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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)

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board would like to announce that on 9 April 2021 (after trading hours), the Company entered into the MOU with the Vendor, pursuant to which the Company intends to purchase and the Vendor intends to sell the entire issued capital of the Target Company, which is expected to be incorporated in the BVI with limited liability. The Target Group will be principally engaged in investment holdings and is expected to hold a controlling stake in the Property currently under development by the Vendor.

The MOU is non-legally binding (save for the provisions relating to binding effect, confidentiality, exclusivity, and dispute resolution). If the Possible Acquisition proceeds, the Formal Agreement will be entered into between the Company and the Vendor in respect of the Possible Acquisition.

The Board wishes to emphasize that the Possible Acquisition is subject to, amongst others, the Formal Agreement being entered into and relevant conditions precedent thereunder. No legally-binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materialises, it may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and/or a connected transaction for the Company under Chapter 14A of 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 Possible Acquisition as and when appropriate in accordance with the Listing Rules.

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The Board would like to announce that on 9 April 2021 (after trading hours), the Company entered into the MOU with the Vendor, pursuant to which the Company intends to purchase and the Vendor intends to sell the entire issued capital of the Target Company.

The principal terms of the MOU are set out as follows:

Date: 9 April 2021

Parties:

- (i) the Company;
- (ii) the Vendor

The Vendor is principally engaged in real estate investment and development in the PRC and is a non-wholly owned subsidiary of DTXS Investment. DTXS Investment is an investment holding company established in the PRC with limited liability, the equity interest in which is owned as to approximately 50.6%, 13.8%, 13.8%, 13.8% and 8.0% by Mr. Lu, Mr. Liang, Mr. Yang, Mr. Yu and NOHIP, respectively. Mr. Lu, who is the chairman, an executive Director and the ultimate controlling shareholder of the Company, is also the founding chairman and a director of DTXS Investment. As at the date of this announcement, 383,473,032 Shares, representing approximately 57.45% of the issued share capital of the Company, is held by DTXS International (an indirect wholly-owned subsidiary of DTXS Investment). As such, the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules.

Assets to be acquired

Pursuant to the MOU, the Company intends to acquire and the Vendor intends to sell the entire issued capital of the Target Company, which is expected to be incorporated in the BVI with limited liability. The Target Group will be principally engaged in investment holdings and is expected to hold a controlling stake in the Property, being a retail and commercial complex located in the Silk Road Cultural Street (Block 10) of the Tang West Market on South Laodong Road, Lianhu District, Xi'an City, the PRC, with a total gross floor area of approximately 30,000 square meters. The Property is currently under development by the Vendor and it is expected to be completed by October 2021.

Consideration

The Consideration will be determined after arm's length negotiation between the Company and the Vendor with reference to the valuation report of the Property to be prepared and issued by an independent valuer. The Consideration will be partially settled in cash and partially settled by the issue and allotment of the Consideration Shares at the price of HK\$5.5 per Share to the Vendor or its designated nominee.

Guarantee of rental income

The Formal Agreement shall include a term to the effect that the Vendor warrants and guarantees to the Company that during a period of 36 months from the completion date of the Possible Acquisition, a certain amount of rental income (the "**Guaranteed Rental Income**") shall be generated from the Property. In the event that the actual rental income falls short of the Guaranteed Rental Income, the Vendor shall pay the shortfall in cash on a dollar-to-dollar basis to the Company.

Conditions precedent

The conditions precedent to the Possible Acquisition (subject to final determination by the parties in the Formal Agreement) are set out as follows:

1. the independent Shareholders of the Company having passed the resolutions to approve (a) the allotment and issue of the Consideration Shares; and (b) the Formal Agreement and the transactions contemplated thereunder;
2. approval having been obtained from the Stock Exchange for the publication of the circular in relation to the Possible Acquisition and the issue and allotment of the Consideration Shares; and approval having been obtained from the Listing Committee for the listing of, and permission to deal in, the Consideration Shares;
3. the Company having received a PRC legal opinion in relation to the Target Group and the Property which is reasonably satisfactory to the Company in all material respects, to confirm that (a) the Target Company is duly incorporated and validly subsisting under PRC laws; and (b) the Target Company has a good title to the interest of the Property;

4. the Target Group holding a controlling stake in the Property having been properly established and is subsisting, substantially to the satisfaction of the Company; and
5. other conditions precedent to be agreed by the parties and to be included in the Formal Agreement (if any).

Subject to the fulfilment of all conditions precedent and the Formal Agreement to be entered into by the Vendor and the Company, the Vendor and the Company mutually agreed to complete the Possible Acquisition on or before 30 November 2021.

Exclusivity

The Vendor will not, for a period of six (6) months from the date of the MOU (or such later date to be agreed by the Company and the Vendor), negotiate or procure its directors, officers, employees, representatives and agents to negotiate, directly or indirectly, with any party (other than the Company or its associated companies) in respect of the sale of the Property, the Target Company or a material portion of the assets or business of the Target Group.

Binding Effect

Except for the provisions in relation to binding effect, confidentiality, exclusivity, and dispute resolution which shall be binding upon both the Company and the Vendor, other provisions set out in the MOU are subject to the negotiation and execution of the Formal Agreement and shall not be binding upon both the Company and the Vendor.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group is principally engaged in (i) provision of auction and related services; (ii) production and sale of wines; (iii) trading of merchandise; and (iv) property investment and development.

It has been the Group's plan to strengthen its exposure in the cultural-related real estate investment and development in the strategically important regions in the PRC. Following the completion of the acquisition of the Silk Road International Cultural Center located in Xi'an City in March 2020 (details of which are set out in the announcement of the Company dated 12 March 2020), the Possible Acquisition represents a further expansion of the Group's property development division. As the Property is located adjacent to the Silk Road International Cultural Center, it could bring in synergistic effect to both properties with regard to the property management and the property leasing businesses. Furthermore, following the completion of the construction of the Silk Road International Cultural Center and moving in of the retail and commercial tenants into the Silk Road International Cultural Center, there will be substantial increment in the pedestrian flow in this area which would enhance the value of the nearby properties in this area (including the Silk Road International Cultural Center). In addition, the rental income generated from the Property (with the Guaranteed Rental Income offered by the Vendor) would further contribute to the Group's recurring income base and enhance the

earnings of the Group. The Directors are of the view that the Possible Acquisition represents a valuable investment opportunity for the Group and consummate its current business strategy.

The Directors consider that the terms of the MOU are fair and reasonable and the Possible Acquisition is in the interest of the Company and the Shareholders as a whole.

GENERAL

The Board wishes to emphasize that the Possible Acquisition is subject to, amongst others, the Formal Agreement being entered into and the relevant conditions precedent thereunder. No legally-binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materializes, it may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and/or a connected transaction for the Company under Chapter 14A of 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 Possible Acquisition as and when appropriate in accordance with the Listing Rules.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	DTXS Silk Road Investment Holdings Company Limited (大唐西市絲路投資控股有限公司), a company incorporated under the laws of Bermuda with limited liability, the Shares of which are listed on the Main Board (Stock Code: 620)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	The consideration for the Possible Acquisition, to be finally agreed in the Formal Agreement by the Company and the Vendor
“Consideration Shares”	a certain number of new Shares to be allotted and issued to the Vendor at HK\$5.5 per Share for a partial settlement of the Consideration; and “Consideration Share” means any one of them

“Director(s)”	director(s) of the Company
“DTXS International”	Da Tang Xi Shi International Holdings Limited (大唐西市國際控股有限公司), a company incorporated in the BVI with limited liability, which is an indirect wholly-owned subsidiary of DTXS Investment. As at the date of this announcement, DTXS International held 383,473,032 Shares, representing approximately 57.45% of the entire issued share capital of the Company
“DTXS Investment”	Da Tang Xi Shi Investments Group Limited* (大唐西市文化產業投資集團有限公司), an investment holding company established in the PRC with limited liability, the equity interest of which is owned as to approximately 50.6%, 13.8%, 13.8%, 13.8% and 8.0% by Mr. Lu, Mr. Liang, Mr. Yang, Mr. Yu and NOHIP, respectively
“Formal Agreement”	a formal agreement to be entered into amongst the Company and the Vendor in respect of the Possible Acquisition
“Group”	the Company and its subsidiaries
“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
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 9 April 2021 entered into between the Company and the Vendor in relation to the Possible Acquisition
“Mr. Liang”	Mr. Liang Lei* (梁雷先生)
“Mr. Lu”	Mr. Lu Jianzhong* (呂建中先生), an executive Director, the chairman of the Company and a controlling shareholder of the Company
“Mr. Yang”	Mr. Yang Xingwen* (楊興文先生), an executive Director
“Mr. Yu”	Mr. Yu Baoan* (于寶安先生)

“NOHIP”	Ningbo Ouying Hongchuang Investment Partnership (Limited Partnership)* (寧波歐盈宏創投資合夥企業(有限合夥))
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Possible Acquisition”	the possible acquisition of the entire issued share capital of the Target Company by the Company
“Property”	the property interests of the retail and commercial complex located in the Silk Road Cultural Street (Block 10) of the Tang West Market at South Laodong Road, Lianhu District, Xi’an City, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of HK\$0.50 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	an investment holding company expected to be incorporated in the BVI with limited liability which is expected to own a controlling stake in the Property currently under development by the Vendor
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Xi’an Da Tang Xi Shi Property Limited* (西安大唐西市置業有限公司), a company established in the PRC and a non-wholly owned subsidiary of DTXS Investment
“%”	per cent.

By Order of the Board
DTXS Silk Road Investment Holdings Company Limited
Lu Jianzhong
Chairman and Executive Director

Hong Kong, 9 April 2021

As at the date of this announcement, the Board comprises five Executive Directors, namely Mr. Lu Jianzhong (Chairman), Dr. Ma Chao, Mr. Yang Xingwen, Dr. Xu Zhihong (Co-Chief Executive Officer) and Mr. Wong Kwok Tung Gordon Allan (Deputy Chief Executive Officer); and three Independent Non-executive Directors, namely and Mr. Tsang Yok Sing, Jasper, Mr. Tse Yung Hoi and Mr. Kwok Chi Shing.

** For identification purpose only*