
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in DTXS Silk Road Investment Holdings Company Limited, you should at once hand this circular and form of proxy enclosed herein to the purchaser or transferee, or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.



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)

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF A PROPERTY INVESTMENT HOLDING COMPANY AND ARTS AND
CULTURAL COLLECTIBLES INVOLVING THE ISSUE
OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE
AND
(II) NOTICE OF SPECIAL GENERAL MEETING**



Independent Financial Adviser to the Company

Capitalised terms used in this circular shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out from page 6 to 18 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out from page 19 to 20 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out from page 21 to 42 of this circular.

A notice convening the SGM to be held at Shop 5, G/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong at 10:30 a.m. on Monday, 27 February 2017 is set out from page SGM-1 to SGM-2 of this circular. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the SGM or adjourned meeting thereof should you so wish.

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

The circular has been printed in English and Chinese, in the event of any inconsistency, the English text of this circular shall prevail over its Chinese text.

“Arts and Cultural Collectibles”	the property interests in the target arts and cultural collectibles owned by the Vendor, details of which are set out in the section headed “Information of the Target Group, the Property and the Arts and Cultural Collectibles” of this circular
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Board Resolution”	the board resolution of the Board dated 16 January 2017 in respect of approving, <i>inter alia</i> , the Sale and Purchase Agreement and transactions contemplated thereunder (including the grant of the Specific Mandate)
“Business Day”	a day (other than a Saturday or Sunday) on which licensed banks in Hong Kong and the PRC are generally open for normal banking business
“BVI”	the British Virgin Islands
“Company”	DTXS Silk Road Investment Holdings Company Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 620)
“Completion”	the completion of the Proposed Acquisition and the Subscription pursuant to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	within seven (7) Business Days immediately following the date that all of the Conditions having been satisfied or waived (or such other date as the Purchaser and the Vendor may agree)
“Condition(s)”	the condition(s) precedent of the Completion, details of which are set out in the paragraph headed “Conditions Precedent” of this circular
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Vendor for the Proposed Acquisition, being HK\$163,265,000

DEFINITIONS

“Consideration Shares”	51,020,312 new Shares to be allotted and issued under the Specific Mandate to the Vendor at HK\$3.20 per Share for the settlement of the Consideration; and “Consideration Share” means any one of them
“Director(s)”	director(s) of the Company
“Framework Agreement”	the framework agreement dated 12 May 2016 entered into between the Purchaser and 大唐西市文化產業投資集團有限公司 (Da Tang Xi Shi Investments Group Limited*), being the controlling shareholder of the Vendor, in relation to the proposed acquisition of the Property and the Arts and Cultural Collectibles
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Co”	Jumbo Bright Investments Limited, an investment holding company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
“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 Sale and Purchase Agreement and the transactions contemplated therein (including the grant of the Specific Mandate) are fair and reasonable and in the interests of the Company and the Shareholders as a whole
“Independent Financial Adviser”	INCUB Corporate Finance Limited, a licensed corporation to carry on business in Type 6 regulated activities under the SFO and the independent financial adviser to the Independent Board Committee in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the SGM to approve the Sale and Purchase Agreement and the transactions respectively contemplated thereunder (including the grant of the Specific Mandate)

DEFINITIONS

“Independent Third Party(ies)”	a person, or in the case of a corporation, the corporation and its ultimate beneficial owner(s), who is/are independent of and not connected with the Company and the Company’s connected persons (as defined in the Listing Rules)
“Issue Price”	HK\$3.20, being the issue price per Consideration Share
“Last Trading Day”	16 January 2017, being the last day on which the Shares were traded on the Stock Exchange prior to the entering into of the Sale and Purchase Agreement
“Latest Practicable Date”	7 February 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	12 April 2017
“MOU”	the memorandum of understanding dated 27 January 2016 entered into between DTXS Art & Cultural CBD (HK) Company Limited and 大唐西市文化產業投資集團有限公司 (Da Tang Xi Shi Investments Group Limited*) in relation to the proposed acquisition of the property interests in Building No.3 of the Da Tang Xi Shi Block 10 Development at South Labor Road, Lianhu District, Xi’an City, the PRC 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 Labor Road, Lianhu District Xi’an the PRC with a total gross floor area of approximately 29,672.71 square meters
“Mr. Lu”	Mr. Lu Jianzhong, the chairman and executive Director of the Company
“Mr. Yang”	Mr. Yang Xingwen, the executive Director of the Company, who was interested in approximately 13.80% of the issued registered capital of 大唐西市文化產業投資集團有限公司 (Da Tang Xi Shi Investments Group Limited*) as at the Latest Practicable Date.

DEFINITIONS

“Option”	the buyback option to be granted by the Vendor pursuant to the Sale and Purchase Agreement, details of which are set out in the section headed “The Option for Arts and Cultural Collectibles” of this circular
“PRC”	the People’s Republic of China and for the sole purpose of this circular shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Co”	西安絲綢之路商務信息諮詢有限公司 (Xian Silk Road Commercial Consultancy Company Limited*), an investment holding company established in the PRC with limited liability and a direct wholly-owned subsidiary of Hong Kong Co, which is the sole legal and beneficial owner of the Property
“Property”	the property interests in the target properties wholly-owned by PRC Co, details of which are set out in the section headed “Information of the Target Group, the Property and the Arts and Cultural Collectibles” of this circular
“Proposed Acquisition”	the proposed acquisition in relation to the Target Equity Interest and the Arts and Cultural Collectibles pursuant to the terms and conditions of the Sale and Purchase Agreement
“Purchaser”	DTXS Art & Cultural CBD Co Ltd, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 16 January 2017 entered into between the Vendor and the Purchaser in relation to the Proposed Acquisition, which is a formal agreement entered into amongst the Vendor and the Purchaser in respect of the Proposed Acquisition and transactions contemplated thereunder (including the grant of the Specific Mandate) and incorporating the terms of the Framework Agreement
“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 to consider and approve the Proposed Acquisition and the allotment and issuance of the Consideration Shares under the Specific Mandate

DEFINITIONS

“Share(s)”	share(s) of HK\$0.50 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares(s)
“Specific Mandate”	the specific mandate to be sought at the SGM to approve the allotment and issuance of the Consideration Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Consideration Shares by the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Target Company”	Best Merit Global Limited, a property investment holding company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Vendor
“Target Equity Interest”	100% of the equity interest in the Target Company
“Target Group”	Target Company and its subsidiaries
“Vendor”	Da Tang Xi Shi International Holdings Limited, an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, the Vendor held 325,680,424 Shares, representing approximately 64.60% of the entire issued Share capital of the Company. It is indirect wholly-owned by 大唐西市文化產業投資集團有限公司 (Da Tang Xi Shi Investments Group Limited*) as at the Latest Practicable Date
“%”	Per cent.

Note: For the purposes of illustration only, any amount denominated in RMB in this circular was translated into HK\$ at the rate of HK\$1 = RMB0.88812 (being the RMB central parity rate by the People’s Bank of China as at 16 January 2017). Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

* For identification purpose only.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Lu Jianzhong (*Chairman*)
Mr. Wong Kwok Tung Gordon (*Chief Executive Officer*)
Mr. Yang Xingwen

Non-executive Directors:

Mr. Wang Shi
Mr. Jean-Guy Carrier
Mr. Tse Yung Hoi

Independent non-executive Directors:

Mr. Cheng Yuk Wo
Ms. Fan Chiu Fun, Fanny
Mr. Tsui Yiu Wa, Alec

Registered Office:

Crawford House
4th Floor
50 Cedar Avenue
Hamilton HM11
Bermuda

Principal Place of Business

in Hong Kong:
Unit 2602, 26/F
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

8 February 2017

To the Shareholders,

Dear Sir/Madam,

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF A PROPERTY INVESTMENT COMPANY AND ARTS AND
CULTURAL COLLECTIBLES INVOLVING THE ISSUE
OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE
AND
(II) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 16 January 2017 in relation to the Proposed Acquisition.

LETTER FROM THE BOARD

The Board announced that on 16 January 2017 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire (i) the Target Equity Interest, as to indirectly acquire the Property wholly-owned by the Target Group; and (ii) the Arts and Cultural Collectibles owned by the Vendor, at the total consideration of HK\$163,265,000 which will be settled by the allotment and issuance of the Consideration Shares at HK\$3.20 each. Upon the Completion, the Target Group will become the indirect wholly-owned subsidiaries of the Company.

The purpose of this circular is to provide you with, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; (iv) a property valuation report; (v) a notice of the SGM; and (vi) further information required to be disclosed under the Listing Rules.

SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement:

Date: 16 January 2017

Parties: (i) the Purchaser, an indirect wholly-owned subsidiary of the Company; and
(ii) the Vendor

The Vendor is a company incorporated in the BVI with limited liability. As at the Latest Practicable Date, the Vendor held 325,680,424 Shares, representing approximately 64.60% of the entire issued Share capital of the Company.

The Vendor is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Assets to be acquired

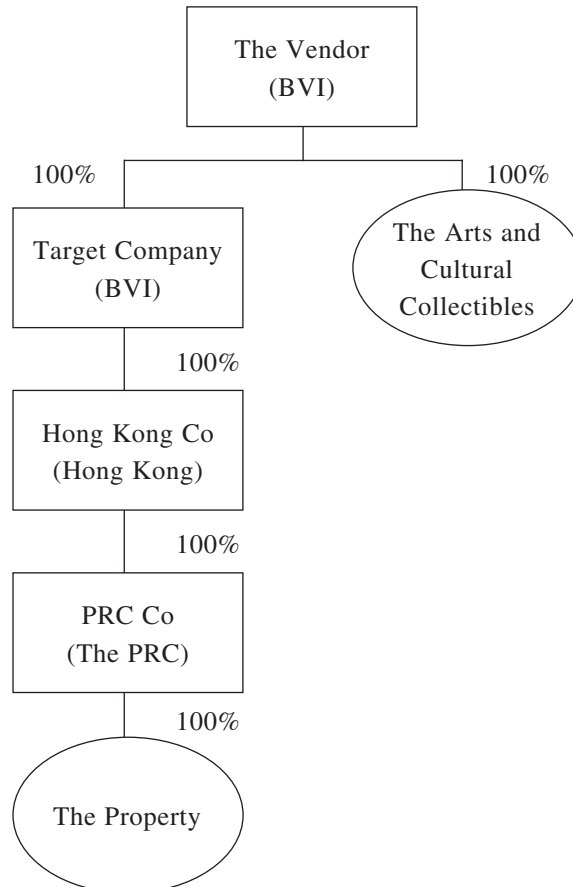
Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire (i) the Target Equity Interest, as to indirectly acquire the Property wholly-owned by the Target Group; and (ii) the Arts and Cultural Collectibles owned by the Vendor.

LETTER FROM THE BOARD

Information of the Target Group, the Property and the Arts and Cultural Collectibles

Corporate structure of the Target Group

The corporate structure of the Target Group as at the Latest Practicable Date is shown in the simplified chart as below:



The Property and the Arts and Cultural Collectibles

The Target Company is a property investment holding company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Vendor. As at the Latest Practicable Date, the Target Company, through the Hong Kong Co, indirectly owns the entire issued share capital of the PRC Co and therefore owns the Property.

LETTER FROM THE BOARD

The Property is located inside the Tang Dynasty West Market Hotel at No. 118, South Labor Road, Xi'an City, the PRC. Tang Dynasty West Market Hotel is a 6-storey commercial building completed by DTXS group in 2011. The Property comprises the 1st floor shop section with the gross floor area of 1,701.31 square meters, the 5th floor function room section with the gross floor area of 779.03 square meters and the 6th floor exhibition section with the gross floor area of 928.19 square meters. The Property has been granted the property ownership certificate and is furnished for its current usage as hotel catering venue, shopping area, exhibition center and function room by affiliates of the Vendor. Having been used as the venue for hotel catering, shopping area, exhibition center and function room by Tang Dynasty West Market Hotel, the Property has been the core supporting infrastructure facility of the business operation of Tang Dynasty West Market Hotel. Pursuant to the Sale and Purchase Agreement, the Vendor has undertaken to properly and timely terminate all activities engaged in the Property as hotel catering venue, shopping area, exhibition center and function room to support the business operation of Tang Dynasty West Market Hotel on or before the Completion Date. As at the Latest Practicable Date, the Property is the only major asset of the Target Group.

The Target Group has been principally engaged in property investment holding business since its incorporation in 2016. The Target Group did not record any revenue and incurred a loss of approximately RMB126,000 (equivalent to approximately HK\$142,000) as recorded in the unaudited consolidated profit and loss account for the financial year ended 31 December 2016. As at 31 December 2016, the unaudited consolidated net assets of the Target Group was approximately RMB39,874,000 (equivalent to approximately HK\$44,897,000) which comprised the Property and cash at bank of approximately RMB37,773,000 (equivalent to approximately HK\$42,531,000) and approximately RMB2,101,000 (equivalent to approximately HK\$2,366,000), respectively and the Target Group did not record any liabilities as at 31 December 2016.

The Arts and Cultural Collectibles include paintings and calligraphies from He Hai Xia (何海霞), Huang Zhou (黃胄), Qi Bai Shi (齊白石), Shi Lu (石魯), Zhang Da Qian (張大千) and Zhao Wang Yun (趙望雲), which are treated as high-end alternative investment assets and for appreciation purpose by the Vendor. The above-mentioned art celebrities are all influential painters and calligraphers among the greater China area. They were actively engaged in the field of painting and calligraphy in the greater China area from the late 19th century to the late 20th century and were good at landscape painting, portrait painting, animal painting and calligraphies. Their artworks have been popular auction items in multinational auction houses such as Christie's, China Guardian, Sotheby's and Poly International Auction, etc.

The original acquisition cost of the Property by the PRC Co was approximately RMB37,875,100 (equivalent to approximately HK\$42,646,000). The original acquisition cost of the Arts and Cultural Collectibles by the Vendor was approximately HK\$23,565,000.

Upon the Completion, the Target Group will become the indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated into the financial results of the Group. The Arts and Cultural Collectibles will be treated as art inventories in the financial statements of the Group.

The Option for the Arts and Cultural Collectibles

The Vendor undertook to grant the Option at a consideration price of HK\$1.0 to the Purchaser at the Completion Date that if the Purchaser is not being able to distribute all or any goods of the Arts and Cultural Collectibles within two years after the Completion Date, it is at the discretion of the Purchaser to require the Vendor to repurchase the Arts and Cultural Collectibles in cash at the same consideration for transfer of the Arts and Cultural Collectibles under the Sale and Purchase Agreement. The Option shall be exercisable by the Purchaser between 24th month and 27th month from the Completion Date.

LETTER FROM THE BOARD

Consideration

Pursuant to the Sale and Purchase Agreement, the Purchaser and the Vendor hereby agree and confirm that the total consideration of the Proposed Acquisition will be HK\$163,265,000, of which HK\$140,745,000 represents the Consideration for transfer of the Property, and HK\$22,520,000 represents the consideration for transfer of the Arts and Cultural Collectibles.

The total Consideration of HK\$163,265,000 shall be paid by the Purchaser to the Vendor, by means of allotment and issuance of 51,020,312 Consideration Shares at the Issue Price of HK\$3.20 on the Completion Date.

Since the Arts and Cultural Collectibles, being the valuable craftworks of well-known art celebrities, are intended to be treated as inventory reserves for the Group's arts and collections related business as well as the display décor to enhance the creditability and cultural appearance of the ACBD (as defined below) of the Group, the Company has sought risk coverage for any physical loss and damage of the Arts and Cultural Collectibles from two multinational fine art insurance groups specialised in the field of fine art insurance. Subsequent to professional assessments, the insured sum value for all the Arts and Cultural Collectibles proposed by the aforesaid two insurance groups are both above HK\$23.0 million.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor after taking into account, among others, (i) the fair value of the Property being approximately RMB125.0 million (equivalent to approximately HK\$140.7 million) as at 31 December 2016 according to the valuation report dated 16 January 2017 issued by Asset Appraisal Limited, an independent professional valuer which has been updated on 8 February 2017 due to the follow-up Property inspection on 19 January 2017; (ii) the Arts and Cultural Collectibles, being craftworks of well-known art celebrities, the artworks of which are common auction items in the auction houses in the PRC and overseas; (iii) the insured sum value for all the Arts and Cultural Collectibles amounted to over HK\$23.0 million as proposed by two multinational insurance groups specialised in the field of fine art insurance; (iv) the Option to be granted by the Vendor to the Purchaser at the Completion; and (v) the strategic implications of the Property and the Arts and Cultural Collectibles to the Company's arts and collections related business as mentioned in the section headed "Reasons for and benefits of the Proposed Acquisition". The Directors (excluding Mr. Lu and Mr. Yang who had abstained from voting on the Board Resolution) consider the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Issue Price

The aggregate of 51,020,312 Consideration Shares, will be allotted and issued upon the Completion. The Issue Price of HK\$3.20 per Consideration Share represents:

- (a) a premium of approximately 6.67% over the closing price of HK\$3.00 per Share as quoted on the Stock Exchange on the date of the MOU;
- (b) a discount of approximately 0.62% over the closing price of HK\$3.22 per Share as quoted on the Stock Exchange on the date of the Framework Agreement;
- (c) a discount of approximately 10.61% over the closing price of HK\$3.58 per Share as quoted on the Stock Exchange as at the Last Trading Day;

LETTER FROM THE BOARD

- (d) a discount of approximately 13.23% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Sale and Purchase Agreement of approximately HK\$3.688 per Share;
- (e) a discount of approximately 4.19% over the closing price of HK\$3.34 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and
- (f) a premium of approximately 171.19% over the consolidated net asset value per Share of approximately HK\$1.18 (based on the latest published net asset value of the Group of HK\$596,693,000 as at 30 June 2016 and 504,117,380 Shares in issue as at the Last Trading Day).

The Issue Price was determined after arm's length negotiation between the Purchaser and the Vendor with reference to (i) the Issue Price of HK\$3.20 per Consideration Share as agreed on the date of the MOU representing a premium of approximately 6.67% over the closing price of HK\$3.00 per Share as quoted on the Stock Exchange; (ii) the Issue Price of HK\$3.20 per Consideration Share representing a premium of approximately 171.19% over the consolidated net asset value per Share of approximately HK\$1.18 (based on the latest published net asset value of the Group of HK\$596,693,000 as at 30 June 2016 and 504,117,380 Shares in issue as at the Last Trading Day); (iii) the prevailing market price of the Shares with relatively thin trading volume in comparison to the overall market trading volume on the Stock Exchange, the details of which is set out in "Letter from the Independent Financial Adviser" in the circular; and (iv) the strategic implications of the Property and the Arts and Cultural Collectibles to the Company's arts and collections related business as mentioned in the section headed "Reasons for and benefits of the Proposed Acquisition". The Directors (excluding Mr. Lu and Mr. Yang who had abstained from voting on the Board Resolution) consider the Issue Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions precedent to the Proposed Acquisition

The Conditions precedent to the Completion are:

1. the Independent Shareholders of the Company having passed the ordinary resolutions to approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the allotment and issuance of the Consideration Shares;
2. approval having been obtained from the Listing Committee for the listing of and permission to deal in the Consideration Shares, and such approval not having been withdrawn prior to the completions of the Proposed Acquisition and the Subscription contemplated under the Sale and Purchase Agreement;
3. undertakings made by the Vendor pursuant to the Sale and Purchase Agreement remaining true and accurate and without statement that is misleading at the Completion Date and for the period starting from the date of the Sale and Purchase Agreement to the Completion Date;
4. the Vendor having in material aspects fully complied with the obligations and otherwise having performed in material aspects all of the covenants and agreements under the Sale and Purchase Agreement;

LETTER FROM THE BOARD

5. no third parties having sought at any courts or government authorities in any jurisdiction, litigation or proceeding, pending or threatened, which would limit or prohibit the transactions contemplated under the Sale and Purchase Agreement or which would seek to declare the contemplated transactions under the Sale and Purchase Agreement as illegal or which seek substantial compensation or damages for losses arising from such transactions; and
6. all necessary consents and approvals in relation to transactions contemplated under the Sale and Purchase Agreement having been obtained by the Vendor, 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 Sale and Purchase Agreement.

The Conditions 3 to 6 above may be waived by the Purchaser only in writing pursuant to the Sale and Purchase Agreement. The Conditions 1 and 2 above are not capable of being waived by any parties to the Sale and Purchase Agreement. The Vendor shall use its reasonable endeavors to procure the fulfilment of the Conditions 3 to 6 above.

In the event that the above Conditions are not fulfilled (or waived) before the Long Stop Date (or such other date(s) as may be agreed by the Purchaser and the Vendor), the Sale and Purchase Agreement will lapse and become null and void and each of the Purchaser and the Vendor shall not make any claim against the other party, save for those arising out of any antecedent breaches thereof.

Completion

The Completion of the Proposed Acquisition and the Subscription will proceed within seven (7) Business Days (or such other date as the Purchaser and the Vendor may agree) after fulfilment or waiver of the above Conditions.

Consequences of failure to observe obligations at the Completion

Unless the other party observes and performs in full requirements pursuant to the Sale and Purchase Agreement, neither the party is obligated to proceed with transactions under the Sale and Purchase Agreement. If a party fails to perform its obligations pursuant to the Sale and Purchase Agreement on the Long Stop Date, the Purchaser may serve a notice to the Vendor (in case that the Vendor fails to or is not willing to observe its obligations pursuant to the Sale and Purchase Agreement) and vice versa to transact the following matters:

- (a) postpone the Completion Date to a day not later than 30 days (which shall be a Business Day), and in such case the Completion Date will be the postponed date as deferred in the aforesaid manner;
- (b) effect the Completion so far as practicable (without prejudice to its rights due under the Sale and Purchase Agreement); or
- (c) terminate the Sale and Purchase Agreement.

LETTER FROM THE BOARD

Undertakings by the Vendor

If the Vendor receives a sum in relation to such the Target Group or the Property or the Arts and Cultural Collectibles after the Completion Date, it shall forthwith notify the Purchaser and pay the sum to the Purchaser or the Group, and shall keep such sum in the capacity of trustee for the Purchaser or the Group until the payment is made.

If the Group is to shoulder any payment liability after the Completion Date and such payment liability is incurred before the Completion Date that it has yet been disclosed in writing by the Vendor to the Purchaser, the Purchaser shall have the right to demand the Vendor to take such payment liability, or in case that the Group has taken such payment liability, the Purchaser shall have the right to demand indemnity in full from the Vendor.

The Vendor shall properly and timely transact and complete all tax filing and registration in relation to transactions as contemplated under the Sale and Purchase Agreement before and after the Completion. If the Vendor violates provisions in this regard such that the Purchaser or the Group incurs losses in performing withholding tax and other obligations, the Vendor shall make compensation in full to the party(ies) suffered.

The Vendor shall properly and timely terminate all activities engaged in the Property as hotel catering venue, shopping area, exhibition center and function room to support the business operation of Tang Dynasty West Market Hotel on or before the Completion Date.

Indemnity

The Vendor is liable for all compensation indemnified from and against all relevant claim matters, which shall not exceed the Consideration amount. There are no relevant claim matters as at the Latest Practicable Date.

The Vendor is only liable for any one of the following claims:

- (a) as to stand-alone claim, the sum as determined by a final judgment or payable as stipulated exceeding RMB1,000,000 or its equivalent in HK\$; and
- (b) if the sum in total determined by a final judgment or payable as stipulated exceeding RMB1,000,000 or its equivalent in HK\$, the Vendor is liable for all of the sum but not only the part in excess.

Unless the Vendor is served with a claim notice regarding relevant claim matters within two (2) years after the Completion Date, and that the claim notice should provide reasonably detailed description of matters or defaults, nature of defaults and claim amounts associated with such relevant claim matters, the Vendor is not liable for relevant claim matters.

Claims issued with a claim notice as mentioned above may be deemed as revoked and become null and void if in respect of which no legal proceeding is instituted against the Vendor with relevant legal documents served to the Vendor within six (6) months after the date of the aforesaid claim notice.

LETTER FROM THE BOARD

Ranking of the Consideration Shares

The Consideration Shares, when being allotted and issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issuance of the Consideration Shares.

Application for listing

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

Specific Mandate

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the SGM.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Group is principally engaged in (i) arts and collections related business; (ii) auction business; (iii) financial e-commerce business; (iv) sale of vessels; (v) marine engineering; and (vi) 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 invest in the arts and collections related business to enrich 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 marketplace for arts and collections including but not limited to wine, tea, coins and jewellery. The objective of the Group is to provide consumers an enjoyable shopping experience for high-end arts and collections. On 26 August 2016, the Group completed the acquisition of 85% indirect interest in m-Finance Group (the “m-Finance”), a financial e-commerce business in Hong Kong. The management of m-Finance possesses a proven technological capability, which is capable of supporting the development of the Group’s online marketplace as well as extensive exposure to high net worth clients.

With a view of setting up the offline counterpart for the Group’s online marketplace for arts and collections, the Group envisages building the offline arts and collections centre for providing an integrated function of storage, exhibition, auction, promotion and trading of arts and collections, namely the Art Central Business District (the “ACBD”). On 11 July 2016, the Group completed the acquisition of 100% effective interest in 北京景星麟鳳國際拍賣有限公司 (Beijing Phoenixstar International Auction Co., Ltd.*) (the “Phoenixstar”), a boutique auction house in Beijing specialising in arts and collections business. This transaction creates a new offline sale channel for the planned online marketplace.

The major business concept of the ACBD lies on the “Five Commodities of the Silk Road” (一路五品). The five commodities refer to jewellery, teas, wines, silks and artworks, the five most representative symbols of goods once being traded in the Silk Road. The functions of the ACBD will comprise (i) artwork exhibition and exchange, (ii) auction and appraisal, and (iii) online marketplace.

LETTER FROM THE BOARD

Artwork exhibition and exchange

The ACBD provides venues for artwork exhibitions, artwork trade and consignment sale in addition to a series of peripheral services such as business negotiations, expositions for tea-tasting parties, conference services, tea art performance, art exchange, members' salons and so forth.

Auction and appraisal

The ACBD will hold various high-end artwork auction, antique examination and appreciation activities irregularly, as well as professional artwork valuation services.

Phoenixstar under the Group is an integrated auction company comprised of a number of experts in the cultural relics circle, state registered auctioneers, artwork appraisers, valuers and experienced practitioners to provide appraisal, examination and appreciation services for clients.

Online marketplace

Leveraging from the seasoned information technology personnel and proven technology and capacity in e-commerce platform of the m-Finance, the ACBD will offer comprehensive offline experience and convenient online transaction through integration of quality artwork resources to construct a service platform characterized with an O2O ecosystem.

With reference to the interim report of the Company for the six months period ended 30 June 2016, it is the intention of the Group to continue diversifying its business, taking advantage and leveraging from the strong cultural business background of its controlling Shareholder, DTXS group, for its arts and collections related business. With the strategic location of the Property which possesses high cultural value, the Group will be in the best position to develop its businesses and capitalise on the West Market's strong cultural business background.

Xian City (formerly Changan City), the provincial capital of the Shaanxi Province of the PRC, which had been the provincial 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 Changan City were centered between the East Market and the West Market. The West Market was primarily functioned for international trade and was the largest international trading centre and cultural exchange centre at the time. The Property is located at the Tang Dynasty West Market Hotel which was built at the original site of the West Market.

The Directors (excluding Mr. Lu and Mr. Yang who had abstained from voting on the Board Resolution) consider the Property, being a part of the Tang Dynasty West Market Hotel, (i) is basically furnished for immediate use and (ii) will offer larger flow of visitors as well as higher standard of security. The 1st floor shop section of the Property will function as an offline retailing and shopper experience center for arts and collections, including but not limited to artworks, wine, tea, coins, jewellery and silk. The exhibition and function room sections of the Property will function as the offline event venue for hosting regular events of exhibition, conference and auction in relation to the high-end arts and collections. The Directors (excluding Mr. Lu and Mr. Yang who had abstained from voting on the Board Resolution) consider the Arts and Cultural Collectibles, being the craftworks of well-known art

LETTER FROM THE BOARD

celebrities the artworks of which are common auction items in the auction houses in the PRC and overseas, will enrich the inventory reserves for the Group's arts and collections related business which will also enhance the creditability and cultural appearance of the ACBD of the Group. In addition, the Subscription signifies the controlling Shareholder's confidence in the prospects and development of the Group, particularly in development of arts and cultural businesses, which will in turn enhance the business of the Group.

The Directors (excluding Mr. Lu and Mr. Yang who had abstained from voting on the Board Resolution) consider the Proposed Acquisition is beneficial for the Group and in the interests of the Company and the Shareholders as a whole as it is a valuable opportunity to strengthen the existing business segment in the arts and collections related business of the Group and provide an opportunity to enrich its source of income.

In view of the above, the Directors (excluding Mr. Lu and Mr. Yang who had abstained from voting on the Board Resolution) consider that the entering into of the Sale and Purchase Agreement is on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiation, and the terms of which are fair and reasonable and the Proposed Acquisition is in the interest of the Company and the Shareholders of the Company as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon the Completion is set out as below:

Shareholders	As at the Latest Practicable Date		Immediately after Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
The Vendor	325,680,424	64.60	376,700,736	67.86
Public Shareholders	<u>178,436,956</u>	<u>35.40</u>	<u>178,436,956</u>	<u>32.14</u>
Total	<u><u>504,117,380</u></u>	<u><u>100.00</u></u>	<u><u>555,137,692</u></u>	<u><u>100.00</u></u>

Note: Assuming that there is no change in the issued Share capital of the Company from the Latest Practicable Date to the Completion Date.

FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

Upon the Completion, members of the Target Group will become indirect wholly-owned subsidiaries of the Company. As a result, assets and liabilities of the Target Group will be consolidated with those of the Group. The total assets of the Group is expected to increase by approximately HK\$163.3 million and there will not be any material impact on the consolidated liabilities of the Company. The Completion of the Proposed Acquisition will result in recording a goodwill in the consolidated financial statements of the Company. The Group's earnings would be decreased, if there is any recognition of goodwill impairment in subsequent financial reporting periods.

LETTER FROM THE BOARD

LISTING RULES IMPLICATION

As at the Latest Practicable Date, the Target Company is a wholly-owned subsidiary of the Vendor, which holds 325,680,424 Shares, representing approximately 64.60% of the entire issued share capital of the Company. Accordingly, the Vendor is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

As the highest applicable ratios in respect of the Proposed Acquisition under Rule 14.07 of the Listing Rules is more than 5% but less than 25% and the Consideration is more than HK\$10,000,000, the Proposed Acquisition constitutes (i) a non-exempt connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SGM

A notice convening the SGM to be held at Shop 5, G/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong at 10:30 a.m. on Monday, 27 February 2017 is set out from page SGM-1 to SGM-2 of this circular, at which ordinary resolutions will be proposed to the Independent Shareholders to consider, and if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the SGM or adjourned meeting thereof should you so wish. Delivery of an instrument appointing a proxy shall not preclude you from attending and voting in person at the SGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.

In accordance with Rule 13.39(4) of the Listing Rules and the bye-laws of the Company, voting at the SGM will be conducted by poll and the chairman of the SGM will demand a poll for the resolutions to be proposed at the SGM. In view of the Vendor's material interest in the Proposed Acquisition, the Vendor, being the controlling Shareholder of the Company, and its associate(s) will abstain from voting on the resolutions relating to the Proposed Acquisition and the allotment and issuance of the Consideration Shares under the Specific Mandate at the SGM. As at the Latest Practicable Date, the Vendor in aggregate held 325,680,424 Shares, representing approximately 64.60% of the issued Share capital of the Company, will abstain from voting at the SGM. Save for the aforesaid, none of the Directors (excluding Mr. Lu and Mr. Yang who had abstained from voting on the Board Resolution) has a material interest in the Proposed Acquisition and the allotment and issuance of the Consideration Shares under the Specific Mandate and thus no Director (excluding Mr. Lu and Mr. Yang who had abstained from voting on the Board Resolution) is required to abstain from voting on the Board Resolution approving the Proposed Acquisition and the allotment and issuance of the Consideration Shares under the Specific Mandate. The results of the voting will be announced in accordance with Rule 2.07C of the Listing Rules after the SGM.

LETTER FROM THE BOARD

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise and provide recommendation to the Independent Shareholders on the Sale and Purchase Agreement and the transactions respectively contemplated thereunder (including the grant of the Specific Mandate). INCU Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same respect.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee and the letter from the Independent Financial Adviser as set out from page 19 to 20 and from page 21 to 42 respectively of this circular.

The Directors (excluding Mr. Lu and Mr. Yang who had abstained from voting on the Board Resolution) consider that the entering into of the Sale and Purchase Agreement is on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiation, and the terms of which are fair and reasonable and the Proposed Acquisition are in the interest of the Company and the Shareholders of the Company as a whole.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of the SGM.

By Order of the Board
**DTXS SILK ROAD INVESTMENT HOLDINGS
COMPANY LIMITED**
Wong Kwok Tung Gordon
Executive Director and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

8 February 2017

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF A PROPERTY INVESTMENT HOLDING COMPANY AND ARTS AND
CULTURAL COLLECTIBLES INVOLVING THE ISSUE
OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE**

We refer to the circular of the Company to the Shareholders dated 8 February 2017 (the “Circular”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as members to constitute the Independent Board Committee and to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

INCU Corporate Finance Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) thereunder are on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole. Details of its recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out from pages 21 to 42 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as set out in the “Letter from the Independent Financial Adviser” in the Circular, we are of the opinion that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms, fair and reasonable as far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Yours faithfully,
The Independent Board Committee

Mr. Cheng Yuk Wo
*Independent non-executive
Director*

Ms. Fan Chiu Fun, Fanny
*Independent non-executive
Director*

Mr. Tsui Yiu Wa, Alec
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from INCU Corporate Finance Limited, which has been prepared for the purpose of incorporation into this Circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).



INCUCO Corporate Finance Limited
Unit 1701, 17/F, Wings Building,
110-116 Queen's Road Central,
Central, Hong Kong

8 February 2017

*To: The Independent Board Committee and
the Independent Shareholders of
DTXS Silk Road Investment Holdings Company Limited*

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF A PROPERTY INVESTMENT HOLDING COMPANY AND ARTS AND
CULTURAL COLLECTIBLES INVOLVING THE ISSUE
OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE**

A. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate), details of which are set out in the “Letter from the Board” (the “Letter from the Board”) contained in the circular of the Company dated 8 February 2017 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular, unless the context requires otherwise.

References are made to the announcements of the Company dated 27 January 2016, 12 May 2016, 12 September 2016, 30 November 2016 and 16 January 2017 in relation to the Proposed Acquisition. On 16 January 2017 (after trading hours of the Stock Exchange), the Purchaser entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Target Equity Interest and the Arts and Cultural Collectibles for a Consideration of HK\$163,265,000, and shall be paid by way of the allotment and issuance of 51,020,312 Consideration Shares at the Issue Price of HK\$3.20 each. Upon Completion, the members of the Target Group will become the indirect wholly-owned subsidiaries of the Company, and their financial results, assets and liabilities will be consolidated into the consolidated financial statements of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Target Company is a wholly-owned subsidiary of the Vendor, which holds 325,680,424 Shares, representing approximately 64.60% of the entire issued Share capital of the Company. Accordingly, the Vendor is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

As the highest applicable ratio in respect of the Proposed Acquisition under Rule 14.07 of the Listing Rules is more than 5% but less than 25% and the Consideration is more than HK\$10,000,000, the Proposed Acquisition constitutes (i) a non-exempt connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In view of the Vendor's material interest in the Proposed Acquisition, the Vendor, being the controlling Shareholders of the Company, and its associate(s) required to abstain from voting on the relevant resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) to be proposed at the SGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder or any of its associates has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and is required to abstain from voting on the relevant resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) to be proposed at the SGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Cheng Yuk Wo, Ms. Fan Chiu Fun, Fanny and Mr. Tsui Yiu Wa, Alec, has been established by the Board to consider and advise the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

In our capacity as the Independent Financial Adviser, our role is to give an independent opinion as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole and whether the Independent Board Committee should recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

We have not acted as an independent financial adviser and has not provided any other services to the Company during the past two years. As at the Latest Practicable Date, we are not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Main Board Listing Rules to act as the Independent Financial Adviser. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate), and accordingly, are eligible to give independent advice and recommendations on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Specific Mandate). Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

B. BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company and the management of the Group. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the Latest Practicable Date. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. However, we have not conducted any in-depth independent investigation into the businesses, affairs and financial positions of the Group, the Vendor and the Target Group nor have we carried out any independent verification of the information supplied.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions and recommendation to the Independent Board Committee and Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate), we have considered the principal factors and reasons set out below:

I. Background and financial performance of the Group

Information of the Group

The Group is principally engaged in (i) arts and collections related business; (ii) auction business; (iii) financial e-commerce business; (iv) sale of vessels; (v) marine engineering (the “Marine Engineering Business”); and (vi) construction and structural steel engineering and related services (the “Construction Business”).

Historical financial information of the Group

Set out below is a summary of the consolidated financial results of the Group for the year ended 31 July 2015 (the “FY2015”), and for the five months ended 31 December 2015, the six months ended 30 June 2015 and the six months ended 30 June 2016 as extracted from the annual report of the Company for the year ended 31 July 2015 (the “2015 1st Annual Report”), the annual report of the Company for the five months ended 31 December 2015 (the “FP2015”) (the “2015 2nd Annual Report”) and the interim report of the Company for the six months ended 30 June 2016 (the “2016 Interim Report”). The Company’s financial year end date has changed from 31 July to 31 December since 2015 as to align with the financial year end date of a number of subsidiaries of the Company incorporated in the PRC and its controlling Shareholder.

	For the year ended 31 July 2015 (audited) HK\$'000	For the five months ended 31 December 2015 (audited) HK\$'000	For the six months ended 30 June 2015 (unaudited) HK\$'000	For the six months ended 30 June 2016 (unaudited) HK\$'000
Revenue	89,042	60,197	26,266	18,089
– Marine Engineering Business	62,338	17,369	25,850	15,467
– Construction Business	26,704	4,294	416	2,622
– Arts and collection related business (sale of jewellery)	–	38,534	–	–
Loss before taxation	38,142	20,669	17,172	35,229
Loss for the year/period attributable to owners of the Company	38,142	20,669	17,172	35,229

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December 2015 (audited) HK\$'000	As at 30 June 2016 (unaudited) HK\$'000
Non-current assets	90,922	146,328
Current assets	610,823	509,276
Non-current liabilities	67	30
Current liabilities	76,129	58,881
Net assets attributable to owners of the Company	625,549	596,693

(a) Financial performance of the Group

(i) For the year ended 31 July 2015

As disclosed in the 2015 1st Annual Report, during the year ended 31 July 2014 (“FY2014”) and FY2015, revenue of the Group has been contributed mainly from the Marine Engineering Business and the Construction Business. These segments contributed to 87.30% and 100% of the total revenue of the Group in FY2014 and FY2015 respectively. The Group recorded a revenue of approximately HK\$89.04 million for FY2015, representing a decrease of approximately 25.63% as compared to approximately HK\$119.72 million in FY2014. Such decrease was mainly due to the fact that (i) no revenue was generated from the sales of vessels in FY2015 which contributed approximately HK\$15.20 million or 12.7% of the Group’s revenue in FY2014 and (ii) the Group discontinued its Marine Engineering Business in Singapore.

Loss attributable to owners of the Company for FY2015 amounted to approximately HK\$38.14 million (FY2014: approximately HK\$11.71 million). The increase in loss was mainly attributable to (i) the drop in the Group’s revenue discussed above; and (ii) the lack of one-off gain on loss of control of subsidiaries of approximately HK\$29.17 million in FY2014; (iii) partially offset by the absence of write-down of inventory (FY2014: approximately HK\$23.47 million).

(ii) For the five months ended 31 December 2015

As disclosed in the 2015 2nd Annual Report, the Group recorded revenue of approximately HK\$60.20 million and net loss attributable to owners of the Company amounted to approximately HK\$20.67 million. The revenue sources of the Group have been broadened after the Group commenced engaging investment in arts and collection related business during FP2015. During the five months ended 31 December 2015, the Group successfully completed its first jewellery transaction, which contributed a revenue of HK\$38.53 million for the five months ended 31 December 2015 and approximately 64.0% of the Group’s revenue. Revenue from the Construction Business amounted to HK\$4.29 million. As compared to high level of approximately HK\$26.70 million in FY2015, such substantial decrease was mainly due to slowdown in growth of civil engineering construction industry in Hong Kong as a result of surging costs.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) For the six months ended 30 June 2016

As disclosed in the 2016 Interim Report, for the six months ended 30 June 2016 (the “1H2016”), the Group recorded revenue of approximately HK\$18.1 million (for the six months ended 30 June 2015 (the “1H2015”): HK\$26.3 million) with a net loss attributable to owners of approximately HK\$35.2 million (1H2015: approximately HK\$17.2 million). The revenue from the Marine Engineering Business for 1H2016 decreased to approximately HK\$15.5 million (1H2015: HK\$25.9 million). Revenue from the Construction Business for 1H2016 increased to approximately HK\$2.6 million (1H2015: HK\$0.4 million). The Group has not recorded revenue from the arts and collection related business during 1H2015 and 1H2016. As at 30 June 2016, the Group had applied as to approximately HK\$16.4 million for the inventory purchase for the development of the Group’s arts and collections business. Subsequent to the 2016 Interim Report, the Group has already utilised approximately HK\$1.1 million for the acquisition of old coins as inventories to develop its online and offline arts and collections related business.

(b) Financial Position of the Group

Based on the 2016 Interim Report, the Group recorded net assets attributable to owners of the Company of approximately HK\$596.69 million as at 30 June 2016 (31 December 2015: approximately HK\$625.55 million). The current assets of the Group mainly comprised cash and cash equivalents of approximately HK\$463.30 million (31 December 2015: approximately HK\$531.90 million) and trade and loan receivables of approximately HK\$13.17 million (31 December 2015: approximately HK\$58.77 million), while the non-current assets of the Group mainly comprised deposits for acquisition of businesses of approximately HK\$62.98 million (31 December 2015: nil), property, plant and equipment of approximately HK\$42.92 million (31 December 2015: approximately HK\$46.54 million) and interests in joint ventures of approximately HK\$40.07 million (31 December 2015: approximately HK\$42.90 million).

The decrease in cash and bank balance was mainly attributable to payment of deposits for acquisition of an auction business and a financial e-commerce business (the “Acquisitions”) totalling HK\$63.0 million, which was recognised as non-current assets as at 31 December 2015. Subsequently, the Acquisitions have been completed in the 2nd half of 2016.

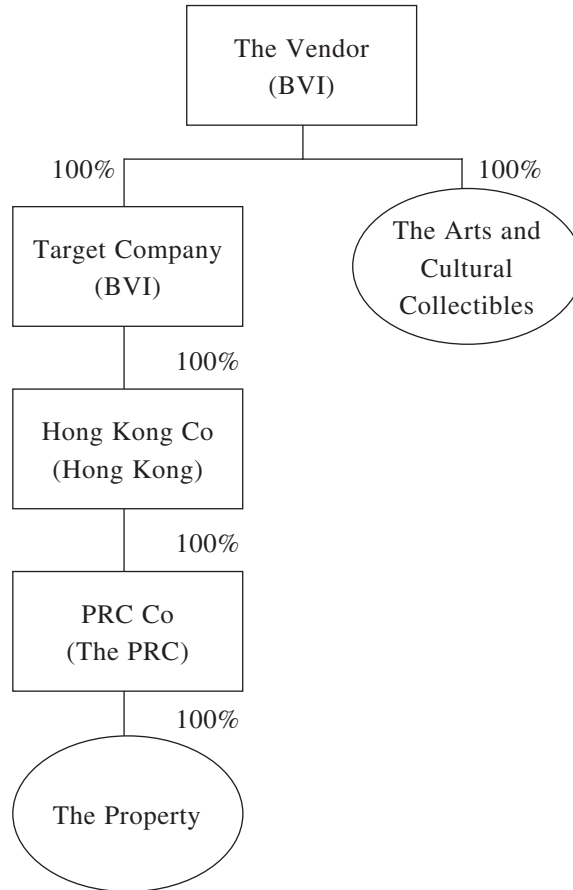
As at 30 June 2016, the current liabilities of the Group mainly comprised loan from a related company of approximately HK\$29.06 million (31 December 2015: approximately HK\$41.04 million) and trade and other payables of approximately HK\$15.23 million (31 December 2015: approximately HK\$19.07 million). The decrease in current liabilities was mainly due to settlement of certain liabilities of the Group by utilizing net proceeds raised from share placing in late 2015.

The Group has maintained a low level of gearing ratio of 8.99% as at 30 June 2016, calculated by dividing total liabilities by total asset value.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

II. Background and information of the Target Group, the Property and the Arts and Cultural Collectibles

The corporate structure of the Target Group as at the Latest Practicable Date is shown in the simplified chart below:



The Target Company is a property investment holding company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Vendor. As at the Latest Practicable Date, the Target Company, through the Hong Kong Co, indirectly owns the entire issued share capital of the PRC Co and therefore owns the Property.

As stated in the Letter from the Board, the Property is located inside the Tang Dynasty West Market Hotel at No. 118, South Labor Road, Xi'an City, the PRC. Tang Dynasty West Market Hotel is a 6-storey commercial building completed by DTXS group in 2011. The Property comprises the 1st floor shop section with the gross floor area of 1,701.31 square meters, the 5th floor function room section with the gross floor area of 779.03 square meters and the 6th floor exhibition section with the gross floor area of 928.19 square meters. The Property has been granted the property ownership certificate and is furnished for its current usage as hotel catering venue, shopping area, exhibition center and function room by affiliates of the Vendor. Having been used as the venue for hotel catering, shopping area, exhibition center and function room by Tang Dynasty West Market Hotel, the Property has been the core supporting infrastructure facility of the business operation of Tang Dynasty West Market Hotel. Pursuant to the Sale

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and Purchase Agreement, the Vendor has undertaken to properly and timely terminate all activities engaged in the Property as hotel catering venue, shopping area, exhibition center and function room to support the business operation of Tang Dynasty West Market Hotel on or before the Completion Date. As at the Latest Practicable Date, the Property is the only major assets of the Target Group. In addition, the Arts and Cultural Collectibles include paintings and calligraphies from He Hai Xia (何海霞), Huang Zhou (黃胄), Qi Bai Shi (齊白石), Shi Lu (石魯), Zhang Da Qian (張大千) and Zhao Wang Yun (趙望雲), which are treated as high-end alternative investment assets and for appreciation purpose by the Vendor. The above artists are considered to be well-known art celebrities across the globe artworks of which have been common auction items in the auction houses in the PRC and overseas, such as Christie's, China Guardian, Sotheby's and Poly International Auction, etc. The above-mentioned art celebrities are all influential painters and calligraphers among the greater China area. They were actively engaged in the field of painting and calligraphy in the greater China area from the late 19th century to the late 20th century and were good at landscape painting, portrait painting, animal painting and calligraphies.

We note from the Letter from the Board that the original acquisition cost of the Property by the PRC Co was approximately RMB37,875,100 (equivalent to approximately HK\$42,646,000). The original acquisition cost of the Arts and Cultural Collectibles by the Vendor was approximately HK\$23,565,000.

The Target Group has been principally engaged in property investment holding business since its incorporation in 2016. The Target Group did not record any revenue and incurred a loss of approximately RMB126,000 (equivalent to approximately HK\$142,000) as recorded in the unaudited consolidated profit and loss account for the financial year ended 31 December 2016. As at 31 December 2016, the unaudited consolidated net assets of the Target Group was approximately RMB39,874,000 (equivalent to approximately HK\$44,897,000) which comprised the Property and cash at bank of approximately RMB37,773,000 (equivalent to approximately HK\$42,531,000) and approximately RMB2,101,000 (equivalent to approximately HK\$2,366,000), respectively. And the Target Group did not record any liabilities as at 31 December 2016.

Upon Completion, the Target Group will become the indirectly wholly-owned subsidiaries of the Company and their financial results will be consolidated into the financial results of the Group. The Arts and Cultural Collectibles will be treated as art inventories in the financial statements of the Group.

III. Reasons and benefits for entering into of the Sale and Purchase Agreement

As referred to in the 2015 2nd Annual Report, it is the intention of the Group to invest in the arts and collections related business to enrich 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 marketplace for art and collections including but not limited to wine, tea, coins and jewellery.

As disclosed in the Letter from the Board, the objective of the Group is to provide consumers an enjoyable shopping experience for high-end arts and collections. On 26 August 2016, the Group completed the acquisition of 85% indirect interest in m-Finance Group (the "m-Finance"), a financial e-commerce business in Hong Kong. The management of m-Finance possesses a proven technological capability, which is capable of supporting the development of the Group's online marketplace as well as extensive exposure to high net worth clients.

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With a view of setting up the offline counterpart for the Group's online marketplace for arts and collections, the Group envisages building the offline arts and collections centre for providing an integrated function of storage, exhibition, auction, promotion and trading of arts and collections, namely the Art Central Business District (the "ACBD"). On 11 July 2016, the Group completed the acquisition of 100% effective interest in 北京景星麟鳳國際拍賣有限公司 (Beijing Phoenixstar International Auction Co., Ltd.*) (the "Phoenixstar"), a boutique auction house in Beijing specialising in arts and collections business. This transaction creates a new offline sale channel for the planned online marketplace.

With reference to the 2016 Interim Report, it is the intention of the Group to continue diversifying its business, taking advantage and leveraging from the strong cultural business background of its controlling Shareholder, DTXS group, for its arts and collections related business. With the strategic location of the Property which possesses high cultural value, the Group will be in the best position to develop its businesses and capitalise on the West Market's strong cultural business background.

Xian City (formerly Changan City), is the provincial capital of the Shaanxi Province of the PRC, which had been the provincial 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 Changan City were centered between the East Market and the West Market. The West Market was primarily functioned for international trade and was the largest international trading centre and cultural exchange centre at the time. The Property is located at the Tang Dynasty West Market Hotel which was built at the original site of the West Market.

The Directors (excluding Mr. Lu and Mr. Yang who had abstained from voting on the Board Resolution) consider the Property, being a part of the Tang Dynasty West Market Hotel, (i) is basically furnished for immediate use and (ii) will offer larger flow of visitors as well as higher standard of security. The 1st floor shop section of the Property will function as an offline retailing and shopper experience for arts and collections including but not limited to artworks, wine, tea, coins, jewellery and silk. The exhibition and function room sections of the Property will function as the offline event venue for hosting regular events of exhibition, conference and auction in relation to the high-end arts and collections. The Directors (excluding Mr. Lu and Mr. Yang who had abstained from voting on the Board Resolution) consider the Arts and Cultural Collectibles, being the craftworks of well-known art celebrities the artworks of which are common auction items in the auction houses in the PRC and overseas, will enrich the inventory reserves for the Group's arts and collections related business which will also enhance the creditability and cultural appearance of the Property as the ACBD of the Group. In addition, the Subscription signifies the controlling Shareholder's confidence in the prospects and development of the Group, particularly in development of arts and cultural businesses, which will in turn enhance the business of the Group.

In order to get a better grasp of the cultural and tourism industry in the Xian and the PRC, we have conducted our own desktop research.

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According to the 2014 Tourism statistics* (2014年旅遊接待情況) and 2015 Major Statistics of Xian city* (2015年全市主要數據) published by the Xian Tourism Bureau on 20 August 2015 and 28 September 2016 respectively, the number of tourists visiting Xian has reached 120 million in 2014 and 136 million in 2015, representing a growth of 18.5% from 2013 and 13.33% from 2014 respectively. Income from tourism industry in Xian amounted to approximately RMB95.00 billion in 2014 and RMB107.37 billion in 2015, representing a growth of 17.1% from 2013 and 13.02% from 2014. It accounted for approximately 9.05% and 18.48% of the gross domestic product of Xian city in 2014 and 2015 respectively.

According to the “13th Five-Year Plan of Tourism Industry in Shaanxi Province” published by the Shaanxi Province Tourism Bureau on 3 November 2016, the number of tourists visiting Shaanxi Province and total income from tourism industry in Shaanxi Province in 2020 are expected to be approximately 775 million and RMB610 billion respectively, implying a growth at a compound average growth rate of 14.78% and 15.21% respectively for the period from year 2016 to 2020 (the “13-5 Period”). Pursuant to the 13th Five-Year Plan for National Economic and Social Development of the PRC, promoting and developing meetings, incentives, conferences and events (the “MICE tourism”) is one of the key projects during the 13-5 Period focusing on actively planning new exhibition projects for the purpose of developing Xian to be first class MICE tourism destination and exhibition center in the PRC.

Having considered (i) the Proposed Acquisition is in line with the Group’s business strategy to expand the arts and collections related business; (ii) the unique location of the Property with value of cultural heritage; (iii) the Arts and Cultural Collectibles are the craftworks of well-known art celebrities across the globe; and (iv) the potential development of cultural and MICE tourism in Xian, we consider that the Proposed Acquisition is in the interest of the Company and the Independent Shareholders as a whole.

IV. Principal terms of the Sale and Purchase Agreement

Date	:	16 January 2017
Purchaser	:	DTXS Art & Cultural CBD Co Ltd (大唐西市文化藝術品中央商務中心有限公司), a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
Vendor	:	Da Tang Xi Shi International Holdings Limited (大唐西市國際控股有限公司), an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, the Vendor held 325,680,424 Shares, representing approximate 64.60% of the entire issued Share capital of the Company. Accordingly, it is a connected person of the Company under the Listing Rules.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell (i) the Target Equity Interest, as to indirectly acquire the Property wholly-owned by the Target Group; and (ii) the Arts and Cultural Collectibles owned by the Vendor.

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Consideration and payment terms

Pursuant to the Sale and Purchase Agreement, the Consideration is HK\$163,265,000, of which HK\$140,745,000 represents the consideration for transfer of the Property, and HK\$22,520,000 represents the consideration for transfer of the Arts and Cultural Collectibles. The Consideration shall be paid by the Purchaser to the Vendor, by way of allotment and issuance of 51,020,312 Consideration Shares at the Issue Price of HK\$3.20 on the Completion Date.

As disclosed in the Letter from the Board, the Consideration was determined by arm's length negotiations between the Purchaser and the Vendor after taking into account, among others, (i) the fair value of the Property of approximately RMB125.0 million (equivalent to approximately HK\$140.7 million) as at 31 December 2016 according to the valuation report dated 16 January 2017 issued by Asset Appraisal Limited, an independent professional valuer; (ii) the Arts and Cultural Collectibles, being craftworks of well-known art celebrities, the artworks of which are common auction items in the auction houses in the PRC and overseas; (iii) the insured sum value for all the Art and Cultural Collectibles amounted to over HK\$23 million as proposed by two multinational insurance groups specialised in the field of fine art insurance as detailed in the section headed "Valuation of the Arts and Cultural Collectibles" below; (iv) the Option to be granted by the Vendor at Completion which enables the Company to sell the Arts and Cultural Collectibles back to the Vendor at same consideration; and (v) the strategic implications of the Property and the Arts and Cultural Collectibles to the Company's arts and collections related business as mentioned in the section headed "Reasons for and benefits of the Proposed Acquisition" in the Letter from the Board.

Valuation of the Property

To assess the fairness and reasonableness of the consideration for transfer of the Property, we have reviewed the property valuation report as contained in the Appendix I to the Circular (the "Valuation Report").

In assessing the independence of the valuer, we interviewed the relevant staff of Asset Appraisal Limited (the "Valuer") and make inquiry on any current or prior relationship between the Valuer and the Group, the Vendor and their core connected persons. The Valuer confirmed that it is independent of and not connected with the Group, the Vendor, the Target Group and their respective associates. In addition, we have reviewed the Valuer's engagement letter including their scope of work. Based on the review and the interview, we are satisfied with the terms of the engagement of the Valuer and its qualification and experience for preparation of the Valuation Report.

As stated in the Valuation Report, in arriving at the valuation of RMB125.0 million for the Property, the Valuer has adopted comparison method. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values. The valuation has been made on the assumption that owners sell the property on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property. The Valuer confirmed that in valuing the Property, it has complied with all relevant requirements set out in Chapter 5 of the Listing Rules and the HKSI Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

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For our due diligence purpose, we have reviewed and enquired into (i) the methodology used and principal bases and assumptions adopted in the Valuation Report; (ii) the underlying calculations of the Valuation Report and the information of the comparable properties (including unit prices) adopted by the Valuer; (iii) the selection criteria of comparable properties adopted in the Valuation Report. During our discussion with the Valuer, we have not found any material facts which may lead us to doubt the principal basis and assumptions adopted for or the information used in the valuation.

As discussed with the Valuer, we understand that the Valuer has selected 28 comparables, which are of similar size and location to those of the Property. We have reviewed the 28 comparables adopted by the Valuer for the market sales of office space and shop of similar buildings in the market and we noted that (i) all information is quoted from public real-estate agent websites within a three-month period prior to the date of the Valuation Report; (ii) all properties are located in locations close to the Property with similar size; and (iii) all selling prices quoted are the asking prices based on the website above. Based on the above, we consider that the comparables selected by the Valuer are fair and representative samples for direct comparison purpose.

Further details of the basis and assumptions of the valuation are included in the Valuation Report as contained in Appendix I to this Circular.

According to the Valuation Report, the fair value of the Property was RMB125,000,000 as at 31 December 2016, which is approximate to the amount of the consideration of the Property (i.e. HK\$140,745,000), we are of the view that the consideration for transfer of the Property is fair and reasonable so far as the Independent Shareholders are concerned.

Valuation of the Arts and Cultural Collectibles

As stated in the Letter from the Board, since the Arts and Cultural Collectibles, being the valuable craftworks of well-known art celebrities, are intended to be treated as inventory reserves for the Group's arts and collections related business as well as the display décor to enhance the creditability and cultural appearance of the ACBD of the Group, the Company has sought risk coverage for any physical loss and damage of the Arts and Cultural Collectibles from two multinational fine art insurance groups specialised in the field of fine art insurance. Subsequent to professional assessments, the insured sum value for all the Arts and Cultural Collectibles proposed by the aforesaid two insurance groups are both above HK\$23 million. It is also noted that the original acquisition cost of the Art and Cultural Collectibles by the Vendor was approximately HK\$23,565,000.

The Art and Cultural Collectibles comprise a total of 13 paintings from the Chinese art celebrities, namely He Hai Xia (何海霞), Huang Zhou (黃胄), Qi Bai Shi (齊白石), Shi Lu (石魯), Zhang Da Qian (張大千) and Zhao Wang Yun (趙望雲) (collectively, the "Artists"). For our due diligence purpose, we have tried to but not been able to identify direct comparable of the Art and Cultural Collectibles based on the public information. Alternatively, we have performed our desktop research on the market deal prices of other paintings of the same Artists, which are of similar painting styles and themes with those of the Art and Cultural Collectibles. Based on the recent public deal history records (from year 2013 to 2016) from the reputable multinational

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auction houses such as Christie's, China Guardian, Sotheby's and Poly International Auction, 1 to 3 reference paintings (29 reference paintings in total) have been identified for each of the Art and Cultural Collectibles. By referring to the historical deal prices of the reference paintings, the total deal price of the Art and Cultural Collectibles is estimated to range from approximately HK\$17.9 million to approximately HK\$29.2 million. However, since each of the Artists' paintings are unique in nature hence we are not able to find direct comparables in the market and we are not the expert in the field of fine art, the deal price range abovementioned can only serve as a reference to the general deal price of the Artists' paintings.

Nevertheless, we have performed research on the background of the Artists. According to Hurun Best Selling Chinese Artists 2016 (2016胡潤最暢銷中國藝術家) issued by Hurun Report (胡潤百富), a leading luxury publishing group based in Shanghai city of the PRC, 5 out of 6 of the Artists are ranked the top 50 Chinese bestselling artists in 2016 with total transaction volume of 2,321 pieces and transaction amount of over RMB3,675 million in the year 2016. In view of the above, we concur with the Directors' view that the Artists are influential painters and calligraphers among the greater China area and their artworks are popular auction items in multinational auction houses.

In addition, we have obtained and reviewed the quotation from the two multinational insurance groups specialized in the field of fine art insurance approached by the Company, and we noted that the insured sum of the Art and Cultural Collectibles amounted to over HK\$23 million.

The Option for the Arts and Cultural Collectibles

As disclosed in the Letter from the Board, the Vendor undertakes to grant the Option at a consideration price of HK\$1 to the Purchaser at the Completion Date that if the Purchaser is not being able to distribute all or any goods of the Arts and Cultural Collectibles within two years after the Completion Date, it is at the discretion of the Purchaser to require the Vendor to repurchase the Arts and Cultural Collectibles in cash at the same consideration for transfer of the Arts and Cultural Collectibles under the Sale and Purchase Agreement. The Option shall be exercisable by the Purchaser between 24th month and 27th month from the Completion Date.

We consider that such buyback Option granted to the Purchaser provides reasonable protection to the Group, as such, the Group would be fully repaid in the event that the Group is not able to dispose of the Arts and Cultural Collectibles at a reasonable price within two years after the Completion Date.

Issue Price

As disclosed in the Letter from the Board, the Consideration shall be settled, by way of allotment and issuance of 51,020,312 Consideration Shares at the Issue Price of HK\$3.2 each to be issued by the Company. The 51,020,312 Consideration Shares represent (i) approximately 10.12% of the issued Shares as at the Latest Practicable Date; and (ii) approximately 9.19% of the issued Shares as enlarged by the Consideration Shares. The Consideration Shares will rank, when allotted and issued, *pari passu* in all respect with the Shares in issue as at the date of allotment.

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The Issue Price represents:

- (i) a premium of approximately 6.67% over the closing price of HK\$3.00 per Share as quoted on the Stock Exchange on the date of the MOU;
- (ii) a discount of approximately 0.62% over the closing price of HK\$3.22 per Share as quoted on the Stock Exchange on the date of the Framework Agreement;
- (iii) a discount of approximately 10.61% over the closing price of HK\$3.58 per Share as quoted on the Stock Exchange as at the Last Trading Date;
- (iv) a discount of approximately 13.23% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of Sale and Purchase Agreement of approximately HK\$3.688 per Share;
- (v) a discount of approximately 4.19% to the closing price of HK\$3.34 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a premium of approximately 171.19% over the audited consolidated net asset value per Share of approximately HK\$1.18 (based on the latest published net asset value of the Group of HK\$596,693,000 as at 30 June 2016 and 504,117,380 Shares in issue as at the Latest Trading Day).

As stated in the Letter from the Board, the Issue Price of the Consideration Shares was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to (i) the Issue Price of HK\$3.20 per Consideration Share as agreed on the date of the MOU representing a premium of approximately 6.67% over the closing price of HK\$3.00 per Share as quoted on the Stock Exchange; (ii) the Issue Price of HK\$3.20 per Consideration Share representing a premium of approximately 171.19% over the consolidated net asset value per Share of approximately HK\$1.18 (based on the latest published net asset value of the Group of HK\$596,693,000 as at 30 June 2016 and 504,117,380 Shares in issue as at the Last Trading Day); (iii) the prevailing market price of the Shares with relatively thin trading volume; and (iv) the strategic implications of the Property and the Arts and Cultural Collectibles to the Company's arts and collections related business as mentioned in the section headed "Reasons for and benefits of the Proposed Acquisition".

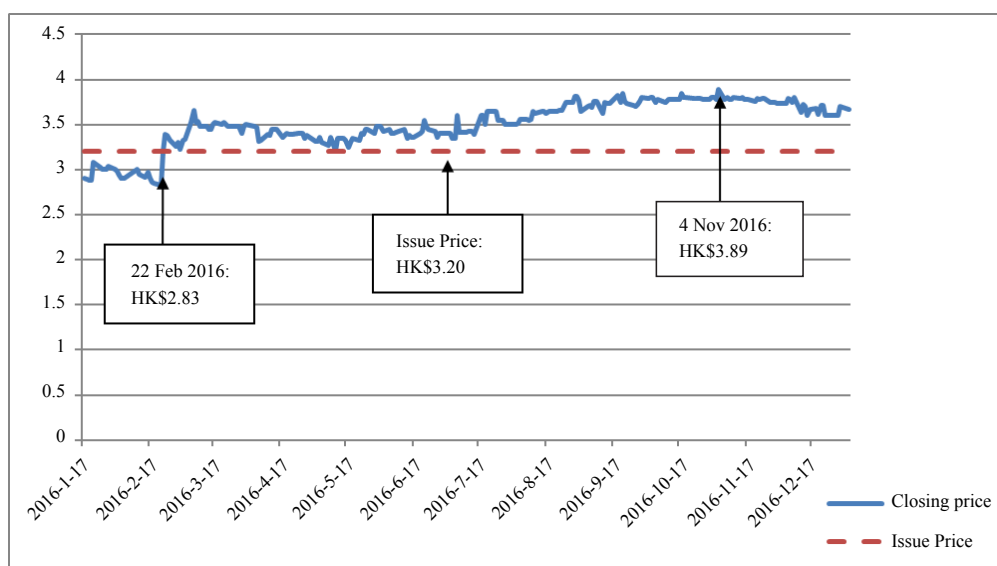
In order to assess the fairness and reasonableness of the Issue Price, we have compared the Issue Price with reference to (a) historical trading price performance and trading liquidity of the Shares and (b) market comparable analysis.

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a. Historical trading price and trading liquidity of the Shares

We have reviewed the closing prices and the trading liquidity of the Shares from 17 January 2016 to 16 January 2017, being the period of 12 months prior to the date of the Sale and Purchase Agreement (the “Review Period”). We are of the view that the Review Period of 12 months are sufficient to demonstrate the historical fluctuation of the Share price and can allow us to compare them with the Issue Price on its fairness and reasonableness having taking into account that (i) the general market sentiment has been changed since January 2016 as evidenced by the decreasing trend of the average daily turnover of the Hong Kong securities from approximately HK\$94,275 million in August 2015 to HK\$82,231 million in January 2016 and (ii) the Review Period of 12 months covers the date of MOU (i.e. 27 January 2016) on which Issue Price was agreed.

Closing price of the Shares during the Review Period (HK\$)



Source: the website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the daily closing price of the Shares ranged from the highest of HK\$3.89 per Share on 4 November 2016 to the lowest of HK\$2.83 per Share on 22 February 2016. The average daily closing price of the Shares during the Review Period is approximately HK\$3.52 per Share.

The closing price of the Shares remained relatively stable and ranged from HK\$2.79 to HK\$3.38 in January and February 2016. It rebounded to approximately HK\$3.5 in March 2016. The Directors confirmed that they were not aware of any specific reasons for the fluctuation of the closing price of the Shares. Starting from April 2016 to the end of the Review Period, the closing price of the Shares fluctuated up and down with a general upward trend from HK\$3.22 to HK\$3.89.

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The Issue Price of HK\$3.2 is within the range of the highest and lowest prices, and represented (i) a discount of approximately 17.74% to the highest closing price of HK\$3.89; (ii) a premium of approximately 13.07% over the lowest closing price of HK\$2.83; and (iii) a discount of approximately 9.09% over the average closing price of HK\$3.52.

The average daily trading volume of the Shares, total number of issued Shares at month end and average daily trading volume to the total number of issued Shares at month end during the Review Period are tabulated as follow.

Month/Period	Total trading volume <i>(No. of Shares)</i>	Number of trading days <i>(days)</i>	Average daily trading volume of the Share at the end of each month/period <i>(No. of Shares)</i>	Total Number of Shares in issue at month end <i>(No. of Shares)</i>	Average daily trading volume as a percentage total number of Shares in issue at the end of each month/ period <i>(%)</i>	Percentage of Average Market Volume <i>(Note 3)</i>
2016						
January <i>(Note 1)</i>	8,518,400	10	851,840	474,635,900	0.179%	0.38%
February	25,238,259	18	1,402,126	474,635,900	0.295%	0.31%
March	4,831,172	21	230,056	474,635,900	0.048%	0.26%
April	1,810,485	20	90,524	474,635,900	0.019%	0.28%
May	2,405,793	21	114,562	474,635,900	0.024%	0.26%
June	1,472,000	21	70,095	474,635,900	0.015%	0.27%
July	1,405,861	20	70,293	504,117,380	0.014%	0.26%
August	970,915	22	44,133	504,117,380	0.009%	0.27%
September	2,829,029	21	134,716	504,117,380	0.027%	0.29%
October	2,534,172	19	133,377	504,117,380	0.026%	0.24%
November	4,704,116	22	213,823	504,117,380	0.042%	0.27%
December	493,455	20	24,673	504,117,380	0.005%	0.26%
2017						
January <i>(Note 2)</i>	126,400	10	12,640	504,117,380	0.003%	0.22%

Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. The Review Period commences on 17 January 2016.
2. The Review Period ends on 16 January 2017.
3. This column is provided for reference only and the figures are calculated by dividing the total market capitalization based on the HKEx Monthly Market Highlights in the website of the Stock Exchange.

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As illustrated in the table above, the average daily trading volume of the Shares during the Review Period ranged from approximately 126,000 Shares to approximately 25.24 million Shares, representing approximately 0.003% and 0.295% of the total issued Shares as at respective months. It is noted that the trading volume of the Shares (except for January and February 2016) was less than 0.05% of the total number of Shares issued as at respective months.

In addition, we also make reference to the trading liquidity of the securities market in Hong Kong. The above table also shows the percentage of the average daily turnover to the total market capitalisation of the listed securities in both main board and growth enterprise market of the Stock Exchange (the “Average Market Volume”) for the period from January 2016 to December 2016, according to the HKEx Monthly Market Highlights published in the Stock Exchange’s website. It is also noted that the percentage of the Average Market Volume was higher than the percentage of the average daily trading volume to total number of Shares in issue in each month during the Review Period, we therefore consider that the trading volume of the Shares is relatively thin during the Review Period.

b. Market comparable analysis

To further assessing the fairness and reasonableness of the Issue Price, we have based on the published information on the Stock Exchange’s website, identified transactions which were acquisitions involving issue of shares as consideration which are most relevant to our case during the period from 16 October 2016 (the “Comparable Issues”), being a 3-month period prior to the Last Trading Day, up to and including the Last Trading Day (the “Comparable Period”). The three-month period is a reasonable basis for our analysis because the Hang Seng Index (“HSI”) fluctuated between 21,575 points and 23,604 points during the Comparable Period, representing a fluctuation of approximately 9% and therefore, in the absence of major market dislocations, we consider that transactions occurred during the Comparable Period could provide relevant samples of the Comparable Issue for the purpose of our analysis. To the best of our knowledge and as far as we are aware of, we have identified an exhaustive list of 43 transactions announced companies listed on the Stock Exchange during the Comparable Period and not subsequently terminated prior to the Latest Practicable Date. We consider that the Comparable Issues reflect the latest market conditions and sentiments in the Hong Kong stock market of the subscription and the sample size of 43 is fair and representative for our comparison purpose. Shareholders should note that regardless of, among others, business, scale of operations and future prospects, the Comparable Issues are provided as a general reference for the recent market trend of the connected transactions, which is also an acquisition with consideration issue. Details of Comparable Issues are set out below:

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Date of announcement	Company	Stock code	Premium/(discount) of the Issue Price over/(to) the average closing price of		
			Last trading day prior to/on the date of the relevant announcement or agreement (%)	Last 5 consecutive trading days prior to/on the date of the relevant announcement or agreement (%)	Last 10 consecutive trading days prior to/on the date of the relevant announcement or agreement (%)
13 January 2017	China Beidahuang Industry Group Holdings Limited	0039	(1.12%)	4.02%	4.14%
10 January 2017	Midland IC&I Limited	0459	(4.20%)	(4.56%) <i>(Note 1)</i>	(2.10%)
10 January 2017	Walker Group Holdings Limited	1386	0.00%	(2.03%)	(3.97%)
10 January 2017	Titan Petrochemicals Group Limited	1192	7.50%	2.63%	3.90%
9 January 2017	HMV Digital China Group Limited	8078	(4.61%)	(5.35%)	(3.72%)
9 January 2017	Yuan Heng Gas Holdings Limited	0332	(3.23%)	(7.41%)	(10.31%) <i>(Note 1)</i>
5 January 2017	Tai United Holdings Limited	0718	(14.89%)	(2.60%)	(2.52%) <i>(Note 1)</i>
5 January 2017	Shaanxi Northwest New Technology Industry Company Limited	8258	(18.87%)	(18.56%)	(19.78%) <i>(Note 1)</i>
30 December 2016	China Environmental Technology Holdings Limited	0646	0.00%	6.97%	3.57% <i>(Note 1)</i>
30 December 2016	China Vanadium Titano-Magnetite Mining Company Limited	0893	14.10%	14.40%	10.90%
29 December 2016	Tech Pro Technology Development Limited	3823	0.00%	3.04%	0.00% <i>(Note 1)</i>
21 December 2016	Kasen International Holdings Limited	0496	(26.47%)	(27.11%)	(27.22%) <i>(Note 1)</i>
19 December 2016	ArtGo Holdings Limited	3313	(16.84%)	(18.79%)	(18.89%) <i>(Note 1)</i>
16 December 2016	China Finance Investment Holdings Limited	0875	(19.79%)	(11.29%)	(15.34%) <i>(Note 1)</i>
16 December 2016	China Saite Group Company Limited	0153	(2.28%)	(4.62%)	(2.96%)
15 December 2016	China Sandi Holdings Limited	910	1.67%	1.67%	0.55%

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Date of announcement	Company	Stock code	Premium/(discount) of the Issue Price over/(to) the average closing price of		
			Last trading day prior to/on the date of the relevant announcement or agreement (%)	Last 5 consecutive trading days prior to/on the date of the relevant announcement or agreement (%)	Last 10 consecutive trading days prior to/on the date of the relevant announcement or agreement (%)
15 December 2016	Newtree Group Holdings Limited	1323	2.04%	3.81%	(4.00%) <i>(Note 1)</i>
14 December 2016	Greater China Financial Holdings Limited	0431	5.04%	2.80%	0.68%
13 December 2016	Symphony Holdings Limited	1223	12.68%	12.68%	12.68%
9 December 2016	Fullshare Holdings Limited	0607	36.53%	7.56%	2.35% <i>(Note 1)</i>
8 December 2016	China Wah Yan Healthcare Limited	0648	2.22%	0.00%	(1.60%)
7 December 2016	Smit Holdings Limited	2239	(22.41%)	(22.57%)	(22.15%)
7 December 2016	Yin He Holdings Limited	8260	(19.81%)	(17.79%)	(19.96%) <i>(Note 1)</i>
4 December 2016	China Agri-products exchange Limited	0149	5.47%	2.12%	4.65%
30 November 2016	Synergis Holdings Limited	2340	(30.00%)	(24.22%)	(27.88%)
25 November 2016	China Tianrui Group Cement Company Limited	1252	0.00%	0.00%	0.00%
21 November 2016	HengTen Networks Group Limited	0136	(19.57%)	(10.34%)	(2.03%)
18 November 2016	China Creative Global Holdings Limited	1678	15.40%	15.40%	16.50%
14 November 2016	China Finance Investment Holdings Limited	0875	(19.69%)	0.13%	2.38% <i>(Note 1)</i>
14 November 2016	Comtec Solar Systems Group Limited	712	0.00%	(1.93%)	(2.87%)
13 November 2016	Zall Group Ltd.	2098	(20.79%)	(16.57%)	(15.11%)
9 November 2016	Purapharm Corporation Limited	1498	11.66%	10.84%	13.35%
7 November 2016	China Dredging Environment Protection Holdings Limited	0871	(7.89%)	(16.86%)	(21.70%)
4 November 2016	China International Capital Corporation Limited	3908	(0.60%)	0.50	(0.50%)
3 November 2016	China HANYA Group Holdings Limited	8312	(46.40%)	(44.20%)	(43.99%) <i>(Note 1)</i>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company	Stock code	Premium/(discount) of the Issue Price over/(to) the average closing price of		
			Last trading day prior to/on the date of the relevant announcement or agreement (%)	Last 5 consecutive trading days prior to/on the date of the relevant announcement or agreement (%)	Last 10 consecutive trading days prior to/on the date of the relevant announcement or agreement (%)
2 November 2016	HMV Digital China Group Limited	8078	(18.24%)	(16.47%)	(15.65%)
2 November 2016	New Concepts Holdings Limited	2221	(6.67%)	0.00%	0.45% <i>(Note 1)</i>
1 November 2016	Shun Tak Holdings Limited	0242	92.27% <i>(Note 2)</i>	88.67% <i>(Note 2)</i>	89.81% <i>(Notes 1 and 2)</i>
31 October 2016	China Binary Sale Technology Limited	8255	(18.29%)	(19.99%)	7.13% <i>(Note 2)</i>
28 October 2016	Phoenix Healthcare Group Co. Ltd	1515	(23.00%)	(15.00%)	(13.00%)
28 October 2016	Digital Domain Holdings Limited	547	1.67%	(2.87%)	(0.33%) <i>(Note 1)</i>
26 October 2016	Prosperity International Holdings (H.K.) Limited	0803	5.63%	10.62%	11.52%
19 October 2016	King Force Group Holdings Limited	8315	(17.18%)	(11.56%)	(10.43%) <i>(Note 1)</i>
		Average:	(6.22%)	(5.32%)	(4.72%)
		Median:	(2.76%)	(2.32%)	(1.82%)
		Maximum:	36.53%	15.40%	16.50%
		Minimum:	(46.40%)	(44.20%)	(43.99%)
The Company					
16 January 2017			(10.61%)	(13.23%)	(12.97%) <i>(Note 1)</i>

Source: Website of the Stock Exchange (www.hkex.com.hk)

Notes:

- Such percentages were not disclosed in the relevant announcements in relation to the Comparable Issues. For illustration purpose, we calculated with the same basis as the premium/(discount) rate(s) of the issue price of the consideration shares involved in the Comparable Issues over/(to) the average closing price of the last trading day and/or the last ten consecutive trading days prior to/on the date of the relevant announcement or agreement.
- These companies are treated as outlier given the extraordinary premium of the Issue Price as compared to the date of respective agreement 5-day's average and 10-day's average including the date of respective agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated from the above table, the premium/discount of the Issue Prices of the Comparable Issues over/to their respective closing prices immediately prior to the release of their respective announcements ranged from a discount of approximately 46.40% to a premium of approximately 36.53% with an average discount of approximately 6.22% and a medium discount of approximately 2.76%. The Issue Price was set at a discount of approximately 10.61% over closing price of Shares on the Last Trading Day which was deeper than the average discount and medium discount of the Comparable Issues and falls within the range of Comparable Issues.

Further, the premium/discount of the Issue Prices of the Comparable Issues over/to their respective closing prices for the last five consecutive trading days immediately prior to the release of their respective announcements ranged from a discount of approximately 44.20% to a premium of approximately 15.40% with an average discount of approximately 5.32% and a medium discount of approximately 2.32%. The Issue Price was set at a discount of approximately 13.23% over the average closing prices for the last five consecutive trading days immediately prior to the release of the announcement which was deeper than the average discount and medium discount of the Comparable Issues and falls within the range of Comparable Issues.

In addition, the premium/discount of the Issue Prices of the Comparable Issues over/to their respective closing prices for the last ten consecutive trading days immediately prior to the release of their respective announcements ranged from a discount of approximately 43.99% to a premium of approximately 16.50% with an average discount of approximately 4.72% and a medium discount of approximately 1.82%. The Issue Price was set at a discount of approximately 12.97% over the average closing prices for the last ten consecutive trading days immediately prior to the release of the announcement which was deeper than the average discount and medium discount of the Comparable Issues and falls within the range of Comparable Issues.

In spite of the wide range of premium/discount of the Comparable Issues to/over respective closing price, having considered that (i) the Issue Price falls within the range of the Comparable Issues; (ii) the Issue Price is within the range of historical trading price during the Review Period; and (iii) trading liquidity of the Shares is considered as thin, we concur with Directors (excluding Mr. Lu and Mr. Yang who had abstained from voting on the Board Resolution) that the Issue Price is fair and reasonable.

V. Potential dilution effects of the Proposed Acquisition on shareholding of the existing Shareholders

Based on the table under the section headed “EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY” of the Letter from the Board, as at the Latest Practicable Date, the public Shareholders were interested in approximately 35.40% of the issued Share capital of the Company. Immediately after Completion, the aggregate shareholding interests of public Shareholders in the Company would be diluted to approximately 32.14% of the enlarged issued Share capital of the Company.

Having considered the reasons for and possible benefits of the Proposed Acquisition, and the analyses on the fairness and reasonableness of the Consideration and the Issue Price, we consider that the potential dilution in the shareholding interests of the public Shareholders in the Company is acceptable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

VI. Possible financial effects of the Proposed Acquisition

Upon Completion, members of the Target Group will become indirect wholly-owned subsidiaries of the Company. As a result, financial results, assets and liabilities of the Target Group will be consolidated with those of the Group.

Net assets and gearing

The total assets of the Group are expected to increase by approximately HK\$163.3 million while there will not be any material impact on the consolidated liabilities of the Company.

The Group's gearing ratio as of 30 June 2016, which is calculated on the basis of total debts divided by total equity, was approximately 9.86%. As the Consideration will be settled by allotment and issuance of the Consideration Shares, the Group's total equity is expected to increase by the amount of the Consideration, which would lead to a decrease in the gearing ratio of the Group immediately upon Completion.

Earnings

The Group's earnings would be decreased, if there is any recognition of goodwill impairment in subsequent financial reporting periods.

The aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be after Completion.

RECOMMENDATION

Having taken into account, in particular, (i) the reasons for and benefits of the Proposed Acquisition; (ii) the basis of determination of the Consideration; (iii) the fairness and reasonableness of the Issue Price, we are of the view that the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the upcoming SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Yours faithfully,
For and on behalf of
INCUCorporate Finance Limited
Gina Leung
Managing Director

Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCUCorporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 31 December 2016 of the property interests indirectly wholly-owned by the Vendor.



Asset Appraisal Limited
中誠達資產評值顧問有限公司

Rm 901 9/F On Hong Commercial Building
No.145 Hennessy Road Wanchai HK
香港灣仔軒尼詩道145號安康商業大廈9樓901室
Tel: (852) 2529 9448 Fax: (852) 3521 9591

8 February 2017

The Board of Directors

DTXS Silk Road Investment Holdings Company Limited

Unit 2602, 26/F
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

Dear Sirs,

Re: Valuation of Units 510103, 510104, 510502 and 510601, Block 1, No.118 South Labor Road, Lianhu District, Xi'an City, Shaanxi Province in the People's Republic of China

In accordance with the instructions from DTXS Silk Road Investment Holdings Company Limited (referred to as the "Company") to value the property interests situated in the People's Republic of China (the "PRC") (referred to as the "Property") held by Best Merit Global Limited (referred to as the "Target Company") and its subsidiaries (the Target Company and its subsidiaries are altogether referred to as the "Target Group"), we confirm that we have carried out inspections of the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Property as at 31 December 2016 (the "date of valuation").

Basis of Valuation

Our valuation of the Property represents the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Methodology

The Property is valued by the comparison method where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

Assumptions

Our valuation has been made on the assumption that owners sell the Property on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property.

As the Property is held by the owner by means of long term Land Use Rights granted by the Government, we have assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired term of the respective land use rights. We have also assumed that they can be freely transferred on the market free from any land premium or expenses of substantial amount payable to the Government.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

Titleship

We have been provided with copies of legal documents regarding the Property. However, we have not verified ownership of the Property and the existence of any encumbrances that would affect ownership of them.

We have also relied upon the legal opinion provided by the PRC legal advisers, namely Silkroad Law Firm (陝西錦路律師事務所), to the Company on the relevant laws and regulations in the PRC, on the nature of land use rights or leasehold interests in the property.

Limiting Conditions

No allowance has been made in our report for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value. Our valuation have been made on the assumption that the seller sells the Property on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the Property.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the Property but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Property was last inspected on the 19 January 2017 by Mr. Zhou Tong, who is a registered PRC property appraiser and an employee of us. However, no structural survey has been made. In the course of our inspection, we did not identify any serious defects. We are unable to report whether the buildings and structures of the Property are free of rot, infestation or any other structural defects. No test was carried out on any of the services of the buildings and structures of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Property, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB).

Our valuation certificate is attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Sandra Lau
MHKIS AAPI RPS(GP)
Director

Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

VALUATION CERTIFICATE

Property interests to be acquired by the Company

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2016 RMB															
Units 510103, 510104, 510502 and 510601, Block 1, No.118 South Labor Road, Lianhu District, Xi'an City, Shaanxi Province, the PRC. (中國陝西省西安市蓮湖區勞動南路118號1幢510103、510104、510502及510601室)	Tang Dynasty West Market Hotel is a 6-storey commercial building of reinforcement concrete construction completed in about 2011. The Property comprises 4 units on Levels 1, 5 and 6 of the Tang Dynasty West Market Hotel. The total gross floor area of the property is 3,408.53 square metres with a breakdown summarized as below:	As advised by the Company, units 510103 and 510104 of the Property are being occupied by its affiliate as a restaurant in the brand name of "King Market Teppanyaki" The remaining portion of the Property is being occupied by the Target Company.	RMB125,000,000 (100% interest attributable to the Target Group: RMB125,000,000)															
	<table border="1"> <thead> <tr> <th>Unit</th> <th>Level</th> <th>Gross Floor Area</th> </tr> </thead> <tbody> <tr> <td>510103</td> <td>1</td> <td>853.40 sq.m.</td> </tr> <tr> <td>510104</td> <td>1</td> <td>847.91 sq.m.</td> </tr> <tr> <td>510502</td> <td>5</td> <td>779.03 sq.m.</td> </tr> <tr> <td>510601</td> <td>6</td> <td>928.19 sq.m.</td> </tr> </tbody> </table>	Unit	Level	Gross Floor Area	510103	1	853.40 sq.m.	510104	1	847.91 sq.m.	510502	5	779.03 sq.m.	510601	6	928.19 sq.m.		
Unit	Level	Gross Floor Area																
510103	1	853.40 sq.m.																
510104	1	847.91 sq.m.																
510502	5	779.03 sq.m.																
510601	6	928.19 sq.m.																
	The land use rights of the Property have been granted for a term of 50 years for culture (composite) use.																	

Notes:

1. As revealed from 4 sets of Real Estate Ownership Certificates (Ref: Shaan (2016) Xi An Shi Bu Dong Chan Quan Nos.1088666 to 1088669, 陝(2016)西安市不動產權第1088666至1088669號), the Property with a total gross floor area of 3,408.53 square metres was held by 西安絲綢之路商務信息諮詢有限公司 (Xian Silk Road Commercial Consultancy Company Limited*) for commercial use.
2. No environmental impact assessment has been carried out for the Property. As confirmed by the Company, it does not have any plan to carry out any improvement or redevelopment work, dispose of or change the use of the property in the foreseeable future.
3. The opinion from the PRC legal advisors of the Company on the property is as follows:
 - i. As revealed from 4 sets of Real Estate Ownership Certificates, the Property with a total gross floor area of 3,408.53 square metres was held by 西安絲綢之路商務信息諮詢有限公司 (Xian Silk Road Commercial Consultancy Company Limited.*)
 - ii. As advised by the Company, units 510103 and 510104 of the Property are being occupied by its affiliate namely 西安大唐西市酒店有限公司 for restaurant use. As at the valuation date, the tenancy agreement in relation to the aforesaid units has not yet been executed between the Target Company and 西安大唐西市酒店有限公司. The remaining portion of the Property is currently being occupied by the Target Company and is planned to be used for exhibition and office uses.
 - iii. According to relevant PRC laws, the use of the Property for operating exhibition and auction businesses is legal.
 - iv. 西安絲綢之路商務信息諮詢有限公司 (Xian Silk Road Commercial Consultancy Company Limited*) has property rights of the Property and has the rights to use, occupy, transfer, lease, pledge or otherwise dispose of the Property in accordance with law.

* For identification purpose only.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company or any of their associates in the Shares, underlying Shares and debentures of the Company and any of its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the “Model Code”), to be notified to the Company and the Stock Exchange were as follows:

Interests in the Shares of the Company

Director	Number of Shares and nature of interest		Number of share options		Approximate percentage of shareholding [#]
	Personal interests	Other	Personal interests	Total	
Mr. Lu	–	325,680,424 (Note)	3,500,000	329,180,424	65.30
Mr. Wong Kwok Tung Gordon	–	–	2,500,000	2,500,000	0.50
Mr. Yang	–	–	2,500,000	2,500,000	0.50
Mr. Wang Shi	–	–	250,000	250,000	0.05
Mr. Jean-Guy Carrier	–	–	250,000	250,000	0.05
Mr. Tse Yung Hoi	–	–	250,000	250,000	0.05
Mr. Cheng Yuk Wo	–	–	250,000	250,000	0.05
Ms. Fan Chiu Fun, Fanny	–	–	250,000	250,000	0.05
Mr. Tsui Yiu Wa, Alec	–	–	250,000	250,000	0.05

[#] Based on the total issued Shares of 504,117,380 as at the Latest Practicable Date.

Note:

325,680,424 Shares are held by the Vendor. The Vendor is wholly-owned by Da Tang Xi Shi International Group Limited, which is wholly-owned by 大唐西市文化產業投資集團有限公司 (Da Tang Xi Shi Investments Group Limited*) (“DTXS Investment”). Mr. Lu, being the controlling shareholder of DTXS Investment, was interested in approximately 50.60% of the issued shares of DTXS Investment. As such, Mr. Lu is deemed to be interested in 325,680,424 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company nor their respective associates had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

3. INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as being known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had or were deemed or taken interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Nature of interest/capacity	Number of Shares	Approximate percentage of shareholding [#]
The Vendor (<i>Note 1</i>)	Beneficial owner	325,680,424	64.60
Da Tang Xi Shi International Group Limited (<i>Note 1</i>)	Interest in controlled corporation	325,680,424	64.60
DTXS Investment (<i>Note 1</i>)	Interest in controlled corporation	325,680,424	64.60
Ms. Zhu Ronghua (<i>Note 2</i>)	Interest of spouse	325,680,424	64.60

[#] Based on the total issued Shares of 504,117,380 as at the Latest Practicable Date.

Notes:

- (1) The Vendor, who acquired a controlling interest in the Company on 29 June 2015, is wholly-owned by Da Tang Xi Shi International Group Limited. Da Tang Xi Shi International Group Limited is wholly-owned by DTXS Investment, which is owned as to approximately 50.60% by Mr. Lu.
- (2) Ms. Zhu Ronghua is deemed to be interested in 325,680,424 Shares through the interest of her spouse, Mr. Lu.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company was aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of Share capital carrying rights to vote in all circumstances at general meetings of the Company.

4. DIRECTORS' SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into any existing or proposed service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading of the Group since 31 December 2015, being the date of which the latest published audited accounts of the Group were made up.

7. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which, since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting at the Latest Practicable Date in which any Director was materially interested in and which was significant in relation to the business of the Group.

8. LITIGATION

As at the Latest Practicable Date, none of the Company and its subsidiaries were engaged in any material litigation or arbitration and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Group.

9. EXPERTS AND CONSENTS

The qualification of the experts who have given opinions and advice in this circular is as follows:

Name	Qualification
Asset Appraisal Limited	independent professional valuer, acting as the valuer for the valuation of the Property
INCU Corporate Finance Limited	a licensed corporation to carry on business in Type 6 (advising on Corporate finance) regulated activity under the SFO

The above experts have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letters, reports, advice and/or references to their names, in the form and context in which they appear.

As at the Latest Practicable Date, the above experts did not have any direct or indirect interest, in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above experts did not have any direct or indirect interest in any assets which had been since 31 December 2015 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group.

10. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular:

- (i) the placing agreement dated 15 September 2015 entered into between the Company, as issuer, and Luen Fat Securities Company Limited and Quam Securities Company Limited, as joint placing agents in relation to the placing of 55,023,081 Shares to independent third parties, at the price of HK\$2.50 per placing share (details were set out in the Company's announcements dated 15 September 2015 and 6 October 2015);

- (ii) the underwriting agreement dated 2 November 2015 entered into between the Company and Da Tang Xi Shi International Holdings Limited, as underwriter, in relation to the issue of 135,610,257 new Shares by way of open offer (details were set out in the Company's announcements dated 2 November 2015 and 11 December 2015, and the Company's prospectus dated 23 November 2015); and
- (iii) the Sale and Purchase Agreement.

11. GENERAL

- (a) The company secretary of the Company is Mr. Hon Ping Cho Terence;
- (b) The registered office of the Company is situated at Crawford House, 4th Floor, 50 Cedar Avenue, Hamilton HM11, Bermuda;
- (c) The head office and principal place of business of the Company is situated Unit 2602, 26/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong;
- (d) The branch share registrar of the Company in Hong Kong is Tricor Tengis Limited, located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong; and
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection from 9:30 a.m. to 5:30 p.m., Monday to Friday, except the public holiday, at the office of the Company, Unit 2602, 26/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the MOU;
- (c) the Framework Agreement;
- (d) the Sale and Purchase Agreement;
- (e) the property valuation report of Asset Appraisal Limited, the text of which is set out in Appendix I to this circular;
- (f) the annual report of the Company for the five months ended 31 December 2015;
- (g) the interim report of the Company for the six months ended 30 June 2016;
- (h) the material contracts referred to under the section headed “Material Contracts” in this appendix;
- (i) the letter from the Board, the text of which is set out in this circular;
- (j) the written consent from the expert referred to in the paragraph headed “Experts and Consents” in this appendix; and
- (k) this circular.

NOTICE OF SGM



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)

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of DTXS Silk Road Investment Holdings Company Limited (the “Company”) will be held at Shop 5, G/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong at 10:30 a.m. on Monday, 27 February 2017 for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company. Unless otherwise indicated, capitalised terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated 8 February 2017 (the “Circular”):

ORDINARY RESOLUTIONS

“1. **THAT:**

- (a) the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement (a copy of which has been produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification), be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised to do all such acts and things and to sign all documents and to take any steps which in his/her absolute discretion considered to be necessary, desirable or expedient for the purpose of implementing and/or giving effect to the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement as are, in the opinion of the Directors in the interests of the Company and its Shareholders as a whole.”

“2. **THAT:**

- (a) the allotment and issuance of the Consideration Shares in the principal amount of HK\$163,265,000 at the issue price of HK\$3.20 per Consideration Share to the Vendor be and are hereby approved;
- (b) subject to the Completion of the Proposed Acquisition as contemplated under the Sale and Purchase Agreement, to the fulfilment of the conditions relating to the allotment and issuance of the Consideration Shares and condition upon the Listing Committee granting the listing of, and permission to deal in, the Consideration Shares, the Directors be and are hereby granted the Specific Mandate which shall entitle the Directors to exercise all the powers of the Company to allot, issue and credited as fully paid, the Consideration Shares, on and subject to the terms and conditions of the

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Sale and Purchase Agreement, providing that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution; and

- (c) any one director of the Company be and is hereby authorised to do all such acts and things and to sign all documents and to take any steps which in his/her absolute discretion considered to be necessary, desirable or expedient for the purpose of giving effect to the allotment and issuance of the Consideration Shares as are, in the opinion of the Director in the interests of the Company and its Shareholders as a whole.”

By Order of the Board
**DTXS SILK ROAD INVESTMENT HOLDINGS
COMPANY LIMITED**
Wong Kwok Tung Gordon
Executive Director and Chief Executive Officer

Hong Kong, 8 February 2017

Notes:

1. A form of proxy for use at the SGM is attached herewith.
2. In accordance with Rule 13.39(4) of the Listing Rules and the bye-laws of the Company, voting at the SGM will be conducted by poll and the chairman of the SGM will demand a poll for the resolutions to be proposed at the SGM. The results of the voting will be announced in accordance with Rule 2.07C of the Listing Rules after the SGM.
3. Any Shareholder entitled to attend and vote at the SGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy needs not be a Shareholder. If more than one proxy is appointed, the number of Shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.
4. Where there are joint Shareholders, any one of such joint Shareholders may vote, either in person or by proxy, in respect of such Shares as if he/she is solely entitled thereto, but if more than one of such joint Shareholders be present at the SGM, whether in person or by proxy, the joint registered Shareholder present whose name stands first on the register of Shareholders in respect of the Shares shall be accepted to the exclusion of the votes of the other joint Shareholders.
5. In order to be valid, the form of proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of authority, must be delivered to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the SGM and in such event, the form of proxy shall be deemed to be revoked.

As at the date of this notice, the Board comprises three executive Directors, namely Mr. Lu Jianzhong (Chairman), Mr. Wong Kwok Tung Gordon (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, Ms. Fan Chiu Fun, Fanny and Mr. Tsui Yiu Wa, Alec.