大唐西市
DA TANG XI SHI

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 TRANSACTION IN RELATION TO THE DISPOSAL OF THE TARGET COMPANY

THE DISPOSAL

The Board announces that on 30 December 2019 (after trading hours), the Vendor entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase or procure its nominee to purchase the Sale Shares of the Target Company and the assignment of the Shareholder Loan for a Consideration of HK$16,756,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

DISPOSAL

The Board announces that on 30 December 2019 (after trading hours), the Vendor entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase or procure its nominee to purchase the Sale Shares of the Target Company and the assignment of the Shareholder Loan for a Consideration of HK$16,756,000.

AGREEMENT

The principal terms of the Agreement are as follows:

Date:	30 December 2019 (after trading hours)
Parties:	1. the Purchaser; and
	2. the Vendor.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Assets to be Disposed

Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase or procure its nominee to purchase the Sale Shares, which represent the entire issued share capital of the Target Company and the assignment of the Shareholder Loan.

The Shareholder Loan amounted to approximately HK$130,662,000 as at 30 June 2019.

Consideration

Pursuant to the Agreement, the Consideration of HK$16,756,000 will be paid and settled in cash by the Purchaser on the Completion.

The Consideration has been determined after arm's length negotiations between the Vendor and the Purchaser after taking into account, among others, (i) the existing project pipelines of the Target Group; (ii) the existing financial position and historical financial performance of the Target Group which has been loss-making for the immediately preceding two financial years; and (iii) the strategic implication of the Disposal to the Company as mentioned in the section headed "Reasons for and Benefits of the Disposal" in this announcement.

Conditions Precedent to the Disposal

Completion of the Agreement is conditional upon the following conditions:

(1) the Disposal, the Agreement and the transactions contemplated thereunder having been approved by the board of directors and/or shareholders of the Company (if required) and the Purchaser (if required);

(2) the compliance with any requirements under the Listing Rules or otherwise of the Stock Exchange or other regulatory authorities or any applicable laws and regulations which requires compliance at any time prior to Completion in relation to the transactions contemplated under the Agreement;

(3) (if required) all requisite waivers, consents and approvals from any relevant governments or regulatory authorities or other relevant third parties in connection with the transactions contemplated by the Agreement having been obtained; and

(4) the Purchaser having completed the due diligence review on various aspects of the Target Group to its sole and absolute satisfaction.

As regards satisfaction of the conditions precedent, neither party may waive the conditions precedent numbered (1) and (2) above and the Purchaser may waive the condition precedent numbered (4) above at its absolute discretion. Each of the parties shall use its reasonable endeavours (in view of the nature of the transactions for the Vendor as contemplated by the Agreement) to procure the fulfillment of the conditions precedent on or before the Long Stop Date.

If any of the conditions precedent has not been satisfied (or, as the case may be, waived) on the Long Stop Date, the Agreement shall cease and terminate (except clauses in relation to interpretation, announcement, confidentiality, notice, cost and stamp duty and governing law and jurisdiction in the Agreement shall remain in full force and effect) and none of the parties shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms hereof.

Completion

Upon fulfillment of the conditions precedent, the Completion shall take place at or before the Completion Date or at such other place as shall be agreed between the parties hereto.

The Purchaser shall not be obliged to purchase the Sale Shares and accept the assignment of the Shareholder Loan unless the sale of all Sale Shares and the assignment of the Shareholder Loan are completed simultaneously, provided that the failure of such simultaneous completion of the sale of the Sale Shares and the assignment of the Shareholder Loan is not due to the gross negligence, wilful default or deliberate misconduct on the part of the Purchaser.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated under the laws of the British Virgin Islands with limited liability and details of which are mentioned in the section headed "Definition" in this announcement.

INFORMATION OF THE TARGET COMPANY AND THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in the business of investment holding. The Target Group is principally engaged in sales of vessels, marine engineering services, tendering technical support services and contractual support services, representing the engineering services division of the Group (the "**Engineering Services Division**"). The Target Group has approximately 50 employees.

KEY FINANCIAL INFORMATION OF THE TARGET GROUP

The unaudited consolidated financial information of the Target Group, for the years ended 31 December 2017 and 2018 and for the six months ended 30 June 2019, respectively, are summarized as below.

	Year ended 31 December		**Six months ended 30 June**
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	73,630	13,853	27,990
(Loss)/profit before taxation	(14,440)	(22,999)	11,811
(Loss)/profit after taxation	(14,440)	(22,999)	11,811

Based on the unaudited consolidated financial information of the Target Group as at 30 June 2019, the consolidated net liabilities (excluding the Shareholder Loan) attributable to the owner of the Target Company is approximately HK$19,255,000. The Target Group generated revenue from the provision of marine engineering services to its customers. The losses after taxation of the Target Group for the years ended 31 December 2017 and 2018 were mainly attributable to the decrease in revenue and the substantial general and administrative costs incurred by the Target Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in (i) auction business and arts and collections related business; (ii) e-Commerce, including making and sales of wine; and (iii) marine engineering and related services.

The Engineering Services Division had been recording a segment loss (before tax) for last two years. As opposed to the previous two financial years and as disclosed in the interim result of the Group for the six months ended 30 June 2019, the Engineering Services Division contributed a segment revenue of approximately HK$27,990,000 (30 June 2018: approximately HK$1,947,000) and a segment profit of approximately HK$11,811,000 (30 June 2018: segment loss of approximately HK$11,850,000). The revenue for the six months ended 30 June 2019 was mainly attributable to the provision of tendering technical support services to the bidders of certain marine logistics, transportation and engineering works for the Three-Runway System project (the "**3RS Project**") of the Hong Kong International Airport to assist the bidders in the preparation of the tendering documents. The management of the Engineering Services Division expected that further revenue may be generated from the existing project pipelines in the second half of 2019, however, these tendering technical support services will not be recurring in the next financial year because a majority of tenders in relation to the marine logistics, transportation and engineering works of the 3RS Project have been awarded in the year of 2019. Similar tendering technical support services to be provided by the Engineering Services Division is not expected to be continued in the near future. Since the Engineering Services Division had been operating at a loss for two financial years and the Engineering Services Division has approximately 50 employees with an estimated monthly staff cost of approximately HK$1.3 million, the Disposal can reduce the operating costs of the Group, and avoid any further loss arising from this division.

On the other hand, with reference to the announcements of the Company dated 1 December 2017, 1 June 2018 and 28 June 2019, the Group has been endeavoring to explore any means of cooperation, focusing on development in the cultural industry by leveraging on the business network and resources of the parent company, and to develop businesses relating to cultural industry and financing industry, including operations and auction of cultural artworks, participation in the international artwork trading platform of the DTXS group, investment in cultural industrial parks and the development of experience in cultural tourism. In the annual report of the Company for the year ended 31 December 2018, the Directors have emphasized that the Group is focusing on its culture-related business by optimizing its strategic portfolio and business integration, such as auction and art financing business. The management of the Group also reviewed the strategic positioning, business operations and financial prospect with an aim of establishing a sustainable long term business development and concluded that the Engineering Services Division should not be included in the Group's long-term business strategy in view of its historical financial performance and the competitive strength of the parent company.

Having considered that (i) the Engineering Services Division was loss-making for two financial years; (ii) the monthly staff cost of the Engineering Services Division was approximately HK$1.3 million; (iii) the non-recurring nature of the tendering technical support services, the uncertainty on the profitability and prospect of the Engineering Services Division; and (iv) the Engineering Services Division is not in line with the Group's long term development plan in the core cultural business, the Directors are of the view that the Disposal will provide an opportunity for the Company to offload the Engineering Services Division and focus on its cultural businesses including auction business, arts and collections related business and cultural-related project investment and development.

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

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon the Completion, it is estimated that the Company will record a potential gain before tax on the Disposal of approximately HK$35,511,000, which is estimated based on the Consideration and the unaudited consolidated net liabilities (excluding the Shareholder Loan) of the Target Group as at 30 June 2019 (after deducting estimated transaction costs of approximately HK$500,000).

The exact amount of gain to be recorded in the consolidated statement of profit or loss of the Group is subject to audit, and therefore may be different from the figure provided above.

Shareholders and potential investors of the Company should note that the above estimation is for illustrative purpose only. The actual 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 Group as at the Completion Date and the actual amount of expenses incidental to the Disposal.

Upon the Completion, 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 results 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 one or more of the applicable percentage ratios in respect of the Disposal under Rule 14.07 of the Listing Rules exceed 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

"Agreement"	the sale and purchase agreement dated 30 December 2019 entered into between the Purchaser and the Vendor in relation to the Disposal
"Board"	the board of the Directors
"Business Day"	a day on which retail banks are open for business in Hong Kong (excluding Saturday)

"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 pursuant to the terms and conditions of the Agreement
"Completion Date"	the third Business Day immediately following the satisfaction of the last outstanding Condition Precedent, or such other date as the parties hereto shall agree in writing as the date on which Completion shall take place
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the consideration shall be paid by the Purchaser to the Vendor for the Sale Shares and the assignment of the Shareholder Loan, being HK$16,756,000
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Sale Shares and the assignment of the Shareholder Loan pursuant to the terms and conditions of the Agreement
"Group"	the Company and its subsidiaries
"HK$"	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 Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 January 2020, or such later date as mutually agreed among the parties

"Purchaser"	Harbour Front Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a trustee of a unit trust, whereby all units in the unit trust are held by Infiniti Trust (Asia) Limited, the trustee of a discretionary trust, which was set up by Mr. Leung Yat Tung ("**Mr. Leung**") in 1991, the beneficiaries of which are Mrs. Leung Yu Oi Ling Irene, the spouse of Mr. Leung, and their children, namely Ms. Leung Chi Yin Gillian, Mr. Leung Chi Hong Jerry and Mr. Leung Kai Hong Kaiser
"Sale Shares"	the entire issued share capital of the Target Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shares"	ordinary share(s) of HK$0.50 each in the share capital of the Company
"Shareholder Loan"	the net amount of loans and indebtedness (if any) owing from the Target Group to the Vendor as at the Completion Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	UDL Ventures Limited, a company incorporated under the laws of Hong Kong with limited liability and a direct wholly-owned subsidiary of the Vendor
"Target Group"	the Target Company and its subsidiaries
"Vendor"	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, 30 December 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. Jean-Guy Carrier and Dr. Cheng Kar-Shun, Henry; and four Independent Non-executive Directors, namely Mr. Cheng Yuk Wo, Mr. Tsui Yiu Wa, Alec, Mr. Tse Yung Hoi and Mr. Wang Shi.