into a 20-storey mixed use building composed of luxury residential units and premium retail premises and the sale of such residential units and retail premises
“Property”	a property development site located at 71 Macquarie Street, Sydney, Australia
“Proposed Amendments”	the proposed amendments to the Existing Bye-Laws to be incorporated in the Amended Bye-Laws

“Redemption Date”	the date on which the Redeemable Preference Shares shall be redeemed by Macrolink Australia, i.e. the date falling on the expiry of 84 months from the Closing Date or any other earlier date as may be mutually agreed in writing by Macrolink Australia and Wealth Venture, as supplemented by the Supplemental Subscription Agreement
“Redeemable Preference Shares”	the redeemable preference shares of US\$0.01 each to be issued by Macrolink Australia to Wealth Venture pursuant to the Subscription Agreement
“SGM”	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreements and the transactions contemplated thereunder and for the Shareholders to consider and, if thought fit, approve the Proposed Amendments to the Existing Bye-Laws by way of adoption of the Amended Bye-Laws
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	shares of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 104 Redeemable Preference Shares pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 29 September 2017 (as supplemented on 22 November 2017) entered into between Wealth Venture and Macrolink Australia in relation to the Subscription
“Subscription Price”	the total subscription price for the Subscription Shares of approximately HK\$222.53 million

“Subscription Shares”	104 Redeemable Preference Shares conditionally to be subscribed by Wealth Venture pursuant to the terms and conditions of the Subscription Agreement
“Supplemental Agreements”	the Supplemental Subscription Agreement, the Supplemental Loan Agreement and the Supplemental TRS Agreement collectively
“Supplemental Loan Agreement”	the supplemental agreement dated 29 November 2022 and entered into between Wealth Venture and Macrolink Australia to amend certain terms of the Loan Agreement
“Supplemental Subscription Agreement”	the supplemental agreement dated 29 November 2022 and entered into between Wealth Venture and Macrolink Australia to amend certain terms of the Redeemable Preference Shares
“Supplemental TRS Agreement”	the supplemental agreement dated 29 November 2022 and entered into between Wealth Venture and Macrolink Australia to amend certain terms of the TRS Agreement
“TRS Agreement”	the total return swap agreement dated 29 September 2017 (as supplemented on 22 November 2017) entered into between Wealth Venture and Macrolink Australia pursuant to which Wealth Venture and Macrolink Australia agreed to a swap arrangement on the Total Return and the interest payable under the Loan Agreement
“Total Return”	has the meaning set out in the 2017 Circular
“Wealth Venture”	Wealth Venture Asia Limited, a company incorporated in the British Virgin Islands with limited liability which is a direct wholly-owned subsidiary of the Company
“AUD”	Australian dollars, the lawful currency of Australia
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“US\$” United States dollar(s), the lawful currency of the United States of America

“%” per cent.

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

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

Hong Kong, 29 November 2022

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.