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**DTXS SILK ROAD INVESTMENT HOLDINGS
COMPANY LIMITED**

大唐西市絲路投資控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 620)

**MEMORANDUM OF UNDERSTANDING IN RESPECT OF
A PROPOSED ACQUISITION**

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 23 May 2016 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the MOU with the Vendors, pursuant to which the Purchaser intended to purchase and the Vendors intended to sell 85% of the equity interests of the Target Company, which is incorporated in the BVI and is, together with its subsidiaries, principally engaged in the financial e-commerce business.

The MOU is not intended to be legally binding (save for certain provisions on exclusivity, confidentiality, severability, dispute resolution, complete understanding and amendments, counterparts, binding effect and exclusion of third party rights). If the Purchaser proceeds with the Proposed Acquisition, it will enter into legally binding agreement(s) with the Vendors in respect of the Proposed Acquisition.

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).

MEMORANDUM OF UNDERSTANDING

The principal terms of the MOU are as follows:

Date: 23 May 2016

Parties: The Purchaser and the Vendors

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Assets to be acquired

The Board would like to announce that on 23 May 2016 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the MOU with the Vendors, pursuant to which the Purchaser intended to purchase and the Vendors intended to sell 85% of the equity interests of the Target Company, which is incorporated in the BVI and is, together with its subsidiaries, principally engaged in the financial e-commerce business.

Reorganisation

The Vendors operate the financial e-commerce business through a group of companies in Hong Kong which is a market leader in the Greater China area providing real-time mission critical forex/bullion/commodities trading platform solutions and has received several awards due to its proven technology with well-established client base and team.

The Vendors aims at capturing the opportunities in the fast-growing financial market of the Greater China area. Since 2002, the Vendors, through their financial e-commerce business, have been striving for excellence and have provided trading platform services, mobile Apps, system integration and development services, financial value-added services and comprehensive financial information to investment banks, listed companies, and the members of the Chinese Gold and Silver Exchange Society in Hong Kong and regional trading exchanges in the PRC.

The above-mentioned financial e-commerce business shall be reorganised to be carried on by the Target Group by the injection of the existing operating group into the Target Group. The Vendors shall use their best effort to complete the Reorganisation by the Long Stop Date.

Shareholder's Loan

After Completion, the Purchaser will provide unsecured interest-free shareholder's loans to the Target Company at a minimum of HK\$8,000,000 for the first year up to an aggregate of HK\$22,000,000 over a period of 2 years after Completion for the proposed development of the New Trading Platform of the Group.

Consideration for the Proposed Acquisition

The total consideration for the Proposed Acquisition shall be HK\$40,800,000 in cash (subject to adjustments as detailed below).

The Consideration (subject to the adjustments) shall be paid by the Purchaser in the following manner:

- (a) HK\$4,000,000 as deposit upon signing of the MOU (the “**Deposit**”);
- (b) HK\$24,800,000 as the down payment upon completion of the Proposed Acquisition (the “**Down Payment**”);
- (c) HK\$4,000,000 upon satisfaction of the 1st profit guarantee subject to the adjustment as calculated in accordance with the formulae as stated below (the “**First Adjusted Consideration Payment**”);
- (d) HK\$4,000,000 upon satisfaction of the 2nd profit guarantee subject to the adjustment as calculated in accordance with the formulae as stated below (the “**Second Adjusted Consideration Payment**”); and
- (e) The remaining HK\$4,000,000 upon satisfaction of the 3rd profit guarantee subject to the adjustment on the total consideration as calculated in accordance with the formulae as stated below (the “**Final Adjusted Consideration Payment**”).

The Deposit shall be refundable to the Purchaser forthwith if the Proposed Acquisition does not materialize. The Vendors hereby jointly and severally agree and undertake that they will punctually perform their obligations under the MOU.

Profit Guarantees

The 1st Profit Guarantee means the Vendors’ warranty that the audited consolidated net profit after tax generated from operating activities of the Target Group in its ordinary and usual course of business but excluding the results of the New Trading Platform, prepared in accordance with Hong Kong Financial Reporting Standards (the “**Audited Results**”) for the period from the date of Completion to 31 December 2017 (the “**2017 Profits**”) will not be less than HK\$10,000,000.

The 2nd Profit Guarantee means the Vendors’ warranty that the Audited Results for the year ending 31 December 2018 (the “**2018 Profits**”) will not be less than HK\$9,000,000.

The 3rd Profit Guarantee means the Vendors’ warranty that the Audited Results for the six-month ending 30 June 2019 (the “**2019 Profits**”) will not be less than HK\$5,000,000.

Consideration Adjustments

The consideration adjustments shall be calculated in the following manner:

- (a) If the amount of the 2017 Profits is more than or equal to HK\$10,000,000, then the First Adjusted Consideration Payment will be HK\$4,000,000 (i.e. no adjustment). If the amount of the 2017 Profits is less than HK\$10,000,000, then the First Adjusted Consideration Payment will be as follows:

$$A = \text{HK\$}4,000,000 - (\text{HK\$}10,000,000 - B) \times 12/18 \times 6$$

Where:

A = the First Adjusted Consideration Payment. In case A is a negative, then A is set as zero

B = 2017 Profits (in HK\$). In case B is a negative (i.e. loss), then B is set as zero

- (b) If the amount of the 2018 Profits is more than or equal to HK\$9,000,000, then the Second Adjusted Consideration Payment will be HK\$4,000,000 (i.e. no adjustment). If the amount of the 2018 Profits is less than HK\$9,000,000, then the Second Adjusted Consideration Payment will be as follows:

$$A = \text{HK\$}4,000,000 - (\text{HK\$}9,000,000 - B) \times 6$$

Where:

A = the Second Adjusted Consideration Payment. In case A is a negative, then A is set as zero

B = 2018 Profits (in HK\$). In case B is a negative (i.e. loss), then B is set as zero

- (c) If the accumulated Audited Results of the 2017 Profits, 2018 Profits and 2019 Profits is less than HK\$24,000,000, then the adjusted total consideration (the “**Adjusted Total Consideration**”) will be as follows:

$$F = \text{HK\$}40,800,000 \times (2017 \text{ Profits} + 2018 \text{ Profits} + 2019 \text{ Profits}) / \text{HK\$}24,000,000$$

Where:

F = the Adjusted Total Consideration (in HK\$), which in any event shall be set as zero if it is a negative, and shall be capped at HK\$40,800,000

If the Adjusted Total Consideration exceeds the aggregated amount of the Deposits paid, the Down Payment, the First Adjusted Consideration Payment and the Second Adjusted Consideration Payment, such excess will be paid by the Purchaser to the Vendors as the Final Adjusted Consideration Payment.

If the Adjusted Total Consideration is less than the aggregated amount of the Deposits paid, the Down Payment, the First Adjusted Consideration Payment and the Second Adjusted Consideration Payment, such shortfall will be paid by the Vendors to the Purchaser. The Vendors will be jointly and severally responsible to pay the shortfall to the Purchaser.

The net Consideration (after having the above adjustments) shall be in no event less than HK\$28,800,000.

The Consideration and the provision of Shareholder's Loans will be funded by the net proceeds from open offer completed by the Company on 9 December 2015.

Board Composition

The board of directors of the Target Company will comprise 5 directors, of which 3 will be nominated by the Purchaser and 2 will be nominated by the Vendors. The chief executive officer of the Target Group will be nominated among the Vendors during the profit guarantee period. The Purchaser and the Vendors shall enter into a shareholders agreement in respect of the Target Group upon Completion.

Conditions Precedent to the Acquisition

The conditions precedent to Completion are:

1. The Reorganisation having been completed;
2. The Purchaser is satisfied with due diligence in respect of the Target Group's corporate status, financials, business, IT infrastructure and operations;
3. the Shareholders (who are eligible to vote under the Listing Rules) having passed resolutions (if required) to approve the Formal Agreement and the transactions contemplated thereunder;
4. all authorizations and consents necessary for the implementation of the transactions contemplated by the Formal Agreement having been obtained or complied with and remain valid or subsisting;
5. the Purchaser having received a PRC legal opinion which is reasonably satisfactory to the Purchaser in all material respects, to confirm that all PRC licences and authorisations reasonably required for the Vendors' financial e-commerce business have been obtained by the Target Group through Reorganisation are subsisting;

6. the Purchaser having received a BVI legal opinion which is reasonably satisfactory to the Purchaser in all respects, to confirm that the Reorganisation has been completed in accordance with BVI laws;
7. 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; and
8. other conditions precedent to be agreed by the Purchaser and the Vendors and included in the Formal Agreement (if any).

The conditions 1, 2, 5 and 6 above may be waived by the Purchaser under the Formal Agreement. The conditions 3, 4 and 7 above are not capable of being waived by any parties to the Formal Agreement. The Purchaser shall use its reasonable endeavours to procure the fulfillment of the condition 3, 4 and 7 above. The Vendors shall use its reasonable endeavours to procure the fulfillment of the conditions 1, 2, 4, 5, 6 and 7 above.

If the conditions above are not fulfilled or waived by the Long Stop Date, the Formal Agreement will lapse and each of the Vendors and the Purchaser will have no claims against the other except for any antecedent breach.

Exclusivity

The Vendors will not, for a period of 60 days from the date of the MOU signed (or such later date to be agreed by the Purchaser and the Vendors), 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 significant part of the financial e-commerce business of the Vendors or a similar transaction.

Binding Effect

Except for the clauses on exclusivity, confidentiality, severability, dispute resolution, complete understanding and amendments, counterparts, binding effect and exclusion of third party rights which shall be binding upon the Purchaser and the Vendors, other clauses set out in the MOU are subject to the negotiation and execution of the Formal Agreement and shall not be binding upon the Purchaser and the Vendors.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Group is principally engaged in (i) arts and collections related business; (ii) sale of vessels; (iii) marine engineering; and (iv) construction and structural steel engineering and related services.

As mentioned in the open offer prospectus of the Company dated 23 November 2015 and the annual report of the Company for the five months ended 31 December 2015, it is the intention of the Group to diversify its business with the objective of broadening its sources of income. Leveraging from the strong cultural business background of the controlling shareholder, the DTXS group, the Group endeavors to invest, develop and operate an online market place for arts and collections. The Group will focus on online and offline trade of cultural goods and cross-border e-commerce as the main business direction in future development of art and cultural related business.

The Group is optimistic about the development of e-commerce platforms and the financial e-commerce business of the Vendors which also consummate the development and implementation of the Group's online arts and collections e-commerce platform. Having considered (i) the well-established financial e-commerce business of the Vendors in Hong Kong; (ii) the proven technology and high caliber operation team of the Vendors; and (iii) the profit guarantees provided by the Vendors, the Directors consider the Proposed Acquisition presents a valuable investment opportunity to enhance corporate development and broaden the income base of the Group which also creates synergy to the Group's arts and collections related business.

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 Vendors 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 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

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

“Board”	board of the Directors
“BVI”	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 Proposed Acquisition will proceed within 7 business days (or such other date as the Purchaser and the Vendors may agree) after fulfilment or waiver of the conditions precedent
“Consideration”	the consideration payable by the Purchaser to the Vendor for 85% of the equity interests of the Target Company, being HK\$40,800,000 (subject to adjustments as detailed in the section headed “Consideration for the Proposed Acquisition”)
“Directors”	directors of the Company
“Formal Agreement”	a formal sale and purchase agreement to be entered into amongst the Purchaser and the Vendors in respect of the Proposed Acquisition and incorporating the terms and conditions of the MOU
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	60 days from the date of the MOU (or such later date as the Purchaser and the Vendors may be agree in writing)
“MOU”	the memorandum of understanding dated 23 May 2016 entered into between the Purchaser and the Vendors in relation to the Proposed Acquisition

“New Trading Platform”	a new generation of e-commerce trading platform/ business model to be developed by the Group after completion of the Proposed Acquisition, the development and implementation of which will leverage from the technical edges and operation personnel of the Target Group
“Purchaser”	DTXS Economic Services Limited, a company incorporated under the laws of the BVI with limited liability which is a wholly-owned subsidiary of the Company
“PRC”	means the People’s Republic of China, and for the purpose of the MOU shall not include Hong Kong, Taiwan and the Special Administrative Region of Macau
“Proposed Acquisition”	the proposed acquisition by the Purchaser of 85% of the equity interests of the Target Company
“Reorganisation”	reorganisation to be conducted prior to Completion, details of which is set out in the paragraph headed “Reorganisation” of this announcement
“Share(s)”	share(s) of HK\$0.50 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	A limited liability company incorporated in the BVI which is engaged in the financial e-commerce business
“Target Group”	The Target Company together with its subsidiary/ies from time to time
“Vendors”	Mr. Lam Tai Wai Stephen and Mr. Tam Chi Weng

By order of the Board
**DTXS SILK ROAD INVESTMENT HOLDINGS
COMPANY LIMITED**
Wong Kwok Tung Gordon Allan
Executive Director (Chief executive officer)

Hong Kong, 23 May 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.