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**絲路投資**

**Asia Pacific Silk Road Investment Company Limited**

**亞太絲路投資有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 767)**

**CONTINUING CONNECTED TRANSACTION  
DISTRIBUTION AGREEMENT**

**DISTRIBUTION AGREEMENT**

The Board is pleased to announce that on 18 November 2020, the Distributor, a wholly-owned subsidiary of the Company, has entered into the Distribution Agreement with HK Zhong Ji 1, pursuant to which HK Zhong Ji 1 has agreed to grant to the Distributor the non-exclusive right to distribute and sell the Health Products and the right to use the Trademarks.

**LISTING RULES IMPLICATIONS**

Mr. Yan, an executive Director, through his wholly- and beneficially-owned company, holds 90.76% shareholding interest in HK Zhong Ji 1 as at the date of this announcement, HK Zhong Ji 1 is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Distribution Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Distribution Agreement is more than 5%, the transactions under the Distribution Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the terms of the Distribution Agreement and the transactions contemplated thereunder.

The Independent Board Committee shall appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Distribution Agreement and the proposed annual caps are fair and reasonable, and whether they are in the interest of the Company and the Shareholders as a whole.

### **DESPATCH OF CIRCULAR**

The Circular will be despatched to the Shareholders in compliance with the Listing Rules. As additional time is required by the Company to prepare the information to be included in the Circular, it is expected that the Circular will be despatched to the Shareholders on or before 9 December 2020.

## **DISTRIBUTION AGREEMENT**

### **Date**

18 November 2020

### **Parties**

- (i) The Distributor; and
- (ii) HK Zhong Ji 1

### **Health Products Distribution**

Pursuant to the Distribution Agreement, HK Zhong Ji 1 appoints the Distributor as the HK Zhong Ji 1's global non-exclusive sales agent (except Vietnam) to market, distribute and sell the Health Products. During the term of the Distribution Agreement, the Distributor is authorized to use the Trademarks in relation to the distribution.

### **Term**

The Distribution Agreement is for a term of three years. The Distributor has the right to request HK Zhong Ji 1 for the renewal of the Distribution Agreement upon expiry, subject to the approval required by the Listing Rules or other applicable regulations.

## **Condition precedent**

- (i) The transactions under the Distribution Agreement are subject to the approval by the Independent Shareholders at the SGM; and
- (ii) (if required) all of the approvals and consents required by the Listing Rules or other applicable laws and regulations have been obtained.

## **Sales Process**

The purchase price of the Health Products shall be determined by the Distributor and HK Zhong Ji 1 when placing the purchase orders with reference to price of the specific products approved by the local authorised pricing organisation (or refer to the prices of similar products sold to at least two independent third parties during the same period), and adjusted according to the profits of the Distributor. HK Zhong Ji 1 undertakes to the Distributor that the price and conditions of the distribution of the Health Products shall be no less favourable to those of purchasing the Health Products from third-party distributors. The profit margin of the Distributor shall be 80% of the price of the product as approved by the local statutory price-setting body (or the price of the sale of a similar product by at least two independent third parties during the same period).

If the total sales exceed the annual purchase target, HK Zhong Ji 1 will give the Distributor a rebate at 5% or a 5% discount on the aggregate amount of the product purchased.

## **PROPOSED ANNUAL CAPS AND BASIS FOR THE PROPOSED ANNUAL CAPS**

The Distributor and HK Zhong Ji 1 estimate that the proposed annual caps of the transactions under the Distribution Agreement for the three years ending 31 December 2023 are approximately HK\$30,000,000, HK\$60,000,000 and HK\$120,000,000, respectively.

The Distributor has taken into account the following principal factors in estimating the proposed annual caps above:

- (i) market share; and
- (ii) annual production volume.

## **INTERNAL CONTROL MEASURES ON REVIEW OF ANNUAL CAPS**

The Group has the following internal control measures in place to ensure that the annual caps will not be exceeded:

- (i) the finance department of the Group provides the Board with information in relation to the actual transaction amounts on a monthly basis;

- (ii) the finance department of the Group is responsible for monitoring such transactions to ensure that the total amount of transactions does not exceed the annual caps; and
- (iii) if such amount of transactions is estimated to exceed the relevant annual cap, the Board will be notified so that the scale of transactions in the future may be re-estimated and arrangements may be made to issue announcements and/or to obtain the relevant approvals from the Board and the Independent Shareholders in accordance with the requirements of the Listing Rules.

## **REASONS FOR AND BENEFIT OF THE TRANSACTIONS**

The Group believes it can tap into the sales and distribution of health products by leveraging on the Health Products of HK Zhongji 1. The Directors (excluding the independent non-executive Directors, whose opinion will be set forth in the circular by reference to the advice of the Independent Financial Adviser in this regard) are of the view that the terms of the Distribution Agreement are made on an arm's length basis in the ordinary and usual course of business of the Company and are normal commercial terms which are no less favourable than the terms available from independent third parties, and that the terms of the Distribution Agreement and the proposed annual caps thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

The principal activity of the Company is investment holding and through its subsidiaries, operation of money lending, securities and other investments and financial and investment advisory.

HK Zhong Ji 1 is principally engaged in the provision of medical services and sales of health products.

## **LISTING RULES IMPLICATIONS**

Mr. Yan, an executive Director, through his wholly- and beneficially-owned company, holds 90.76% shareholding interest in HK Zhong Ji 1 as at the date of this announcement, HK Zhong Ji 1 is therefore a connected person of the Company. The transactions under the Distribution Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and therefore, constitute continuing connected transactions of the Company under the Listing Rules. Since the highest applicable percentage ratio in respect of the proposed annual caps for the three years ending 31 December 2023 for the transactions under the Sales and Distribution Agreement exceeds 5%, the transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Yan and his associates shall abstain from voting on the resolution at the SGM for approving the Distribution Agreement and the proposed annual caps. Save as mentioned above, to the best of the Directors' knowledge, information and belief, none of the other Shareholders has any material interest in the Distribution Agreement and the transactions thereunder and therefore will be required to abstain from voting on the relevant resolution at the SGM.

Mr. Yan, an executive Director, has abstained from voting on the Board resolution approving the Distribution Agreement. Save as the aforementioned, no other Director has a material interest in the Distribution Agreement and the transactions thereunder and hence no other Director has abstained from voting on such Board resolution. The Board has appointed the Independent Board Committee, comprising all three independent non-executive Directors, to advise the Independent Shareholders in relation to the Distribution Agreement and the proposed annual caps. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Distribution Agreement and the proposed annual caps; (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee on the Distribution Agreement and the proposed annual caps; and (iii) a letter from the Independent Board Committee containing its recommendation on the Distribution Agreement and the proposed annual caps, is expected to be despatched to the Shareholders on or before 9 December 2020, since the Company needs more time to prepare and finalise certain information to be contained in the circular.

## **DEFINITIONS**

“associates”	has the same meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“Circular”	a circular of the Company containing, among other matters, details of the Distribution Agreement, the letter from the Independent Board Committee to the Independent Shareholders, and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders
“Company”	Asia Pacific Silk Road Investment Company Limited, a company incorporated in Bermuda and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 767)
“connected person”	has the same meaning as ascribed to it in the Listing Rules

“connected transaction”	has the same meaning as ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Distribution Agreement”	the distribution agreement entered into between the Distributor and HK Zhong Ji 1 on 18 November 2020
“Distributor”	Perpetual Master Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Health Products”	Zhong Ji 1 NMN + PQQ, APOLLO 1 NMN + PQQ and Zhong Ji 1 Vitamin C
“HK Zhong Ji 1”	Zhong Ji 1 International Medical Group (HK) Limited, a company incorporated in Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all of the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Distribution Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Distribution Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than Mr. Yan, his associates and any Shareholder with a material interest in the Distribution Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yan”	Mr. Yan Li, an executive Director

“SGM”	the special general meeting to be convened by the Company for the consideration and the approval of, among other things, the Distribution Agreement and the transactions contemplated thereunder and its annual caps
“Share(s)”	ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trademarks”	the trademarks owned by HK Zhong Ji 1 and used in the Health Products at any time anywhere in the world or during the Distribution Agreement
“%”	per cent.

By order of the Board  
**Asia Pacific Silk Road Investment Company Limited**  
**Yan Li**  
*Executive Director*

Hong Kong, 18 November 2020

As at the date of this announcement, the Directors are:

*Executive Directors*

Mr. Yan Li

Mr. Yeung Siu Keung

*Non-executive Director*

Ms. Yu Yang

*Independent non-executive Directors*

Mr. Wong Man Hong

Mr. Zheng Zhen

Mr. To Langa Samuelson

*In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*