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DTXS Silk Road Investment Holdings Company Limited

大唐西市絲路投資控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 620)

INSIDE INFORMATION MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE PROPOSED DISPOSAL

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board announces that on 14 December 2018 (after trading hours), the Vendor, as the intended vendor, entered into the Memorandum of Understanding with the Purchaser, as the intended purchaser, pursuant to which the Vendor intends to sell and the Purchaser intends to acquire 100% of the issued share capital of the Target Company, which is together with its subsidiaries, they are principally engaged in the operation of financial information business.

The Memorandum of Understanding is not intended to be legally binding (save for certain provisions on exclusivity, confidentiality, severability, dispute resolution, counterparts, binding effect and exclusion of third party rights). If the Vendor proceeds with the Proposed Disposal, it will enter into legally binding agreement(s) with the Purchaser in respect of the Proposed Disposal.

If the Proposed Disposal materialises, it may constitute a connected and discloseable transaction of the Company under the Listing Rules. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. The Company will make further announcement in respect of the Proposed Disposal as and when appropriate in accordance with the Listing Rules.

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

MEMORANDUM OF UNDERSTANDING

The Board announces that on 14 December 2018 (after trading hours), the Vendor, as the intended vendor, has entered into the Memorandum of Understanding with the Purchaser, as the intended purchaser, pursuant to which the Vendor intends to sell and the Purchaser intends to acquire 100% of the issued share capital of the Target Company. As at the date of the Memorandum of Understanding, the Company indirectly owns 85% of the issued share capital of the Target Company, which is a non-wholly owned subsidiary of the Company. The Target Company is principally engaged in the business of investment holding and it directly holds 100% of the issued share capital of M-FINANCE LIMITED, which is principally engaged in the operation of financial information business in Hong Kong providing real-time mission critical forex or bullion or commodities trading platform solutions in the greater China area. Reference is made to the announcement of the Company dated 22 July 2016 in relation to the acquisition of the shares in the Target Company under the sale and purchase agreement dated the same (the “**Original SPA**”). The financial information business was acquired by the Group under the Original SPA.

The principal terms of the Memorandum of Understanding are as follows:

- Date: 14 December 2018 (after trading hours)
- Parties: (i) the Vendor, being the intended vendor;
- (ii) the Purchaser, being the intended purchaser.

The Purchaser has 15% equity interest in the Vendor, which is a non-wholly owned subsidiary of the Company. As such, the Purchaser is considered as a connected person at the subsidiary level of the Target Company.

Assets to be disposed

Pursuant to the Memorandum of Understanding, the Vendor proposed to sell and the Purchaser proposed to acquire 100% of the issued share capital of the Target Company.

Consideration

The total consideration for the Proposed Disposal is expected to be approximately HK\$48,000,000.

Such consideration is determined after arm's length negotiation having reference to the financial performance of the Target Group and the business and trading prospects of the financial information business.

The consideration, the payment method and the payment schedule shall be determined by the parties thereto after arm's length negotiations and mutual agreement between the parties thereto and be set out in the Formal Agreement.

Subject to further negotiations, the Company intends that the proceeds of the disposal will be used as general working capital of the Group.

Conditions Precedent to the Disposal

The conditions precedent of completion to be stated in the Formal Agreement are:

1. the Shareholders (who are eligible to vote under the Listing Rules) having passed resolutions (if required) to approve the Formal Agreement and the transactions contemplated thereunder;
2. all authorizations and consents necessary for the implementation of the transactions contemplated by the Formal Agreement having been obtained or complied with and remain valid or subsisting; and
3. no third parties having sought at any courts or government authority in any jurisdiction any litigation or proceedings, pending or threatened, which would limit or prohibit the transactions contemplated under the Formal Agreement or which would seek to declare the contemplated transactions as illegal or which seek substantial compensation or damages for losses arising from such transactions.

Except for condition 1 which may not be waived under the Formal Agreement, all the remaining conditions 2 and 3 above may be waived by the Vendor under the Formal Agreement. The parties shall use their reasonable endeavours to procure the fulfillment of the conditions above.

If the conditions above are not fulfilled or waived by the long-stop date of 27 December 2018 or such other date as the parties may agree, the Formal Agreement will lapse and each of the parties will have no claims against the other except for any antecedent breach.

Exclusivity

The Vendor will not, unless agreed by the Purchaser, for a period of 20 days from the date of the Memorandum of Understanding signed (or such later date to be agreed by the parties), negotiate or procure its directors, officers, employees, representatives and agents to negotiate, directly or indirectly, with any party (other than the Purchaser) in respect of the sale of the Target Company or a significant part of the financial information business of the Target Group or a similar transaction.

Binding Effect

Except for the clauses on binding effect, exclusivity, confidentiality, severability, dispute resolution, counterparts and exclusion of third party rights which shall be binding upon the parties, other clauses set out in the Memorandum of Understanding are subject to the negotiation and execution of the Formal Agreement and shall not be binding upon the parties.

Formal Agreement

The parties would negotiate with a view to entering into the Formal Agreement during the exclusivity period.

Detailed terms and conditions of the Proposed Disposal will be subject to further negotiation between the parties thereto and the entering into of the Formal Agreement.

REASONS FOR THE PROPOSED DISPOSAL

The Group is principally engaged in (i) auction business and arts and collections related business; (ii) operation of vineyard, production and sales of wine and related business; (iii) financial e-commerce business; (iv) trading of merchandise; and (v) marine, construction and structural steel engineering and related services.

Due to the weak global financial market sentiment and tightening government regulations to the commodity future exchanges, the Company is of the view that the Proposed Disposal will provide an appropriate opportunity for the Company to realise its investment in the financial information business, which is the principal business of the Target Group, and focus on its cultural businesses including auction business, arts and collections related business, online marketplace and e-commerce business as well as further room to explore other business opportunities leveraging on the strength of our parent group. Should the Proposed Disposal materialise, it will strengthen the liquidity and overall financial position of the Group.

Following the completion of the Proposed Disposal, the Company will no longer hold any interest in the Target Company, the Target Company will cease to be a subsidiary of the Company and the Target Group will no longer be consolidated into the financial statements of the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the Memorandum of Understanding are fair and reasonable and that the Proposed Disposal is on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

While the Formal Agreement has yet to be entered into and the highest of the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Proposed Disposal is over 5% but less than 25% for the Company, as the Proposed Disposal is a connected transaction between the Company and a connected person at the subsidiary level on normal commercial terms, the Proposed Disposal, if materialised, is subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules but is likely exempt under Rule 14A.101 of the Listing Rules from the circular, independent financial advice and Shareholders' approval requirements.

GENERAL

The Board wishes to emphasise that the Proposed Disposal may or may not proceed and that the Purchaser and the Vendor have not entered into a legally binding agreement in relation to the Proposed Disposal as at the date of this announcement. If the Proposed Disposal materialises, it may constitute a connected and discloseable transaction of the Company under the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. The Company will make further announcement in respect of the Proposed Disposal as and when appropriate in accordance with the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	DTXS Silk Road Investment Holdings Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 620)
“connected person”	has the same meaning as defined in the Listing Rules

“Directors”	directors of the Company
“DTXS Economic Services”	DTXS Economic Services Limited, an indirect wholly-owned subsidiary of the Company
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Proposed Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	the non-legally binding memorandum of understanding dated 14 December 2018 entered into between the Purchaser and the Vendor setting out the preliminary understanding in relation to the Proposed Disposal
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Proposed Disposal”	the proposed disposal of 100% of the issued share capital of the Target Company as contemplated under the Memorandum of Understanding
“Purchaser”	Metallic Icon Limited, a company incorporated in the British Virgin Islands with limited liability
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.50 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
“Target Company”	DIGITAL MIND HOLDINGS LIMITED, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiaries

“Vendor” DTXS Technologies Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 85% by DTXS Economic Services and as to 15% by the Purchaser

“%” per cent.

By Order of the Board
DTXS Silk Road Investment Holdings Company Limited
Lai Kim Fung
Executive Director and Chief Executive Officer

Hong Kong, 14 December 2018

As at the date of this announcement, the board of directors of the Company comprises four Executive Directors, namely Mr. Lu Jianzhong (Chairman), Mr. Yang Xingwen, Mr. Lai Kim Fung (Chief Executive Officer) and Mr. Wong Kwok Tung Gordon Allan (Deputy Chief Executive Officer); two Non-executive Directors, namely Mr. Wang Shi and Mr. Jean-Guy Carrier; and four Independent Non-executive Directors, namely Mr. Cheng Yuk Wo, Ms. Fan Chiu Fun, Fanny, Mr. Tsui Yiu Wa, Alec and Mr. Tse Yung Hoi.