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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)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF THE TARGET COMPANY**

#### **THE DISPOSAL**

Reference is made to the announcement of the Company dated 14 December 2018 in relation to the MOU. The Board announces that on 24 December 2018 (after trading hours), the Vendor entered into the SPA with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares of the Target Company for a Consideration of HK\$48,000,000. As at the date of the SPA, the Company indirectly owns 85% of the equity interest in the Target Company, which is a non-wholly owned subsidiary of the Company.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is over 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

As the Purchaser is interested as to 15% of the equity interest in the Target Company, the Purchaser is considered as a connected person of the Company at the subsidiary level, and thus the Disposal constitutes a connected transaction of the Company. Pursuant to Rule 14A.101 of the Listing Rules, as:

1. the Board has approved the Disposal and the transactions contemplated thereunder; and

2. the independent non-executive Directors of the Company have confirmed that the terms of the Disposal and the transactions contemplated thereunder are fair and reasonable, the transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole;

The Disposal and the transactions contemplated thereunder is exempt from the circular, independent financial advice and Shareholders' approval requirements but is subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules.

## THE DISPOSAL

The Board announces that on 24 December 2018 (after trading hours), the Vendor entered into the SPA with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares of the Target Company for a Consideration of HK\$48,000,000. As at the date of the SPA, the Company indirectly owns 85% of the equity interest in the Target Company, which is a non-wholly owned subsidiary of the Company.

Reference is made to the announcement of the Company dated 22 July 2016 (the “**Previous Announcement**”) in relation to a sale and purchase agreement (the “**Original SPA**”). Capitalised terms used herein shall have the same meaning as the Previous Announcement, unless the context otherwise requires.

## THE SPA

The principal terms of the SPA are as follows:

- Date: 24 December 2018
- Parties:
1. the Purchaser;
  2. the Vendor;
  3. the Target Company; and
  4. Mr. Lam and Mr. Tam

The Purchaser is interested as to 15% of the equity interest in the Target Company, 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 Company under Chapter 14A of the Listing Rules.

## Assets to be Disposed

On and subject to the terms of the SPA, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares.

## Consideration and Payment Terms

The Consideration for the Disposal shall be HK\$48,000,000 (subject to any reduction as stated below (the “**Reductions**”)).

The Consideration (subject to any Reduction as stated below) shall be paid by the Purchaser in the following manner:

- (a) approximately HK\$31,757,000 upon Completion;
- (b) approximately HK\$5,000,000 upon expiry of 9 months after Completion subject to any reductions as calculated in accordance with the formulae as stated below (the “**1st Reduced Consideration Payment**”); and
- (c) approximately HK\$11,243,000 upon expiry of 18 months after Completion subject to any reductions as calculated in accordance with the formulae as stated below (the “**2nd Reduced Consideration Payment**”).

## Consideration Reductions

The Reductions shall be calculated in the following manner:

- (a) 1st Reduced Consideration Payment =

HK\$5,000,000 — (HK\$4,000,000 — Second Adjusted Consideration Payment (as defined in the Previous Announcement))

- (b) 2nd Reduced Consideration Payment =

HK\$11,243,000 — (HK\$4,000,000 — Final Adjusted Consideration Payment (as defined in the Previous Announcement))

Where:

- i. the 2nd Reduced Consideration Payment shall be capped at HK\$11,243,000; and
- ii. the Final Adjusted Consideration Payment shall be set at zero if it is a negative number.

The total net Consideration (after Reductions) shall in no event be less than HK\$40,000,000.

Payment of the Consideration shall be effected by the Purchaser delivering to the Vendor on the relevant dates by way of cash, cheque, bank transfer or a cashier order(s) issued by licensed bank(s) in Hong Kong and made payable in favour of the Vendor (or as they may direct) or such other method of payment as the Parties may agree from time to time.

The Consideration has been determined after arm's length negotiations between the Purchaser and the Vendor after taking into account, among others, (i) the financial performance of the Target Group, (ii) the business and trading prospects of the financial information business and (iii) the valuation of the Target Group as at 30 September 2018 prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited based on market approach in the amount of approximately HK\$39,400,000.

Mr. Lam and Mr. Tam jointly and severally guarantee to the Vendor the due and punctual performance and discharge by the Purchaser of all its obligations under or pursuant to the SPA.

#### **Conditions Precedent to the Disposal**

Completion of the SPA is conditional upon the following conditions:

1. the Shareholders (who are eligible to vote under the Listing Rules) having passed resolutions (if required) to approve the SPA and the transactions contemplated thereunder;
2. all authorizations and consents necessary for the implementation of the transactions contemplated by the SPA 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 SPA 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 SPA, all the remaining conditions 2 and 3 above may be waived by the Vendor under the SPA. 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 or such other date as the Parties may agree, the SPA will lapse and each of the Parties will have no claims against the other except for any antecedent breach.

## Completion

Completion of the Disposal will proceed within 2 business days after fulfilment or waiver (as applicable) of the above conditions precedent (or at such later date as the Parties may agree in writing) at a place to be agreed by the Parties.

## FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is a summary of the unaudited consolidated financial information of the Target Group:

	<b>For the nine months ended 30 September 2018 <i>HK\$'000</i></b>	<b>For the year ended 31 December 2017 <i>HK\$'000</i></b>	<b>For the year ended 31 December 2016 <i>HK\$'000</i></b>
Profits/(loss) before taxation and extraordinary items	2,156	12,634	(230)
Profits/(loss) after taxation and extraordinary items	1,800	10,749	(172)
			<b>As at 30 September 2018 <i>HK\$'000</i></b>
Total assets			80,423
Net assets*			54,122

\* including goodwill amounting to HK\$23,015,000.

## REASONS FOR AND BENEFITS OF THE 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 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. The Group is of the view that the Disposal will strengthen the liquidity and overall financial position of the Group.

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

### **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

Upon Completion, the Company expects that there will be a loss on the Disposal of approximately HK\$6,122,000, which is estimated based on the Consideration and the unaudited consolidated net assets of the Target Group as at 30 September 2018.

After taking into account the 85% equity interest held by the Company in the Target Company, a net loss (after deducting estimated transaction costs of approximately HK\$500,000) of approximately HK\$5,704,000 will be attributable to the Group.

Shareholders and potential investors of the Company should note that the above figures are for illustrative purpose only. The actual accounting gain or loss in connection with the Disposal may be different from the above and will be determined based on the financial position of the Target Company on the date of Completion and the actual amount of expenses incidental to the Disposal.

Following the Completion of the 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 Group.

The Directors currently intend to apply the net proceeds from the Disposal (after deducting relevant costs and expenses in connection with the Disposal) as general working capital of the Group.

### **IMPLICATIONS UNDER THE LISTING RULES**

As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is over 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

As the Purchaser is interested as to 15% of the equity interest in the Target Company, the Purchaser is considered as a connected person of the Company at the subsidiary level, and thus the Disposal constitutes a connected transaction of the Company. Pursuant to Rule 14A.101 of the Listing Rules, as:

1. the Board has approved the Disposal and the transactions contemplated thereunder; and

2. the independent non-executive Directors of the Company have confirmed that the terms of the Disposal and the transactions contemplated thereunder are fair and reasonable, the transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole;

The Disposal and the transactions contemplated thereunder is exempt from the circular, independent financial advice and Shareholders' approval requirements but is subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules.

None of the Directors is considered to have a material interest in the Disposal and therefore none of the Directors was required to abstain from voting on the Board resolutions approving the SPA and the transactions contemplated thereunder.

## **GENERAL INFORMATION**

### **Information of the Vendor**

The Vendor is a company incorporated under the laws of the BVI with limited liability and it is principally engaged in the business of investment holding.

### **Information of the Target Group**

The Target Company is a company incorporated in the BVI with limited liability and it is principally engaged in the business of investment holding. The Target Company holds 100% of the issued share capital of M-Finance, 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.

### **Information of the Purchaser**

The Purchaser is a company incorporated under the laws of the BVI with limited liability and it is principally engaged in the business of investment holding.

## **DEFINITIONS**

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

“Board”	board of the Directors
“BVI”	the British Virgin Islands
“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)

“Completion”	the completion of the Disposal
“Completion Date”	the date on which Completion takes place
“connected person”	has the same meaning as defined in the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Vendor for the Sale Shares, being HK\$48,000,000
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Shares as contemplated under the SPA
“DTXS Economic Services”	DTXS Economic Services Limited, an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, 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
“Long Stop Date”	31 January 2019
“M-Finance”	M-FINANCE LIMITED, a limited liability company incorporated in Hong Kong
“MOU”	the memorandum of understanding dated 14 December 2018 entered into between the Purchaser and the Vendor in relation to the Disposal
“Mr. Lam”	Mr. Lam Tai Wai Stephen, who owns 71.74% of the equity interest in the Purchaser
“Mr. Tam”	Mr. Tam Chi Weng, who owns 28.26% of the equity interest in the Purchaser
“Parties”	the Purchaser and the Vendor
“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



“Purchaser”	Metallic Icon Limited, a company incorporated under the laws of the BVI with limited liability, which is owned by Mr. Lam and Mr. Tam as to 71.74% and 28.26% respectively
“Sale Shares”	100% of the equity interest of the Target Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) of HK\$0.50 each in the capital of the Company
“SPA”	the conditional sale and purchase agreement dated 24 December 2018 entered into between the Purchaser and the Vendor in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	DIGITAL MIND HOLDINGS LIMITED, a company incorporated under the laws of the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor”	DTXS Technologies Limited, a company incorporated in the BVI with limited liability, which is an indirect non-wholly owned subsidiary of the Company
“%”	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, 24 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.*