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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)

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE AND GRANT OF PUT OPTION BY CONTROLLING SHAREHOLDER — POSSIBLE CONNECTED TRANSACTION

THE SUBSCRIPTION

On 16 July 2019 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement under which the Company conditionally agreed to allot and issue and the Subscriber conditionally agreed to subscribe for 111,187,538 new Shares at the Subscription Price of HK\$5.3873 per Subscription Share.

Assuming the successful completion of the Subscription, the maximum gross proceeds from the Subscription are expected to be approximately HK\$599.0 million. The net proceeds from the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$597.0 million. The net issue price per Subscription Share from the Subscription will be approximately HK\$5.3711. The Company currently intends to use the net proceeds from the Subscription in the following manner: (i) approximately HK\$527.8 million for its business development in the cultural industry, including the Xi'an Cultural Project; and (ii) the remaining balance of approximately HK\$69.2 million for general working capital of the Group and any other investment opportunities which may arise in the foreseeable future.

The total number of Subscription Shares represents approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming that there will be no change in the issued share capital of the Company (other than the allotment and issue of the Subscription Shares) between the date of this announcement and the date of the Completion. The Subscription Shares will be allotted and issued under the Specific Mandate.

The Company will seek the Specific Mandate from the Independent Shareholders at the SGM to allot and issue the Subscription Shares. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

In connection with the Subscription Agreement, on 16 July 2019, DTXS International Holdings as the Grantor, the Subscriber and Mr. Lu as the Guarantor entered into the Put Option Deed pursuant to which DTXS International Holdings has granted the Put Option to the Subscriber. DTXS International Holdings irrevocably grants to the Subscriber an option, but not the obligation, to purchase or procure the purchase of all or part of the Option Shares in accordance with the terms set out in the Put Option Deed.

IMPLICATION UNDER LISTING RULES

As at the date of this announcement, 373,596,736 Shares are held by DTXS International Holdings. DTXS International Holdings is wholly owned by Da Tang Xi Shi International Group Limited, which is wholly-owned by DTXS Investment. Mr. Lu, being the controlling shareholder of DTXS Investment, is deemed to be interested in 373,596,736 Shares. As at the date of this announcement, 4,996,000 Shares are beneficially held by Mr. Lu as personal interests, and in aggregate Mr. Lu is interested in 378,592,736 Shares, representing approximately 68.10% of the total issued Shares of the Company.

Therefore, DTXS International Holdings is a connected person of the Company under the Listing Rules. In view that all or part of the Subscription Shares to be issued to the Subscriber may be sold to DTXS International Holdings as the Grantor upon the possible exercise of the Put Option or the Triggered Put Option (as the case may be) under the Put Option Deed, the Subscription Agreement, the Put Option Deed and the transactions contemplated thereunder as a whole may constitute as a connected transaction of the Company, which is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SGM

The SGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated under the Subscription Agreement and the Put Option Deed (including the grant of the Specific Mandate to allot and issue the Subscription Shares pursuant to the Subscription Agreement).

Pursuant to the Listing Rules, DTXS International Holdings, Mr. Lu and their respective associates, who are Shareholders, will be required to abstain from voting on the relevant resolution(s) at the SGM approving the Subscription Agreement and the transactions contemplated under the Subscription Agreement and the Put Option Deed (including the grant of the Specific Mandate to allot and issue the Subscription Shares pursuant to the Subscription Agreement).

A circular containing, among other things, (i) details of the Subscription Agreement and the Put Option Deed; (ii) the advice of the independent financial adviser to be appointed by the Company regarding the terms of the Subscription Agreement and the transactions contemplated under the Subscription Agreement and the Put Option Deed (including the grant of the Specific Mandate to allot and issue the Subscription Shares pursuant to the Subscription Agreement); (iii) the recommendation of the Independent Board Committee regarding the terms of the Subscription Agreement and the transactions contemplated under the Subscription Agreement and the Put Option Deed (including the grant of the Specific Mandate to allot and issue the Subscription Shares pursuant to the Subscription Agreement); and (iv) a notice of the SGM, will be despatched to the Shareholders on or about 29 July 2019.

As the Completion of the Subscription is subject to the satisfaction of the conditions under the Subscription Agreement (including but not limited to the Put Option Deed becoming unconditional) and the Subscription may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

On 16 July 2019 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement under which the Company conditionally agreed to allot and issue and the Subscriber conditionally agreed to subscribe for 111,187,538 new Shares at the Subscription Price of HK\$5.3873 per Subscription Share. The principal terms of the Subscription Agreement are summarized as below.

SUBSCRIPTION AGREEMENT

Date

16 July 2019

Parties

Issuer: the Company

Subscriber: the Subscriber

The Subscriber is a company incorporated in the British Virgin Islands with limited liability. The background of the Subscriber can be referred to the below section headed “Information of the Subscriber” for details. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

Subscription Shares

The Subscriber conditionally agreed to subscribe for 111,187,538 Subscription Shares, representing (i) approximately 20.00% of the existing issued share capital of the Company; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming that there will be no change in the issued share capital of the Company (other than the allotment and issue of the Subscription Shares) between the date of this announcement and the date of the Completion.

Subscription Price

The Subscription Price of HK\$5.3873 per Subscription Share was arrived at after arm’s length negotiation between the Company and the Subscriber with reference to the prevailing market price of the Shares and the recent market conditions.

The Subscription Price represents:

- (i) a discount of approximately 17.88% to the closing price of HK\$6.560 per Share as quoted on the Stock Exchange on 15 July 2019, being the last trading day before the date of the Subscription Agreement;
- (ii) a discount of approximately 15.00% to the average closing price of approximately HK\$6.338 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreement;
- (iii) a discount of approximately 10.23% to the average closing price of approximately HK\$6.001 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the date of the Subscription Agreement; and
- (iv) a premium of approximately 356.16% over the audited equity attributable to owners of the Company per Share of approximately HK\$1.181 (based on the audited equity attributable to owners of the Company of HK\$656,325,000 as at 31 December 2018 and 555,937,692 Shares in issue as at 31 December 2018).

Ranking

The Subscription Shares shall be duly authorised and issued fully paid, and rank *pari passu* in all respects with all other Shares outstanding on the Completion Date and be entitled to all dividends and distributions attached to the Shares on the record date for which falls on a date on or after the date of the issue.

Conditions

The Completion of the Subscription shall be conditional on:

- (a) the Listing Committee having granted (either unconditionally or subject only to conditions to which neither the Company nor the Subscriber reasonably objects) listing of, and permission to deal in, the Subscription Shares and the Listing Committee not having withdrawn or revoked such listing and permission on or before the Completion;
- (b) the Shares remaining listed and traded on the Main Board of the Stock Exchange at all times from the date of the Subscription Agreement to the date of the Completion, save for any temporary trading halt or suspension in trading for no longer than three (3) consecutive trading days (or such longer period as the Subscriber may agree in writing), and there being no indication from the Stock Exchange that the listing of the Shares on the Stock Exchange will be suspended, revoked or withdrawn at any time before or after the Completion, whether in connection with any of the transactions contemplated by the Subscription Agreement or otherwise;
- (c) the passing by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules in the SGM to be held and convened of resolution(s) to approve the Subscription Agreement, the Put Option Deed and the transactions contemplated thereunder, including the allotment and issue of the Subscription Shares;
- (d) each of the Company's representations, warranties and undertakings under the Subscription Agreement remaining true, complete and accurate and not misleading at the Completion as if repeated at the Completion and at all times between the date of the Subscription Agreement and the Completion;
- (e) the Company having obtained from or made to (as the case may be) the relevant Authorities all applicable approvals and filings in connection with the Subscription;
- (f) the Company having duly performed and observed all of the obligations, undertakings, covenants and agreements required to be performed and observed by it prior to the Completion under the Subscription Agreement;
- (g) the Subscriber having completed the due diligence review on various aspects of the Group to its sole and absolute satisfaction;
- (h) the Put Option Deed being executed and delivered by the Company and the Subscriber thereto, the obligations of DTXS International Holdings thereunder having become and remaining unconditional in accordance with its terms (save for any condition therein relating to the Subscription Agreement having become and remaining unconditional), and the Put Option Deed not having been terminated in accordance with its terms or otherwise, prior to the Completion;

- (i) the Subscriber receiving from the Company all of the documents pursuant to the Subscription Agreement, in form and substance satisfactory to the Subscriber; and
- (j) each of the Subscriber's representations, warranties and undertakings under the Subscription Agreement remaining true, complete and accurate in all material respects and not misleading in any material respect at the date of the Completion as if repeated at the date of the Completion and at all times between the date of the Subscription Agreement and the date of the Completion.

In the event that any of the above conditions shall not have been fulfilled (or waived, if applicable) prior to 30 September 2019 or such later date which may be agreed by the Company and the Subscriber, the Subscription Agreement shall cease to be of any effect and terminate pursuant to the Subscription Agreement.

The Subscriber may waive all or any of the above conditions (save for the above conditions (a) and (c)) at any time by notice in writing to the Company. The Company may not unilaterally waive any of the above conditions.

Completion

Completion is expected to take place on the third Business Days after all of the above conditions have been fulfilled or waived (or such later date as the Company and the Subscriber may agree in writing).

Lock-up Undertakings

During the period commencing on the date of the Subscription Agreement and ending on the date that is six (6) months after the date of Completion (both days inclusive) (the "**Lock-up Period**"), the Company has undertaken to the Subscriber not to, and to procure each of the other company of the Group not to, without the prior written consent of the Subscriber and unless in compliance with the requirements of the Listing Rules and applicable Laws:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any shares or other securities of such other company of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company or any shares or other securities of other company of the Group, as applicable or any

interest in any of the foregoing), or deposit any Shares or other securities of the Company or any shares or other securities of such other company of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any shares or other securities of such other company of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company or any shares or other securities of other company of the Group, as applicable or any interest in any of the foregoing); or
- (c) enter into any transaction with the same economic effect as any transaction specified as the above (a) or (b); or
- (d) offer to or agree to or announce any intention to effect any transaction specified in the above (a), (b) or (c),

in each case, whether any of the transactions specified in the above (a), (b) or (c) is to be settled by delivery of Shares or other securities of the Company or shares or other securities of other company of the Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the Lock-up Period).

The above lock-up undertakings should not apply to any of the following situations during the Lock-up Period, (i) the allotment and issue of the Subscription Shares pursuant to the Subscription; (ii) the allotment and issue of any Shares pursuant to the exercise of any Options that have been or may be granted during the Lock-up Period under the existing share option scheme of the Company or any other conversion or subscription rights existing at the date of the Subscription Agreement; and (iii) the allotment and issue of Shares pursuant to any scrip dividend scheme or other similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on shares in accordance with the bye-laws of the Company.

Right of First Refusal

The Company agrees that immediately following expiry of the Lock-up Period and for a period of 18 months thereafter, for so long as the Subscriber holds any Shares, the Company will not allot, issue or grant any Shares, securities convertible into Shares, or options, warrants or similar rights to subscribe for Shares or securities convertible into Shares (“**New Securities**”) to any person unless the Company has in the first instance offered such New Securities to the Subscriber on the same terms and at the same price as those New Securities are being offered to other persons on a *pari passu* and pro rata basis to the number of the Shares held by the Subscriber at that time. Such offer shall be in

writing, be open for acceptance from the date of the offer to the 10th Business Day immediately following the date of the offer (inclusive) (the “**Acceptance Period**”) and give details of the number and subscription price of the New Securities.

If, at the end of the Acceptance Period, the Subscriber does not exercise its rights to accept the New Securities or the number of New Securities accepted by the Subscriber is less than the number of New Securities:

- (i) (if any and where applicable) the New Securities accepted by the Subscriber shall be issued to the Subscriber in accordance with its acceptance; and
- (ii) any remaining New Securities may be offered to any other person(s) as the Directors may determine at the same price and on the same terms as the offer to the Subscriber.

The above procedures in relation to the right of first refusal shall not apply to:

- (i) a pro rata offer made to all eligible Shareholders;
- (ii) any Shares to be issued pursuant to the exercise of any Options that have been or may be granted under the existing share option scheme of the Company;
- (iii) any other conversion or subscription rights existing at the date of the Subscription Agreement; or
- (iv) New Securities which the Subscriber has agreed in writing may be issued without complying with the above procedure.

Nomination of Director by the Subscriber

The Company agrees, undertakes to and covenants with the Subscriber that, with effect from the Completion and for so long as the Subscriber holds any Shares, the Subscriber shall have the right to: (i) nominate its designated person to be appointed as a Director; and (ii) in the event that any such designated person resigns, retires, is incapacitated, is removed, ceases to act or is otherwise no longer a Director or is or becomes prohibited by the applicable Laws, the Listing Rules or the Company’s bye-laws from acting as a Director, nominate another designated person to be appointed as a Director, from time to time at its sole and absolute discretion.

The Subscriber has nominated and the Company shall appoint or procure the appointment of, Dr. Cheng Kar Shun, Henry, who is the chairman and an executive director of New World Development Company Limited (stock code: 0017), as a non-executive Director with effect from the date of the Completion.

GRANT OF THE PUT OPTION BY THE CONTROLLING SHAREHOLDER OF THE COMPANY TO THE SUBSCRIBER

In connection with the Subscription Agreement, on 16 July 2019, DTXS International Holdings as the Grantor, the Subscriber and Mr. Lu as the Guarantor entered into the Put Option Deed pursuant to which the Grantor has granted the Put Option to the Subscriber. The principal terms of the Put Option Deed are summarized as below.

Date

16 July 2019

Parties

Grantor: DTXS International Holdings

Grantee: the Subscriber

Guarantor: Mr. Lu

Put Option

The Grantor irrevocably grants to the Subscriber an option, but not the obligation, to require the Grantor to purchase or procure the purchase of all or part of the Option Shares in accordance with the terms set out in the Put Option Deed.

Option Period

The put option period (the “**Option Period**”) means a period of three (3) months commencing from the first day of the 25th month from the date of the Completion and expiring on the last day of the 27th month from the date of the Completion (both days inclusive).

Exercise of the Put Option

The Put Option may be exercised by the Subscriber at any time and from time to time during the Option Period, by the delivery of the option exercise notice to the Grantor. The option exercise notice cannot be revoked or withdrawn once served on the Grantor.

If the option exercise notice is not served within the Option Period, the Put Option shall lapse and be of no further effect and the Put Option Deed shall forthwith terminate and cease to be of effect (except for certain clauses relating to indemnity, general, term and termination, confidentiality, notices and other communications, governing law and jurisdiction, process agent and waiver of immunity under the Put Option Deed) and save as aforesaid or in respect of any antecedent breaches, none of the Subscriber, the Grantor and the Guarantor to the Put Option Deed shall have any further liability under or pursuant to the provisions of the Put Option Deed.

The Grantor irrevocably grants to the Subscriber an option, but not the obligation, to require the Grantor to purchase or procure the purchase of all or part of the Option Shares (the “**Triggered Put Option**”) which option shall be immediately exercisable by the Subscriber at any time and from time to time more than once after the occurrence of any of the following events (the “**Triggering Events**”), during the period of twenty-four (24) months from the date of the Completion, by the delivery of option exercise notice(s) to the Grantor and all the provisions relating to the exercise and completion of the Put Option shall apply to any exercise of the aforementioned option(s):

- (a) the Grantor ceases to beneficially own more than 50.10% of the total number of issued Shares (whereby all securities convertible into Shares, or options, warrants or similar rights to subscribe for Shares or securities convertible into Shares, shall be treated as if they were all converted);
- (b) any change in shareholding of any of the Intermediate Holding Companies, unless the prior written consent of the Subscriber shall have been obtained, which shall not be unreasonably withheld or delayed by the Subscriber;
- (c) any change of control (as defined in the Takeovers Code) of the Company;
- (d) the Guarantor ceases to be the chairman of the Company or a Director;
- (e) any of the Grantor, the Intermediate Holding Companies and the Guarantor is investigated by any Authority;
- (f) any trading halt or suspension in trading of the Shares or any other securities of the Company for longer than three (3) consecutive trading days except for clearance of any announcement or circular regarding any notifiable or connected transactions;
- (g) an order or petition for the winding up of the Company or any other company of the Group or any composition or arrangement made by the Company or any other company of the Group with its creditors or a scheme of arrangement entered into by the Company or any other company of the Group or any resolution for the winding-up of the Company or any other company of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of the Company or any other company of the Group or anything analogous thereto occurring in respect of the Company or any other company of the Group;
- (h) the Company is unable to publish its annual or interim results announcement or report within the time prescribed or otherwise as required under the Listing Rules or other applicable Laws, or the Company’s auditor issues or is likely to issue, a “modified report” or a “modified opinion” (each as defined in the Listing Rules);

- (i) any event or circumstance which in the sole and absolute opinion of the Subscriber has or have a material adverse effect on: (a) the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; (b) purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Option Shares; or (c) the ability of the Grantor or the Guarantor to perform its/his obligations under the Put Option Deed;
- (j) any of the Grantor, the Intermediate Holding Companies and the Guarantor creates or allows to subsist any Encumbrance over the Shares or other shares or securities held by it/him relating to the Company during the period of twenty-four (24) months from the date of the Completion (save for any Encumbrance created for securing any loan or borrowing not exceeding 30% of the value of the Shares or other shares or securities relating to the Company in which the Grantor, the Intermediate Holding Companies and/or the Guarantor (as the case may be) own or are interested held by them upon creating such Encumbrance during the period of twenty-four (24) months from the date of the Completion, and the Grantor and the Guarantor shall prior to creating such Encumbrance notify the Subscriber in writing with sufficient details and such information and supporting documents as the Subscriber may require);
- (k) any breach by the Company of the restrictions on issue of securities during the Lock-up Period or the right of first refusal under the Subscription Agreement; or
- (l) any material breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties and undertakings of (a) the Grantor or the Guarantor under the Put Option Deed as at the date given or deemed to be given or (b) the Company under the Subscription Agreement as at the date given or deemed to be given.

Option Price

The Subscriber shall sell and the Grantor shall purchase all or part of the Option Shares at the Option Price based on the below formula and less any cash dividend entitlements in respect of each Share declared, or recommended or resolved to be paid or made by the Company where the record date therefor falls within the period commencing from (and including) the date of the completion of the Subscription Agreement until (and including) the day before the settlement date of the Put Option in respect of such relevant Option Shares:

$$\frac{A}{B} \times 1.25 \times C$$

A = amount equal to the sum of (i) the aggregate consideration paid by the Subscriber for all the Subscription Shares held at that time and (ii) the aggregate consideration paid by the Subscriber for all Shares and other securities of the Company acquired by the Subscriber pursuant to any Reorganisation event under the Put Option Deed for all the Option Shares held at that time

B = number of all Option Shares held at that time

C = number of relevant Option Shares to be sold by the Subscriber to the Grantor as specified in the relevant option exercise notice

Conditions Precedent

The Put Option Deed will become effective upon:

- (a) the passing by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the SGM of the necessary resolutions to approve the Subscription Agreement, the Put Option Deed and the transactions contemplated thereunder, including the allotment and issue of the Subscription Shares; and
- (b) the Subscription Agreement being entered into by the Company and the Subscriber thereto, the obligations of the Company and the Subscriber thereunder having become and remaining unconditional in accordance with its terms (save for any condition therein relating to the Put Option Deed having become and remaining unconditional), and the Subscription Agreement not having been terminated in accordance with its terms or otherwise.

In the event that any of the above conditions shall not have been fulfilled (or waived, if applicable) prior to 30 September 2019 or such later date which may be agreed by the Subscriber, the Grantor and the Guarantor, the Put Option Deed shall cease to be of any effect, except the clauses of indemnity, general, term and termination, confidentiality, notices and other communications, governing law and jurisdiction, process agent and waiver of immunity which shall remain in force and save in respect of claims arising out of any antecedent breach of the Put Option Deed.

Completion of the transfer of the Option Shares

The completion of the transfer of the relevant Option Shares will take place one (1) week after the receipt of the relevant option exercise notice by the Grantor.

Reorganisations

As mentioned above and pursuant to the Subscription Agreement, the Subscriber has nominated and the Company shall appoint or procure the appointment of, Dr. Cheng Kar Shun, Henry, who is the chairman and an executive director of New World Development Company Limited (stock code: 0017), as a non-executive Director with effect from the date of the Completion. The Subscriber is a wholly-owned subsidiary of New World Development Company Limited (stock code: 0017).

1. Co-operation in relation to Reorganisation

The Grantor shall promptly notify the Subscriber in writing on a strictly confidential basis upon becoming aware of any proposal made by the Company to effect a Reorganisation and shall permit the Subscriber to consult with the Grantor in relation thereto.

2. Inclusion of Shares and other securities resulting from a Reorganisation

If any Reorganisation shall take place after the execution and delivery of the Put Option Deed but prior to the completion of the sale of the Option Shares or any of them pursuant to any exercise of the Put Option or the Triggered Put Option, all Shares and other securities of the Company (if any) which shall have become owned by the Subscriber or its successors or assignees as a result of each such Reorganisation and which shall derive (whether directly or indirectly) from the Option Shares held before the Reorganisation shall be deemed to be subject to the Put Option and the Triggered Put Option (except that the Option Price shall be deemed to be the original cost of the Subscriber to the extent the Subscriber has not paid for such Shares and securities) and shall to the extent that the same relate to such of the Option Shares as are the subject of the particular sale be transferred to the Grantor in accordance with the relevant clause under the Put Option Deed (with adjustment to the Option Price if required), provided that nothing herein shall be construed as imposing any obligation on the Subscriber either to exercise or to refrain from exercising any rights or powers conferred on the Subscriber by or deriving from the Option Shares.

Undertaking

Each of the Grantor and the Guarantor undertakes to and covenants with the Subscriber that any time during the period of twenty-four (24) months from the date of the Completion and the Option Period, it will not take any actions resulting in any of the Triggering Events.

Each of the Grantor and the Guarantor further agrees, undertakes to and covenants with the Subscriber that it/he shall, and shall procure that the Intermediate Holding Companies will, ensure that the Company shall comply with and give full effect to the restrictions on issue of securities during the Lock-up Period and the right of first refusal under the Subscription Agreement.

Each of the Grantor and the Guarantor further agrees, undertakes to and covenants with the Subscriber that it/he shall, and shall procure that the Intermediate Holding Companies will, notify the Subscriber of any change to its/his shareholding in the Company which requires notification pursuant to Part XV of the SFO during the term of the Put Option Deed with sufficient details and such information and supporting documents as the Subscriber may require (including, without limitation, copies of disclosure of interests forms filed pursuant to Part XV of the SFO).

Guarantee

The Guarantor irrevocably, absolutely and unconditionally:

- (a) guarantees to the Subscriber the due and punctual observance and performance by the Grantor of all of the obligations of, or expressed to be assumed by the Grantor under or pursuant to the Put Option Deed, and undertakes and agrees to pay (as if he was the principal obligor) to the Subscriber from time to time, immediately upon demand by the Subscriber, any and all sums of money which the Grantor is at any time liable, or expressed to be liable, to pay to the Subscriber under or pursuant to the Put Option Deed which have become, or are expressed to have become, due and payable but have not been paid at the time such demand is made;
- (b) agrees as an independent and primary obligation as principal debtor to indemnify the Subscriber from time to time, upon demand by the Subscriber, from and against any cost, loss or liability incurred by the Subscriber as a result of any of the obligations of or expressed to be assumed by the Grantor under or pursuant to the Put Option Deed being or becoming void, voidable, unenforceable or ineffective as the Grantor for any reason whatsoever, whether or not known to the Subscriber, the amount of such loss being the amount which the Subscriber would otherwise have been entitled to recover from the Grantor; and
- (c) agrees with the Subscriber that if, for any reason, any amount claimed by the Subscriber under the clause is not recoverable from the Grantor on the basis of a guarantee then the Guarantor will be liable as a principal debtor and primary obligor to indemnify the Subscriber in respect of any loss, cost or liability the Subscriber incurs as a result of the Grantor failing to perform and observe all the obligations and/or pay any amount expressed to be payable by it under the Put Option Deed on the date when it ought to have been paid.

The above guarantee is a continuing guarantee and indemnity and will extend to the ultimate balance of all sums payable by the Grantor under the Put Option Deed, regardless of any intermediate payment or discharge in whole or in part.

Lapse of the Put Option Deed

The Put Option Deed shall terminate upon an occurrence of any of the following:

- (a) the expiration of the Option Period; and
- (b) written agreement between the Subscriber, the Grantor and the Guarantor that the Put Option Deed shall be terminated,

but without prejudice to any right or remedy of any party against any other party arising out of any antecedent breach of the Put Option Deed.

Notwithstanding anything to the contrary in the Put Option Deed, the Grantor shall be released from its further obligations under the Put Option Deed upon the termination of the Put Option Deed in accordance with the above.

INFORMATION OF THE GROUP

The Company is an investment holding company incorporated in Bermuda with limited liability and is principally engaged with its subsidiaries in (i) auction business and arts and collections related business; (ii) e-Commerce, including making and sales of wine; and (iii) marine, construction and structural steel engineering and related services.

The Group, focusing on the development in the cultural industry, endeavors to leverage on the business network of the parent group, in particular, in the arts and culture industry, to expand and develop the operation of cultural artworks auction, international artwork trading platform (the eight service centers), cultural industrial parks and cultural tourism. With reference to the announcement of the Company dated 28 June 2019, the Company has entered into the heads of agreement with a wholly-owned subsidiary of the parent company in relation to a proposed acquisition which will enable the Group to participate in the development of a comprehensive Silk Road International Cultural Center that features all-round cultural artworks operations, cultural artwork financing and Silk Road international cultural entertainment complex in Xi'an of the PRC (the “**Xi'an Cultural Project**”).

INFORMATION OF THE GRANTOR

DTXS International Holdings is a company incorporated in the British Virgin Islands and is engaged in investment holding. DTXS International Holdings is a wholly-owned subsidiary of Da Tang Xi Shi International Group Limited and the immediate holding company of the Company.

INFORMATION OF THE GUARANTOR

Mr. Lu is the chairman, the executive Director and the ultimate controlling shareholder of the Company.

INFORMATION OF THE SUBSCRIBER

The Subscriber is a company incorporated in the British Virgin Islands with limited liability. It is a wholly-owned subsidiary of New World Development Company Limited (stock code: 0017), the shares of which are listed on the Main Board of the Stock Exchange, which together with its subsidiaries (“**NWD Group**”) is principally engaged in property development and investments in the areas of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology.

In recent years, NWD Group has actively promoted the clusters related to the property ecosystem, and through various forms of services and cross-sectors cooperation, to enhance customer experience and loyalty, and to achieve sustainable synergies with the core business.

REASONS FOR THE ISSUE OF SUBSCRIPTION SHARES AND USE OF PROCEEDS

Based on the common business interest of the Company and the Subscriber, the Subscription represents a valuable opportunity for the Company to introduce the Subscriber as a strategic Shareholder, which broadening the Company's platform for cultural development by leveraging on NWD Group's extensive business development experience and networks in the PRC, in particular, the cultural industrial parks and international artwork trading platform, creating a synergistic effect in the development of the culture businesses and bringing a win-win situation both to the Group and the Subscriber. The Group is able to leverage on its own strengths in cultural business, contributing cultural factors to supplement each other, and to develop cultural industrial parks in the PRC, fitting its cultural characteristics collaboratively and seize the opportunities for expansion. The Directors are also of the view that the Subscription can strengthen the financial position of the Company, which provides extra fundings to the Group to pursue future development.

Assuming the successful completion of the Subscription, the maximum gross proceeds from the Subscription are expected to be approximately HK\$599.0 million. The net proceeds from the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$597.0 million. The net issue price per Subscription Share from the Subscription will be approximately HK\$5.3711. The Company currently intends to use the net proceeds from the Subscription in the following manner: (i) approximately HK\$527.8 million for its business development in the cultural industry, including the Xi'an Cultural Project; and (ii) the remaining balance of approximately HK\$69.2 million for general working capital of the Group and any other investment opportunities which may arise in the foreseeable future.

The Directors (excluding the independent non-executive Directors whose view will be formed after considering the advice of the independent financial adviser to be appointed by the Company) consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable and the transactions contemplated under the Subscription Agreement and the Put Option Deed are in the interests of the Company and the Shareholders as a whole.

(i) Mr. Lu, being the chairman of the Company and the executive Director, is also the director and the ultimate controlling shareholder of the Grantor; (ii) Mr. Yang, being the executive Director, is also the shareholder and the director of DTXS Investment which is the shareholder of the Grantor; and (iii) Mr. Wong Kwok Tung Gordon Allan, being the executive Director and Deputy Chief Executive Officer of the Company, is also the director of the Grantor. As the Grantor has material interests in the transactions

contemplated under the Subscription Agreement together with the Put Option Deed, all of the above-mentioned Directors have abstained from voting on the Board resolution(s) for approving the Subscription Agreement and the transactions contemplated thereunder.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the date of the Completion, assuming that there will be no change in the issued share capital of the Company (other than the allotment and issue of the Subscription Shares) between the date of this announcement and the date of the Completion; and (iii) immediately after the date of the Completion and the exercise of the Put Option in relation to the Option Shares by the Subscriber assuming that (a) there will be no change in the issued share capital of the Company (other than the allotment and issue of the Subscription Shares) during the period between the date of the Completion and the completion of the transfer of the Option Shares; and (b) the Put Option in relation to the Option Shares is exercised in full, are set out as follows:

Shareholders	As at the date of this announcement		Immediately after the date of the Completion		Immediately after the date of the Completion and the exercise of the Put Option in relation to the Option Shares by the Subscriber	
	<i>Number of issued Shares</i>	<i>Approximate percentage</i>	<i>Number of issued Shares</i>	<i>Approximate percentage</i>	<i>Number of issued Shares</i>	<i>Approximate percentage</i>
DTXS						
International Holdings						
<i>(Note)</i>	373,596,736	67.20%	373,596,736	56.00%	484,784,274	72.67%
Mr. Lu <i>(Note)</i>	4,996,000	0.90%	4,996,000	0.75%	4,996,000	0.75%
Subscriber	—	—	111,187,538	16.67%	—	—
Public						
Shareholders	<u>177,344,956</u>	<u>31.90%</u>	<u>177,344,956</u>	<u>26.58%</u>	<u>177,344,956</u>	<u>26.58%</u>
Total	<u>555,937,692</u>	<u>100.00%</u>	<u>667,125,230</u>	<u>100.00%</u>	<u>667,125,230</u>	<u>100.00%</u>

Note: 373,596,736 Shares are held by DTXS International Holdings. DTXS International Holdings is wholly owned by Da Tang Xi Shi International Group Limited, which is wholly-owned by DTXS Investment. Mr. Lu, being the controlling shareholder of DTXS Investment, is deemed to be interested in 373,596,736 Shares as corporate interests.

The Board considers that the Company can maintain the minimum public float as prescribed by the Listing Rules (i) immediately after the date of the Completion; and (ii) immediately after the date of the Completion and the exercise of the Put Option in relation to the Subscription Shares by the Subscriber.

SPECIFIC MANDATE

The Company will seek the Specific Mandate from the Independent Shareholders at the SGM to allot and issue the Subscription Shares.

APPLICATION FOR LISTING

Applications will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

IMPLICATION UNDER LISTING RULES

As at the date of this announcement, 373,596,736 Shares are held by DTXS International Holdings. DTXS International Holdings is wholly owned by Da Tang Xi Shi International Group Limited, which is wholly-owned by DTXS Investment. Mr. Lu, being the controlling shareholder of DTXS Investment, is deemed to be interested in 373,596,736 Shares. As at the date of this announcement, 4,996,000 Shares are beneficially held by Mr. Lu as personal interest, and in aggregate Mr. Lu is interested in 378,592,736 Shares.

Therefore, DTXS International Holdings is a connected person of the Company under the Listing Rules. In view that all or part of the Subscription Shares to be issued to the Subscriber may be sold to DTXS International Holdings as the Grantor upon the possible exercise of the Put Option or the Triggered Put Option (as the case may be) under the Put Option Deed, the Subscription Agreement, the Put Option Deed and the transactions contemplated thereunder as a whole may constitute as a connected transaction of the Company, which is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated under the Subscription Agreement and the Put Option Deed (including the grant of the Specific Mandate to allot and issue the Subscription Shares pursuant to the Subscription Agreement).

An independent financial adviser will be appointed to advise the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated under the Subscription Agreement and the Put Option Deed

“Authorities”	any administrative, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign or supranational
“Business Day”	a day(s) (other than a Saturday or Sunday) on which licensed banks in Hong Kong are generally open for business
“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 and traded on the Main Board of the Stock Exchange (Stock Code: 620)
“Completion”	the completion of the Subscription subject to the conditions set out in the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“DTXS International Holdings”	Da Tang Xi Shi International Holdings Limited (大唐西市國際控股有限公司), a company incorporated in the British Virgin Islands with limited liability
“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), a company incorporated in the PRC with limited liability which as to approximately 50.60% was owned by Mr. Lu
“Encumbrance”	any mortgage, pledge, hypothecation, encumbrance, lien (statutory or other), charge or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party right, interest or preference of any kind or nature whatsoever
“Grantor”	DTXS International Holdings, the grantor of the Put Option
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Lu, the guarantor under the Put Option Deed
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Intermediate Holding Companies”	collectively refer to DTXS Investment, Da Tang Xi Shi International Group Limited and DTXS International Holdings; DTXS Investment has 100% equity interests in Da Tang Xi Shi International Group Limited which has 100% equity interests in DTXS International Holdings
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders as to whether the terms of the Subscription Agreement and the transactions contemplated under the Subscription Agreement and the Put Option Deed (including the grant of the Specific Mandate to allot and issue the Subscription Shares pursuant to the Subscription Agreement) are fair and reasonable and in the interests of the Company and the Shareholders as a whole
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the SGM to approve the terms of the Subscription Agreement and the transactions contemplated under the Subscription Agreement and the Put Option Deed (including the grant of the Specific Mandate to allot and issue the Subscription Shares pursuant to the Subscription Agreement)
“Independent Third Party(ies)”	person or company who or which is not a connected person of the Company
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lu”	Mr. Lu Jianzhong* (呂建中先生), being the chairman, the executive Director and the ultimate controlling shareholder of the Company
“Mr. Yang”	Mr. Yang Xingwen* (楊興文先生)
“Options”	means the share options issued under the share option scheme, adopted by the Company on 6 December 2012, entitling the holder thereof to subscribe for Shares
“Option Price”	the amount in HK\$ at which the Subscriber may sell the Option Shares to the Grantor at the time of the exercise of the relevant Put Option or the Triggered Put Option (as the case may be)

“Option Shares”	the Subscription Shares and (if any) the Shares and other securities of the Company which may be acquired by the Subscriber pursuant to any Reorganisation events under the Put Option Deed
“PRC”	the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Put Option”	the option entitling the Subscriber to require DTXS International Holdings to buy all or part of the Subscription Shares from the Subscriber at the Option Price
“Put Option Deed”	the put option deed dated 16 July 2019 entered into between DTXS International Holdings as the Grantor, the Subscriber as the grantee and Mr. Lu as the Guarantor, in relation to the grant of the Put Option
“Reorganisation”	in relation to the Company any issue by way of capitalisation of profits or reserves or by way of rights and any consolidation or sub-division or reduction of capital or capital dividend or other reconstruction or adjustment relating to the equity share capital (or any shares, stock or securities derived therefrom) or rights issue or open offer and any other amalgamation or reconstruction affecting the equity share capital (or any shares, stock or securities derived therefrom)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated under the Subscription Agreement and the Put Option Deed (including the grant of the Specific Mandate to allot and issue the Subscription Shares to the Subscriber pursuant to the Subscription Agreement)
“Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company

“Specific Mandate”	the specific mandate to be granted to the Directors by the Independent Shareholders at the SGM to allot, issue and deal with the Subscription Shares to the Subscriber as contemplated under the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ion Tech Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 16 July 2019 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	HK\$5.3873 per Subscription Share
“Subscription Shares”	111,187,538 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong
“%”	per cent.

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

Hong Kong, 16 July 2019

As at the date of this announcement, the Board 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 three Independent Non-executive Directors, namely Mr. Cheng Yuk Wo, Mr. Tsui Yiu Wa, Alec and Mr. Tse Yung Hoi.

* *For identification purpose only*