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(Name to be changed to “DTXS Silk Road Investment Holdings Company Limited”)

(Incorporated in Bermuda with limited liability)

(Stock Code: 620)

## **MEMORANDUM OF UNDERSTANDING IN RESPECT TO POSSIBLE ACQUISITION AND CONNECTED TRANSACTION**

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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board would like to announce that on 27 January 2016 (after trading hours), the Purchaser, being a wholly-owned subsidiary of the Company, entered into the MOU with the Vendor, pursuant to which the Purchaser intends to purchase and acquire 100% of the equity interests held by DTXS Property in the Target Company and the Vendor intends to procure DTXS Property to sell 100% of the equity interests of the Target Company to the Purchaser.

The MOU is non-legally binding (save for certain clauses such as the clauses on exclusivity, confidentiality, severability, dispute resolution, complete understanding and amendments, counterparts). If the Proposed Acquisition proceeds, Formal Agreement will be entered into between the Purchaser and the Vendor in respect of the Proposed Acquisition.

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

On the basis of equality, self-voluntariness, mutual benefits and mutual development, and through friendly and arm's length negotiation plus true and sufficient expression of the Purchaser and the Vendor's intentions, the Purchaser and the Vendor have entered into the MOU to record the following principle terms as the basis for further negotiation towards the formulation of the Formal Agreement in accordance with relevant laws and regulations:

Date: 27 January 2016 (after trading hours)

Parties: (i) The Purchaser;

(ii) the Vendor, DTXS Property and the Target Company

The Vendor is an investment holding company principally engaged in investment, management and organization of cultural projects and related services such as organizing cultural and artistic exchange activities and planning and hosting of meetings, incentives, conferences and exhibitions events, of which as to approximately 50.60% was owned by Mr. Lu Jianzhong, being the chairman and an executive Director, as to approximately 13.80% was owned by Mr. Liang Lei\* (梁雷), as to approximately 13.80% was owned by Mr. Yang Xingwen\* (楊興文), being an executive Director, as to approximately 13.80% was owned by Mr. Yu Baoan\* (于寶安) and as to approximately 8.00% was owned by 寧波歐盈宏創投資合夥企業 (Ningbo Ouying Hongchuang Investment Partnership\*) respectively. As at the Last Trading Day, DTXS International, being wholly-owned by the Vendor, held 325,680,424 Shares, representing approximately 68.62% of the entire issue share capital of the Company.

DTXS Property is a company incorporated under the laws of the PRC with limited liability which is a subsidiary of the Vendor.

The Target Company is a limited liability company to be set up as a subsidiary wholly-owned by DTXS Property.

Save as aforesaid, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Vendor, DTXS Property, the Target Company and each of their shareholders, ultimate beneficial owners and directors are not connected persons of the Company and are third parties independent of the Company and its connected persons. Save as aforesaid, as at the Last Trading Date, the Vendors, DTXS Property, the Target Company and each of their shareholders, ultimate beneficial owners and directors do not hold any Share or other securities of the Company

## **Assets to be acquired**

The Purchaser intends to purchase and acquire 100% of the equity interests held by DTXS Property in the Target Company. The Vendor intends to procure DTXS Property to sell 100% of the equity interests of the Target Company to the Purchaser. The Target Company is expected to be established in Xi An, China, according to the laws of the PRC. The Target Company will be established to hold the Property contributed by DTXS Property.

The Property refers to the property interests of Building No.3 of the Da Tang Xi Shi Block 10 Development at South Laodong Road, Lianhu District, Xi An, China and the land use right thereof, with a total gross floor area of approximately 3,862.95 square meters. The Da Tang Xi Shi Block 10 Development is a Silk Road-themed commercial development located at South Laodong Road, Lianhu District, Xi An, China with a total gross floor area of approximately 29,672.71 square meters opened in 2015. The development of the Property has been granted the land use right certificate and construction permits.

## **MAJOR TERMS OF THE MOU**

### **Valuation and Consideration for the Proposed Acquisition**

The consideration for the Proposed Acquisition to be paid to DTXS Property will be determined as the valuation of the Property, based on the valuation report of the Property which will be prepared and issued by an independent valuer to be agreed between the Purchaser and the Vendor.

The Consideration will be paid in HK\$ by the Purchaser

### **Subscription**

Along with the Proposed Acquisition, the Vendor will procure DTXS International to subscribe for new shares of the Company at the issue price of HK\$ 3.20 per share.

The total subscription price for the Subscription Shares shall be equal to the amount of the consideration as set out above.

The subscription price was arrived at after arm's length negotiations between the Company and the Vendor with reference to the prevailing market price of the Shares. The Directors consider that the subscription price is fair and reasonable and is in the interests of the company and the shareholders as a whole.

### **Conditions Precedent to the Proposed Acquisition and Subscription**

The conditions precedent common to the consummation of both the Proposed Acquisition and the Subscription are:

1. the independent Shareholders of the Company (who are eligible to vote under the Listing Rules) having passed the resolutions to approve (a) the allotment and issue of the Subscription Shares; (b) the formal agreement and the transactions contemplated thereunder;

2. approval having been obtained from the Listing Committee for the listing of, and permission to deal in, the Subscription Shares and such approval not having been withdrawn prior to the completions of the Acquisition and Subscription contemplated under the Formal Agreement;
3. the establishment of the Target Company holding the Property entirely or substantially to the satisfaction of the Purchaser;
4. the warranties to be given by the Vendor, DTXS International and DTXS Property under the Formal Agreement remaining true and accurate and not misleading at completions of the Proposed Acquisition and Subscription, and from the date of the Formal Agreement to the date of completions of the Proposed Acquisition and Subscription;
5. the Vendor, DTXS International and DTXS Property having in material aspects fully complied with the obligations and otherwise having performed in material aspects all of the covenants and agreements under the Formal Agreement;
6. the Purchaser having received a PRC legal opinion which is reasonably satisfactory to the Purchaser in all respects, to confirm that (a) DTXS Property is duly incorporated and validly existing under PRC laws and has the authority to enter into the Formal Agreement and any related agreements or arrangements regarding its acquisition of the Property, (b) the Formal Agreement and any such related agreements having been duly executed by DTXS Property; and (c) the Target Company is duly incorporated and validly existing under PRC laws;
7. the Vendor having received a PRC legal opinion, which is reasonably satisfactory to the Vendor in all aspects, to confirm that the Property is validly held by the Target Company;
8. 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;
9. all necessary consents and approvals in relation to transactions contemplated under the Formal Agreement having been obtained by DTXS International, DTXS Property and the Vendor, and DTXS International, DTXS Property and the Vendor having complied with the relevant laws, and there having been no rules or regulations imposed by the relevant authorities, or any consents by third parties, to forbid or seriously delay the performance and completion of the Formal Agreement; and

10. other conditions precedent to be agreed by the Purchaser and the Vendor and included in the Formal Agreement (if any).

In addition, the completion of the Subscription is conditional upon the completion of the Acquisition.

The conditions 3 to 8 above may be waived by the Purchaser only under the Formal Agreement. The conditions 1, 2 and 9 above are not capable of being waived by any parties to the Formal Agreement. The Vendor shall use its reasonable endeavors to procure the fulfillment of the conditions 3 to 8 above.

For the avoidance of doubts, the Proposed Acquisition is not conditional upon the completion of the Subscription.

### **Completions**

Completion of the Acquisition will proceed within 7 business days (or such other date as the Purchaser and the Vendor may agree) after fulfillment or waiver of the above conditions precedent.

Completion of the Subscription will proceed within 7 business days (or such other date as the Purchaser and the Vendor may agree) after fulfillment or waiver of the above conditions precedent.

### **Exclusivity**

The Vendor will not, for a period of 120 days from the date hereof (or such later date to be agreed by the Purchaser and the Vendor), 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 similar transaction.

### **Binding Effect**

Except for the clauses exclusivity, confidentiality, severability, dispute resolution, complete understanding and amendments, counterparts and this clause which shall be binding upon both the Purchaser and the Vendor, other clauses set out in the MOU are subject to the negotiation and execution of the Formal Agreement and shall not be binding upon both the Purchaser and the Vendor.

## **REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

The Group is principally engaged in (i) sale of vessels; (ii) marine engineering; (iii) construction and structural steel engineering and related services and (iv) art and collections related business. As mentioned in the announcement of the Company dated 2 November 2015, it is the intention of the Group to develop an online marketplace for art and collections related business, including but not limited to wine, tea, jewelry and artworks in order to enhance its corporate development and broaden its income base. Leveraging from the strong cultural business background of the Vendor, the Group plans to source more relevant investment opportunities for the development of its cultural and art businesses.

Xian City (formerly Chang'an City) is the capital of the Shaanxi Province of the PRC, was the capital of China for over 13 dynasties and the starting point of the ancient Silk Road. During the golden age of China, the Tang Dynasty, the industry and commerce of Tang Chang'an City were centered in the East Market and the West Market. The East Market was primarily functioned for government officials while the West Market was primarily functioned for international trade. The West Market was the largest international trading centre and cultural exchange centre at the time. The Property is located and rebuilt at the original site of the West Market, now the Tang West Market, and is at the middle section of the Silk Road Cultural Street, a unique cultural pedestrian street developed by the DTXS Property. On this street, the historic cultural landscape and local customs of 22 countries along the Silk Road are fused in, allowing visitors to experience travelling through the silk road within an hour. With the strategic location of the Property which possesses cultural value, the Group will be in the best position to develop and capitalised on the Vendor's strong cultural business background. In view of the above, the Directors are of the view that the Property is 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 that the Proposed Acquisition is in the interest of the Company and Shareholders as a whole.

## **GENERAL**

**The Board wishes to emphasise that the Proposed Acquisition may or may not proceed and that the Purchaser and the Vendor have not entered into any binding agreement in relation to the Proposed Acquisition as at the date of this announcement. If the Proposed Acquisition materialises, it will constitute a notifiable and connected transaction for 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 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
“Company”	UDL Holdings Limited (太元集團有限公司), 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 List Rules
“DTXS International”	Da Tang Xi Shi International Holdings Limited, a company incorporated in the BVI with limited liability, which is wholly owned by the Vendor. As at the Last Trading Day, DTSX International, held 325,680,424 Shares, representing approximately 68.62% of the entire issue share capital of the Company
“DTXS Property”	西安大唐西市置業有限公司 (Xi An Da Tang Xi Shi Property Limited*) , a company incorporated under the laws of the PRC with limited liability which is a subsidiary of the Vendor;
“Director(s)”	director(s) of the Company
“Formal Agreement”	a formal agreement to be entered into amongst the Purchaser and the Vendor in respect of the Proposed Acquisition and incorporating the terms of the MOU
“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
“Independent Third Party(ies)”	individual(s), professional(s) or institutional investor(s) are independent of and not connected with the Company, any promoter(s), director(s), supervisor(s), chief executive(s), substantial shareholder(s) (as defined in the Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules)

“Last Trading Day”	27 January 2016, being the last day on which the Shares were traded on the Stock Exchange prior to the issue of this announcement
“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 27 January 2016 entered into between the Purchaser and the Vendor in relation to the Proposed Acquisition
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Proposed Acquisition”	the proposed acquisition by the Purchaser to purchase and acquire 100% of the equity interests held by DTXS Property in the Target Company
“Purchaser”	DTXS Art & Cultural CBD (HK) Company Limited (大唐西市文化藝術品中央商務中心有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Property”	the property interests of Building No.3 of the Da Tang Xi Shi Block 10 Development at South Laodong Road, Lianhu District, Xi An, China and the land use right thereof, with a total gross floor area of approximately 3,862.95 square meters. The Da Tang Xi Shi Block 10 Development is a Silk Road-themed commercial development located at South Laodong Road, Lianhu District, Xi An, China with a total gross floor area of approximately 29,672.71 square meters opened in 2015. The development has obtained the land use right certificate and construction permits
“RMB”	Reminbi, 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)

“Subscription”	subscription of the Shares by DTXS International at the subscription price of HK\$3.20 pursuant to the MOU
“Subscription Shares”	new Shares to be subscribed for by DTXS International subsequent to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	a limited liability company to be set up as a subsidiary wholly-owned by DTXS Property
“Vendor”	大唐西市文化產業投資集團有限公司 (Da Tang Xi Shi Cultural Industry Investment Group Company Limited*) is an investment holding company principally engaged in investment, management and organization of cultural projects and related services such as organizing cultural and artistic exchange activities and planning and hosting of meetings, incentives, conferences and exhibitions events, which as to approximately 50.60% was owned by Mr. Lu Jianzhong, as to approximately 13.80% was owned by Mr. Liang Lei* (梁雷), as to approximately 13.80% was owned by Mr. Yang Xingwen* (楊興文), as to approximately 13.80% was owned by Mr. Yu Baoan* (于寶安) and as to approximately 8.00% was owned by 寧波歐盈宏創投資合夥企業 (Ningbo Ouying Hongchuang Investment Partnership*) respectively
“%”	Per cent.

By Order of the Board  
**UDL Holdings Limited**  
**Wong Kwok Tung Gordon Allan**  
*Executive Director (Chief executive officer)*

Hong Kong, 27 January 2016

*As at the date of this announcement, the Board comprises three executive directors, namely Mr. Lu Jianzhong (Chairman), Mr. Wong Kwok Tung Gordon Allan (Chief executive officer) and Mr. Yang Xingwen; three non-executive directors, namely Mr. Wang Shi, Mr. Jean-Guy Carrier and Mr. Tse Yung Hoi; and three independent non-executive directors, namely Mr. Cheng Yuk Wo, Mrs. Law Fan Chiu Fun, Fanny and Mr. Tsui Yiu Wa, Alec.*

\* For identification purpose only