



**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)

INTERIM REPORT

2023



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lu Jianzhong (*Chairman*)
Mr. Yang Xingwen
Mr. Huang Dahai
Mr. Wong Kwok Tung Gordon Allan
(*Co-Chief Executive Officer*)
Mr. Sun Liming
(*Co-Chief Executive Officer*)

Independent Non-executive Directors

Mr. Tsang Yok Sing, Jasper*
Mr. Tse Yung Hoi
Mr. Kwok Chi Shing

AUDIT COMMITTEE

Mr. Kwok Chi Shing (*Chairman*)
Mr. Tsang Yok Sing, Jasper*
Mr. Tse Yung Hoi

NOMINATION COMMITTEE

Mr. Lu Jianzhong (*Chairman*)
Mr. Tse Yung Hoi
Mr. Kwok Chi Shing

REMUNERATION COMMITTEE

Mr. Tse Yung Hoi (*Chairman*)
Mr. Huang Dahai
Mr. Kwok Chi Shing

INVESTMENT COMMITTEE

Mr. Sun Liming (*Chairman*)
Mr. Yang Xingwen
Mr. Wong Kwok Tung Gordon Allan

COMPANY SECRETARY

Mr. Wong Hong Tak Hagan
(appointed on 19 June 2023)
Ms. Tsang Ngo Yin
(resigned on 31 May 2023)

REGISTERED OFFICE

Crawford House
4th Floor
50 Cedar Avenue
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3615-16
36/F Cosco Tower
183 Queen's Road Central
Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor, 31 Victoria Street
Hamilton HM 10
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

Mazars CPA Limited

LEGAL ADVISERS

Jeffrey Mak Law Firm
Patrick Mak and Tse Solicitors
Silkroad Law Firm
Anchorite and Sage Law Office (Xian)

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
Hong Kong Branch
China Construction Bank Hong Kong Branch
CMB Wing Lung Bank Limited

WEBSITE

www.dtxs.com

STOCK CODE

620

* Tenure of office expired on 31 August 2023

Management Discussion and Analysis

FINANCIAL AND BUSINESS REVIEW, AND PROSPECT

DTXS Silk Road Investment Holdings Company Limited (the “Company”) and its subsidiaries (the “Group”) recorded a revenue of approximately HK\$22.9 million (30 June 2022: HK\$564.2 million) for the six months ended 30 June 2023. Loss for the period was approximately HK\$15.8 million (Profit for the period ended 30 June 2022: HK\$130.0 million).

Arts and Cultural Division

This division, comprising the auction business and Art Central Business District business (“ACBD Business”), contributed a segment revenue of approximately HK\$18.5 million (30 June 2022: HK\$17.8 million) and a segment profit before tax of approximately HK\$8.3 million (30 June 2022: segment loss before tax of HK\$3.1 million) for the six months ended 30 June 2023.

Auction Business

During the period, due to the current uncertain PRC economy, the arts and antique market is greatly affected. The Company has not held any large scale auction. Instead, the Company has made certain adjustments to the operation of this business unit. The Company has made a soft launch of our first ever NFT in Hong Kong. We have received favourable feedbacks and is currently in discussion with other communities to make a more comprehensive approach for a full launch of this business incentives.

ACBD Business

The Company has established an ACBD center in Xi’an. The main business functions of the center is to provide a venue with integrated functions such as storage, exhibition, auction, promotion and trading of arts and collections. The center aims to create a strong network with other art and culture partners for hosting events and building relationship. Also, the center is expected to create a synergy effect with the operations of Silk Road International Culture Center.

Winery and Trading Division

This division, comprising the winery business and trading business, contributed a segment revenue of approximately HK\$4.4 million (30 June 2022: HK\$3.0 million) and with a segment profit before tax of approximately HK\$8.0 million (segment loss before tax for the period ended 30 June 2022: HK\$4.1 million) for the six months ended 30 June 2023.

During the period, we have made certain restructurings to the business operation of this division, including moving the main operation to Xian, in order to improve the efficiency and better costs control measures, as well as enjoying more incentives from the local government. The traditional peak season for wine sales is during the second half of the year, the management expects the operating results of this division to improve gradually.

Management Discussion and Analysis

Property Development Division

This division contributed no segment revenue (30 June 2022: HK\$543.4 million) and a segment loss before tax of approximately HK\$25.4 million (segment profit before tax for the period ended 30 June 2022: HK\$298.5 million) for the six months ended 30 June 2023.

The properties are located in Tang West Market, Lianhu District in Xi'an City (the "Tang West Market"), the People's Republic of China (the "PRC"). Based on the current business plan, the properties have been planned to develop into the Silk Road International Culture Center with comprehensive cultural artworks operations, cultural artwork financing and Silk Road international cultural entertainment complex. The Silk Road International Culture Center is designed with three major features, namely (i) the headquarter of Silk Road Chamber of International Commerce; (ii) Artwork Central Business District; and (iii) the European section of Silk Road Culture Street. Silk Road International Culture Center comprises three office buildings, a shopping mall and a five-star hotel. The three office buildings are estimated to have an aggregate gross floor area of approximately 260,000 square metres. During the period ended 30 June 2023, the projects are under development and not yet completed. Therefore, revenue and related costs are not recognised during the period.

OUTLOOK

Although the economic recovery and business activities of China is still facing uncertainty in the short term, we believe the fundamentals of China's long term economic growth remain unchanged. With huge efforts from the PRC government inserting stimulus packages to accelerate economic growth, in particular promoting the general consumptions, we expect a rebound and a recovery of the cultural market is underway. The management will take a conservative approach, and focusing on completing and delivering the existing businesses, including the construction, sales and leasing of the Silk Road International Culture Center. Moreover, to explore any means of cooperation with the parent company focusing on the development in the cultural industry, in particular in the businesses of its international artwork trading platform, creation and marketing of collectibles in the form of non-fungible tokens (NFT) and digital artworks (DAW), investment in cultural industrial parks and the development of experience in cultural tourism.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group's operations were mainly financed by funds raised through drawdown of bank and other borrowings and internal resources.

As at 30 June 2023, the Group's total bank balances and cash amounted to approximately HK\$12.2 million, representing a decrease of approximately HK\$90.6 million as compared with the bank balances and cash of approximately HK\$102.8 million as at 31 December 2022.

As at 30 June 2023, the Group had outstanding secured borrowings of approximately HK\$1,450.9 million (31 December 2022: HK\$1,519.3 million) and are repayable within one year to two years (31 December 2022: within one year to two years).

GEARING

The Group monitors capital using a gearing ratio, which is net debt divided by the equity attributable to equity holders of the Company. Net debt includes total borrowings less cash and cash equivalents. The gearing ratio of the Group was approximately 122.8% as at 30 June 2023 (31 December 2022: 117.3%).

FOREIGN EXCHANGE EXPOSURE

The Group's assets and liabilities are mainly denominated in Hong Kong Dollars and RMB, representing the functional currency of respective group companies. Income and expenses derived from the operations in the PRC are mainly denominated in RMB.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong Dollars) using exchange rates prevailing at 30 June 2023. Income and expense items are translated at the average exchange rates for the period ended 30 June 2023. Exchange loss arising from the translation of foreign operations of approximately HK\$33.4 million (for the six months period ended 30 June 2022: Exchange loss of HK\$31.8 million) for the six months ended 30 June 2023 are recognised in other comprehensive income and accumulated in equity under the heading of "Exchange differences on translation of foreign operations".

On the disposal of a foreign operation involving loss of control over a subsidiary that includes a foreign operation, the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Management Discussion and Analysis

HUMAN RESOURCES

As at 30 June 2023, other than outsourcing vendors but including contract workers, the Group has approximately 102 employees (31 December 2022: 107) in Hong Kong, the PRC and France. The Group encourages high productivity and remunerates its employees based on their qualification, work experiences, prevailing market prices and contribution to the Group. Incentives in the form of bonuses and share options may also be offered to eligible employees based on individual performance.

CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

As at 30 June 2023, the Group had contingent liabilities in respect of (i) potential claims from property buyers in connection with certain non-compliance of approximately HK\$0.1 million (31 December 2022: HK\$0.9 million); and (ii) guarantees to banks in respect of loans provided by the banks to the customers from Property Development division and to a related party in the aggregate amount of approximately HK\$417.4 million (31 December 2022: HK\$437.1 million).

HEDGING, ACQUISITION AND DISPOSAL AND SIGNIFICANT INVESTMENTS

The Group did not (i) employ any financial instruments for hedging purposes; (ii) undertake any material acquisitions or disposals of assets, business or subsidiaries; or (iii) make any significant investments during the period under review.

CAPITAL COMMITMENT

At 30 June 2023, the Group has capital commitments amounted to approximately HK\$575.7 million (31 December 2022: HK\$725.1 million).

INTERIM DIVIDEND

The board of directors (the "Board") does not recommend payment of an interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, the interests and short positions of the directors and chief executive(s) of the Company or any of their associates in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (i) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to 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) to be recorded into the register kept by the Company pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Interests in shares and underlying shares of the Company

Name of director	Number of ordinary shares of HK\$0.50 each and nature of interests		Number of underlying shares held	Number of share options ^(f)		Approximate percentage of shareholding ^(g)
	Personal interests	Corporate interests		Personal interests	Total interests	
Directors						
Mr. Lu Jianzhong	4,996,000	383,473,032 ⁽¹⁾⁽²⁾	111,187,538 ⁽³⁾	3,500,000	503,156,570	75.38%
Mr. Yang Xingwen	—	—	—	2,500,000	2,500,000	0.37%
Mr. Wong Kwok Tung						
Gordon Allan	—	—	—	2,500,000	2,500,000	0.37%
Mr. Tse Yung Hoi	—	—	—	250,000	250,000	0.04%

Notes:

- 383,473,032 shares were held by Da Tang Xi Shi International Holdings Limited ("DTXS International Holdings"). DTXS International Holdings was wholly-owned by Da Tang Xi Shi International Group Limited, which was wholly-owned by Da Tang Xi Shi Investments Group Limited* (大唐西市文化產業投資集團有限公司) ("DTXS Investments"). Mr. Lu Jianzhong, being the controlling shareholder of DTXS Investments, was interested in approximately 50.60% of the issued registered capital of DTXS Investments. As such, Mr. Lu Jianzhong was deemed to be interested in 383,473,032 shares.

* For identification purpose only

Other Information

- 339,616,000 shares held by DTXS International Holdings were pledged in favour of the third party lenders as security.
- 111,187,538 underlying shares represent the number of option shares that may be sold by Ion Tech Limited ("Ion Tech") as grantee to DTXS International Holdings as grantor pursuant to the exercise of the put option or the triggered put option (as the case may be) pursuant to the put option deed dated 16 July 2019 (the "Put Option Deed").
- Particulars of share options of the Company are set out in the following section headed "Share Option Scheme".
- The total number of issued shares of the Company was 667,525,230 as at 30 June 2023.

(b) Interests in shares of DTXS Investments, an associated corporation of the Company

Name of director	Number of shares	Approximate percentage of issued registered capital of DTXS Investments
Mr. Lu Jianzhong	110,000,000	50.60%
Mr. Yang Xingwen	30,000,000	13.80%

Save as disclosed above, as at 30 June 2023, none of the directors and chief executive(s) of the Company and any of their associates had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, the persons or corporations (not being a director or chief executive(s) of the Company) who had an interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of shareholder	Nature of interests/capacity	Number of ordinary shares of HK\$0.50 each ⁽¹⁾	Approximate percentage of shareholding ⁽¹⁴⁾
DTXS International Holdings ⁽²⁾	Beneficial owner	494,660,570 (L) ^(12, 13)	74.10%
Da Tang Xi Shi International Group Limited ⁽²⁾	Interests in controlled corporation	494,660,570 (L) ^(12, 13)	74.10%
DTXS Investments ⁽²⁾	Interests in controlled corporation	494,660,570 (L) ^(12, 13)	74.10%
Ms. Zhu Ronghua ⁽³⁾	Interests of spouse	503,156,570 (L)	75.38%
Ion Tech	Beneficial owner	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
Citiplus Investment Limited ⁽⁴⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
New World Development Company Limited ⁽⁵⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
Chow Tai Fook Enterprises Limited ⁽⁶⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
Chow Tai Fook (Holding) Limited ⁽⁷⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
Chow Tai Fook Capital Limited ⁽⁸⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
Cheng Yu Tung Family (Holdings II) Limited ⁽⁹⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
Cheng Yu Tung Family (Holdings) Limited ⁽¹⁰⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%

Other Information

Notes:

1. The letters “L” and “S” denote a long positions and a short positions in the shares respectively.
2. DTXS International Holdings was wholly-owned by Da Tang Xi Shi International Group Limited, which was wholly-owned by DTXS Investments, which was owned as to approximately 50.60% by Mr. Lu Jianzhong and approximately 13.80% by Mr. Yang Xingwen.
3. Ms. Zhu Ronghua was deemed to be interested in 503,156,570 shares through the interests held by her spouse, Mr. Lu Jianzhong.
4. Citiplus Investment Limited (“Citiplus”) held 100% direct interest in Ion Tech and was accordingly deemed to have an interest in the shares held by Ion Tech.
5. New World Development Company Limited (“NWD”) held 100% direct interest in Citiplus and was accordingly deemed to have an interest in the shares deemed to be interested by Citiplus.
6. Chow Tai Fook Enterprises Limited (“CTFE”), together with its subsidiaries, held more than one third of the issued shares of NWD and was accordingly deemed to have an interest in the shares deemed to be interested by NWD.
7. Chow Tai Fook (Holding) Limited (“CTFH”) held 100% direct interest in CTFE and was accordingly deemed to have an interest in the shares deemed to be interested by CTFE.
8. Chow Tai Fook Capital Limited (“CTFC”) held approximately 81.03% direct interest in CTFH and was accordingly deemed to have an interest in the shares deemed to be interested by CTFH.
9. Cheng Yu Tung Family (Holdings II) Limited held approximately 46.65% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
10. Cheng Yu Tung Family (Holdings) Limited held approximately 48.98% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
11. Ion Tech entered into the subscription agreement dated 16 July 2019 to conditionally subscribe for 111,187,538 shares, and in connection therewith, DTXS International Holdings conditionally granted a put option to Ion Tech to require DTXS International Holdings to purchase all or part of the option shares pursuant to the Put Option Deed.
12. Comprises 383,473,032 shares held by DTXS International Holdings and 111,187,538 underlying shares representing the number of option shares that may be sold by Ion Tech to DTXS International Holdings pursuant to the exercise of the put option or the triggered put option (as the case may be) pursuant to the Put Option Deed.
13. 339,616,000 shares held by DTXS International Holdings were pledged in favour of the third party lenders as security.
14. The total number of issued shares of the Company was 667,525,230 as at 30 June 2023.

Other Information

Save as disclosed above, as at 30 June 2023, the directors of the Company were not aware of any other person or corporation having an interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The following table sets out the movements of the number of share options granted under the share option scheme adopted by the shareholders of the Company on 6 December 2012 (the "2012 Scheme") during the six months ended 30 June 2023 and the outstanding share options at the beginning and end of the period:

Eligible participants	Date of grant	Exercise price per share (HK\$)	Exercise period	Number of share options				
				At 1 January 2023	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	At 30 June 2023
(a) Directors								
Mr. Lu Jianzhong	28/01/2016	3.000	28/01/2017 to 27/01/2026	3,500,000	—	—	—	3,500,000
Mr. Yang Xingwen	28/01/2016	3.000	28/01/2017 to 27/01/2026	2,500,000	—	—	—	2,500,000
Mr. Wong Kwok Tung Gordon Allan	28/01/2016	3.000	28/01/2017 to 27/01/2026	2,500,000	—	—	—	2,500,000
Mr. Tse Yung Hoi	28/01/2016	3.000	28/01/2017 to 27/01/2026	250,000	—	—	—	250,000
Sub-total				8,750,000	—	—	—	8,750,000

Other Information

Eligible participants	Date of grant	Exercise price per share (HK\$)	Exercise period	Number of share options				At 30 June 2023
				At 1 January 2023	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
(b) Employees in aggregate	28/01/2016	3.000	28/01/2017 to 27/01/2026	1,500,000	—	—	—	1,500,000
	12/04/2021	4.494	03/11/2021 to 11/04/2031	1,000,000	—	—	—	1,000,000
	01/09/2021	4.494	31/08/2022 to 31/08/2031	1,500,000	—	—	—	1,500,000
Sub-total				4,000,000	—	—	—	4,000,000
Total				12,750,000	—	—	—	12,750,000

Notes:

- Share options granted under the 2012 Scheme on 28 January 2016 shall vest in the grantees in accordance with the timetable below for this purpose, the date or each such date on which the share options are to vest and the consideration paid by each grantee for each grant of options was HK\$1.00:

Vesting date	Percentage of share options to vest
First anniversary of the date of grant	40% of the total number of share options granted
Second anniversary of the date of grant	30% of the total number of share options granted
Third anniversary of the date of grant	30% of the total number of share options granted

- Share options granted under the 2012 Scheme on 12 April 2021 to the director of the Company shall vest in the grantee in accordance with the timetable below for this purpose, the date or each such date on which the share options are to vest and the consideration paid by the grantee for the grant of options was HK\$1.00:

Vesting date	Percentage of share options to vest
After 11 March 2022	25% of the total number of share options granted
After 11 March 2023	25% of the total number of share options granted
After 11 March 2024	25% of the total number of share options granted
After 11 March 2025	25% of the total number of share options granted

Other Information

3. Share options granted under the 2012 Scheme on 12 April 2021 to the eligible participants other than the director of the Company shall vest in the grantees in accordance with the timetables below for this purpose, the date or each such date on which the share options are to vest and the consideration paid by the grantee for the grant of options was HK\$1.00:

Vesting date	Percentage of share options to vest
After 2 November 2021	25% of the total number of share options granted
After 2 November 2022	25% of the total number of share options granted
After 2 November 2023	25% of the total number of share options granted
After 2 November 2024	25% of the total number of share options granted

Vesting date	Percentage of share options to vest
After 28 March 2022	25% of the total number of share options granted
After 28 March 2023	25% of the total number of share options granted
After 28 March 2024	25% of the total number of share options granted
After 28 March 2025	25% of the total number of share options granted

4. Share options granted under the 2012 Scheme on 1 September 2021 to the eligible participant shall vest in the grantee in accordance with the timetable below for this purpose, the date or each such date on which the share options are to vest and the consideration paid by the grantee for the grant of options was HK\$1.00:

Vesting date	Percentage of share options to vest
After 31 August 2022	25% of the total number of share options granted
After 31 August 2023	25% of the total number of share options granted
After 31 August 2024	25% of the total number of share options granted
After 31 August 2025	25% of the total number of share options granted

5. No share options have been granted under the 2012 Scheme during the six months ended 30 June 2023.

Other Information

CONNECTED TRANSACTIONS

The following transactions constituted the connected transactions of the Company under the Listing Rules during the six months ended 30 June 2023 and up to the date of this interim report:

Pursuant to the Put Option Deed, DTXS International Holdings being the controlling shareholder of the Company, irrevocably granted the put option to Ion Tech (the “Subscriber”), but not the obligation, to require DTXS International Holdings to purchase or procure the purchase of all or part of the option shares during the option period. On 31 May 2021, DTXS International Holdings as the grantor, Mr. Lu Jianzhong as the guarantor and the Subscriber as the grantee have mutually agreed to extend the put option period by twelve months such that the option period shall be a period of fifteen months commencing from the first day of the 25th month from the date of completion (i.e. 29 August 2021) and expiring on the last day of the 39th month from the date of completion (i.e. 28 November 2022) (both days inclusive). For more details of the put option, refer to the announcement of the Company dated 31 May 2021; 2) the circular of the Company dated 7 August 2019 in relation to the Subscription of new shares under Specific Mandate by the Subscriber and the grant of the put option to the Subscriber by DTXS International Holdings; and (iii) the announcements of the Company dated 23 August 2019 and 28 August 2019 in relation to the poll results of the special general meeting and the completion of the subscription respectively.

On 12 March 2020, DTXS Silk Road Investment Development Company Limited, a wholly-owned subsidiary of the Company, completed a connected transaction in relation to the acquisition of the entire issued share capital of HK DTXS Enterprise Holdings (BVI) Limited together with the guarantee arrangements (the “Guarantee Arrangements”) with Da Tang Xi Shi International Group Limited, a wholly-owned subsidiary of DTXS Investment. The acquisition together with the Guarantee Arrangements were approved by the independent shareholders of the Company in the special general meeting of the Company held on 11 March 2020. The Guarantee Arrangements have been still in effective during the six months ended 30 June 2022 and up to the date of this interim report. For more details of the transaction, refer to 1) the announcement of the Company dated 29 November 2019; 2) the circular of the Company dated 21 February 2020; and 3) announcement of the Company dated 12 March 2020 in respect of, among other things, major and connected transaction in relation to the proposed acquisition of the entire issued share capital of HK DTXS Enterprises Holdings (BVI) Limited.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2023, the Company and its subsidiaries had not purchased, sold or redeemed any of the listed securities of the Company.

REVIEW OF INTERIM RESULTS

The Company's unaudited interim results for the six months ended 30 June 2023 have not been reviewed by external auditor, but have been reviewed by the audit committee of the Company.

CORPORATE GOVERNANCE

The Board is committed to establish and maintain good corporate governance standards. The Board believes that maintaining good standard of corporate governance practices are essential in providing a framework for the Company to enhance corporate value and accountability to the shareholders of the Company.

During the six months ended 30 June 2023, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the directors and senior management of the Company. Having made specific enquiries to all the directors, who confirmed their compliance with the required standards as set out in the Model Code during the six months ended 30 June 2023.

Senior management who, because of their offices in the Company, are likely to be in possession of inside information in relation to the Company's securities, have also been represented to comply with the provision of the Model Code when dealing in the securities of the Company.

CHANGES IN INFORMATION OF DIRECTORS

The change(s) in information of the director(s) of the Company are as follows:

Mr. Sun Liming has been appointed as an Executive Director, a Co-Chief Executive Office (the "Co-CEO") and the Chairman of the Investment Committee of the Company with effect from 1 February 2023. He will focus on financial management and administrative operations of the Group.

Mr. Wong Kwok Tung Gordon Allan, an Executive Director, has been re-designated as a Co-CEO with effect from 1 February 2023. Mr. Wong also has been appointed as an Authorised Representative of the Company with effect from 1 February 2023. Mr. Wong will focus on the investment and financing operation and continue to closely work with the management team towards the Group's business development.

Other Information

Dr. Xu Zhihong has resigned as an Executive Director and an Executive Vice-chairman of the Company, also has ceased as the Chairman of the Investment Committee and an Authorised Representative of the Company in order to devote more time to his other business engagements with effect from 1 February 2023.

Mr. Huang Dahai has been appointed as an Executive Director and a member of the Remuneration Committee of the Company with effect from 10 November 2022. He will focus on establishing the development plan and operating strategies to facilitate the achievement of goals of the Group.

By order of the Board

Lu Jianzhong
Chairman

Hong Kong, 30 August 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE			
Revenue from contracts with customers	4	4,390	546,476
Interest income from advances to consignors	4	17,218	16,246
Gross rental income	4	1,276	1,499
		22,884	564,221
Other income	5	12,037	5,807
Cost of inventories sold		(1,118)	(238,281)
Staff costs	7(a)	(11,511)	(20,890)
Depreciation and amortisation expenses	7(b)	(4,620)	(6,284)
Other operating expenses		(5,695)	(7,468)
Other gains and losses, net		(6,371)	(14,197)
Reversal/(charge) of impairment losses on trade and other receivables		5,715	(10,572)
Finance costs	6	(28,803)	(2,226)
(LOSS)/PROFIT BEFORE TAX	7	(17,482)	270,110
Income tax credit/(expenses)	8	1,639	(140,153)
(LOSS)/PROFIT FOR THE PERIOD		(15,843)	129,957

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE (EXPENSES) INCOME			
<i>Items that may be reclassified subsequently to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(33,425)	(31,803)
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE PERIOD		(49,268)	98,154
(Loss)/profit for the period attributable to:			
Equity holders of the Company		(8,294)	82,682
Non-controlling interests		(7,549)	47,275
		(15,843)	129,957
Total comprehensive (expenses)/income for the period attributable to:			
Equity holders of the Company		(35,480)	55,587
Non-controlling interests		(13,788)	42,567
		(49,268)	98,154
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
	10		
Basic and diluted (loss)/earnings per share		HK(1.24) cents	HK12.39 cents

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	<i>Notes</i>	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	88,313	94,225
Investment properties		41,078	43,012
Intangible assets		58,150	63,229
Goodwill		100,892	105,642
Financial assets at fair value through profit or loss		6,810	7,131
Deferred tax assets		39,741	41,612
Properties under development		26,142	25,845
		361,126	380,696
CURRENT ASSETS			
Properties under development		732,420	741,563
Completed properties held for sale		754,491	786,114
Inventories		32,865	33,074
Financial assets at fair value through profit or loss		—	31
Trade and other receivables	12	1,851,339	1,507,688
Loans receivable		6,500	6,500
Restricted bank deposits		2,361	2,589
Cash and cash equivalents		12,195	102,812
		3,392,171	3,180,371
CURRENT LIABILITIES			
Trade and other payables	13	680,789	352,755
Interest-bearing borrowings	14	1,127,839	695,971
Bond payables		—	1,200
Tax liabilities		301,001	316,171
		2,109,629	1,366,097
NET CURRENT ASSETS			
		1,282,542	1,814,274
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,643,668	2,194,970

Condensed Consolidated Statement of Financial Position

At 30 June 2023

		30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	14	323,111	823,299
Other payables	13	429	1,268
Deferred tax liabilities		14,538	15,807
		338,078	840,374
NET ASSETS			
		1,305,590	1,354,596
CAPITAL AND RESERVES			
Share capital	15	333,763	333,763
Reserves		838,110	873,328
Equity attributable to equity holders of the Company		1,171,873	1,207,091
Non-controlling interests		133,717	147,505
TOTAL EQUITY			
		1,305,590	1,354,596

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to equity holders of the Company										Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Revaluation reserve HK\$'000	Merge reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
At 1 January 2023 (audited)	333,763	1,569,891*	18,427*	1,264*	(8,645)*	2,818*	(179,433)*	6,116*	(537,110)*	1,207,091	147,505	1,354,596
Loss for the period	—	—	—	—	—	—	—	—	(8,294)	(8,294)	(7,549)	(15,843)
Other comprehensive expenses: <i>Items that may be reclassified subsequently to profit or loss in subsequent periods:</i>												
Exchange differences on translation of foreign operations	—	—	—	—	(27,186)	—	—	—	—	(27,186)	(6,239)	(33,425)
Total comprehensive expenses for the period	—	—	—	—	(27,186)	—	—	—	(8,294)	(35,480)	(13,788)	(49,268)
Transactions with owners: <i>Contributions and distributions</i>												
Equity-settled share option arrangements	—	—	262	—	—	—	—	—	—	262	—	262
At 30 June 2023 (unaudited)	333,763	1,569,891*	18,689*	1,264*	(35,831)*	2,818*	(179,433)*	6,116*	(545,404)*	1,171,873	133,717	1,305,590

	Attributable to equity holders of the Company										Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Revaluation reserve HK\$'000	Merge reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
At 1 January 2022 (audited)	333,763	1,569,891*	20,746*	1,264*	39,674*	2,818*	(179,433)*	4,950*	(646,109)*	1,147,564	76,663	1,224,227
Profit for the period	—	—	—	—	—	—	—	—	82,682	82,682	47,275	129,957
Other comprehensive expenses: <i>Items that may be reclassified subsequently to profit or loss in subsequent periods:</i>												
Exchange differences on translation of foreign operations	—	—	—	—	(27,095)	—	—	—	—	(27,095)	(4,708)	(31,803)
Total comprehensive income for the period	—	—	—	—	(27,095)	—	—	—	82,682	55,587	42,567	98,154
Transactions with owners: <i>Contributions and distributions</i>												
Equity-settled share option arrangements	—	—	3,039	—	—	—	—	—	—	3,039	—	3,039
At 30 June 2022 (unaudited)	333,763	1,569,891*	23,785*	1,264*	12,579*	2,818*	(179,433)*	4,950*	(563,427)*	1,206,190	119,230	1,325,420

* At 30 June 2023, these reserve accounts comprise the consolidated reserves of approximately HK\$838,110,000 (31 December 2022: HK\$873,328,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash flows (used in) from operating activities	(57,949)	367,643
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in loans receivable	—	(53,908)
Net cash flows used in investing activities	—	(53,908)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of interest-bearing borrowings	—	(13,509)
(Repayment) issuance of bond payables	(1,200)	1,200
Interest paid	(28,762)	(49,721)
Principal portion of lease payments	(970)	(1,784)
Net cash flows used in financing activities	(30,932)	(63,814)
Net (decrease) increase in cash and cash equivalents	(88,881)	249,921
Cash and cash equivalents at beginning of period	102,812	28,124
Effect of foreign exchange rate changes, net	(1,736)	(43,627)
Cash and cash equivalents at end of period	12,195	234,418

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

1. CORPORATE AND GROUP INFORMATION

DTXS Silk Road Investment Holdings Company Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (collectively referred to as the “Group”) were involved in the following principal activities:

- provision of auction and related services
- production and sale of wines
- trading of merchandises
- properties investment and development

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the unaudited condensed interim financial information in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed interim financial information for the six months ended 30 June 2023 does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

The unaudited condensed interim financial information has been prepared on the historical cost basis, except for investment properties, unlisted equity investment and listed equity securities, which are measured at fair value.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

The accounting policies adopted in the preparation of the unaudited condensed interim financial information for the six months ended 30 June 2023 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all applicable Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, except for the adoption of the following new/revised HKFRSs for the first time for the current period's financial information:

Amendments to HKAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
HKFRS 17	<i>Insurance Contracts</i>

The adoption of the above amendments does not have any significant impact on the Group's unaudited condensed interim financial information.

3. OPERATING SEGMENT INFORMATION

The Group manages its businesses by division. Segment information is disclosed in a manner consistent with the way in which information is reported internally to the Group's Chief Operating Decision Maker ("CODM"), being the executive directors of the Company, for the purposes of performance assessment and resources allocation. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

- Arts and Cultural Division — mainly represents auction business and sale of antiques, art financing business and Art Central Business District business
- Winery and Trading Division — mainly represents operation of vineyard, production and sale of wines, trading of merchandises (including electronic devices, cosmetics and other consumer products) and related business
- Property Development Division — mainly represents the property investment and property development business

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Segment results

During the six months ended 30 June 2023, for performance assessment and resource allocation, the CODM focused on segment revenue and results attributable to each segment, which is measured by reference to respective segments' results before tax. No analysis of the Group's assets and liabilities is regularly provided to the CODM for review.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit/loss of each segment without allocation of central administration costs, directors' remuneration, and certain finance costs.

For the six months ended 30 June 2023

	Arts and Cultural Division HK\$'000 (Unaudited)	Winery and Trading Division HK\$'000 (Unaudited)	Property Development Division HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue				
Revenue from external customers				
— Revenue from contracts with customers under HKFRS 15	5	4,385	—	4,390
— Interest income from advances to consignors	17,218	—	—	17,218
— Gross rental income from investment properties: Operating lease — with fixed lease payments	1,276	—	—	1,276
Revenue from external customers	18,499	4,385	—	22,884
Segment results*	8,342	7,972	(25,354)	(9,040)
<i>Reconciliation:</i>				
Unallocated other income				387
Unallocated other gains and losses, net				(264)
Unallocated corporate and other expenses				(8,565)
Loss before tax for the period				(17,482)

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Segment results (Continued)

For the six months ended 30 June 2022

	Arts and Cultural Division HK\$'000 (Unaudited)	Winery and Trading Division HK\$'000 (Unaudited)	Property Development Division HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue				
Revenue from external customers				
— Revenue from contracts with customers under HKFRS 15	21	3,048	543,407	546,476
— Interest income from advances to consignors	16,246	—	—	16,246
— Gross rental income from investment properties: Operating lease — with fixed lease payments	1,499	—	—	1,499
Revenue from external customers	17,766	3,048	543,407	564,221
Segment results*	(3,125)	(4,057)	298,517	291,335
<i>Reconciliation:</i>				
Unallocated other income				1,083
Unallocated other gains and losses, net				(5,539)
Unallocated corporate and other expenses				(16,769)
Profit before tax for the period				270,110

* Segment results are before tax.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

3. OPERATING SEGMENT INFORMATION (Continued)

(b) Geographical information

The Group's operations are located in Hong Kong, Mainland China and France. The following table sets out information about the geographical locations of (i) the Group's revenue from external customers for the six months ended 30 June 2023 and 2022; and (ii) the Group's property, plant and equipment, investment properties, intangible assets, goodwill and properties under development ("Specified Non-Current Assets") at 30 June 2023 and 31 December 2022. The geographical location of customers is based on the location at which services were provided and goods are delivered and title has passed. The geographical location of property, plant and equipment, investment properties and properties under development is based on the physical location of the assets and the geographical location of intangible assets and goodwill is based on the location of the respective business operations.

	Revenue from external customers		Specified Non-Current Assets	
	Six months ended		At	
	30 June 2023	30 June 2022	30 June 2023	31 December 2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Hong Kong	15,261	13,678	2,002	2,870
Mainland China	7,538	550,431	294,932	311,477
France	85	112	17,641	17,606
	22,884	564,221	314,575	331,953

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

4. REVENUE

An analysis of revenue is as follows:

	Note	Six months ended 30 June	
		2023	2022
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<i>Revenue from contracts with customers under HKFRS 15</i>			
Sale of merchandises and wines		4,385	3,048
Sale of properties		—	543,407
Auction and related services		5	21
	4(a)	4,390	546,476
<i>Revenue from other sources</i>			
Interest income from advances to consignors		17,218	16,246
Gross rental income from investment properties:			
Operating leases — with fixed lease payments		1,276	1,499
		18,494	17,745
Total revenue		22,884	564,221

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

4. REVENUE (Continued)

(a) Disaggregation of revenue information

For the six months ended 30 June 2023

	Arts and Cultural Division HK\$'000 (Unaudited)	Winery and Trading Division HK\$'000 (Unaudited)	Property Development Division HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Types of goods or services				
Sale of merchandises and wines	—	4,385	—	4,385
Auction and related services	5	—	—	5
<hr/>				
Total revenue from contracts with customers under HKFRS 15	5	4,385	—	4,390

For the six months ended 30 June 2022

	Arts and Cultural Division HK\$'000 (Unaudited)	Winery and Trading Division HK\$'000 (Unaudited)	Property Development Division HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Types of goods or services				
Sale of merchandises and wines	—	3,048	—	3,048
Sale of properties	—	—	543,407	543,407
Auction and related services	21	—	—	21
<hr/>				
Total revenue from contracts with customers under HKFRS 15	21	3,048	543,407	546,476

All revenue from contracts with customers is recognised at the point in time when the control of the assets is transferred or the services are provided to the customers.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

5. OTHER INCOME

An analysis of other income is as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	30	80
Gross rental income from completed properties held for sale	4,354	4,338
Interest income from loans receivable	387	1,143
Gain on disposal of subsidiaries (note 16)	7,261	—
Sundry income	5	246
	12,037	5,807

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on interest-bearing borrowings	50,387	49,721
Interest on lease liabilities	79	124
Total borrowing costs	50,466	49,845
Less: Borrowing costs capitalised into properties under development	(21,663)	(47,619)
	28,803	2,226

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

7. PROFIT BEFORE TAX

Profit before tax has been carried at after charging (crediting):

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Staff costs (including the directors' remuneration)		
Salaries, allowances and other benefits in kind	9,888	16,098
Contributions to defined contribution retirement plans	1,361	1,753
Share-based payment expenses	262	3,039
	11,511	20,890
(b) Depreciation and amortisation expenses		
Depreciation of owned assets	1,130	1,189
Less: Amount included in inventory overheads	(51)	(63)
	1,079	1,126
Depreciation of right-of-use assets	1,200	2,721
Amortisation of intangible assets	2,341	2,437
	4,620	6,284
(c) Other items (included in other operating expenses and other gains and losses)		
Legal and professional fees	1,338	1,271
Secretarial and registration fees	310	165
Written off of advance to consignors and related interest receivables	—	3,730
Lease payments not included in the measurement of lease liabilities	—	30

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

8. INCOME TAX

For the six months ended 30 June 2023 and 2022, Hong Kong Profits Tax has not been provided as the subsidiaries of the Group in Hong Kong incurred losses for taxation purposes, have no assessable profits, or the estimated assessable profits for the period are wholly absorbed by unrelieved tax losses brought forward from previous years.

The Group's entities established in the People's Republic of China (the "PRC") are subject to Enterprise Income Tax ("EIT") of the PRC at a statutory rate of 25% (six months ended 30 June 2022: 25%) for the six months ended 30 June 2023.

The PRC Land Appreciation Tax ("LAT") was provided in accordance with the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC EIT	(1,054)	69,508
PRC LAT	—	87,452
	(1,054)	156,960
Deferred tax	(585)	(16,807)
Income tax (credit)/expenses for the period	(1,639)	140,153

9. DIVIDENDS

The board of directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss/earnings per share amounts is based on the loss/profit for the period attributable to equity holders of the Company, and the weighted average number of ordinary shares of 667,525,230 (six months ended 30 June 2022: 667,525,230) in issue during the six months ended 30 June 2023.

Diluted loss/earnings per share is the same as basic loss/earnings per share as the effect of potential ordinary shares is anti-dilutive during the six months ended 30 June 2023 and 2022.

The calculation of the basic and diluted loss/earnings per share attributable to equity holders of the Company are based on:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/profit for the period attributable to equity holders of the Company, used in the basic and diluted (loss)/earnings per share calculation	(8,294)	82,682

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY *(Continued)*

	Number of shares	
	At 30 June	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted (loss)/earnings per share calculation	667,525,230	667,525,230

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, no acquisition of property, plant and equipment (excluding right-of-use assets) was made by the Group (six months ended 30 June 2022: Nil).

12. TRADE AND OTHER RECEIVABLES

	Notes	30 June	31 December
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Trade receivables			
— Receivables from customers		108,792	138,662
— Interest receivables		122,657	110,795
Loss allowances		(7,774)	(27,322)
	12(a)	223,675	222,135
Other receivables	12(b)	1,637,687	1,310,325
Loss allowances		(10,023)	(24,772)
		1,627,664	1,285,553
		1,851,339	1,507,688

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

12. TRADE AND OTHER RECEIVABLES (Continued)

- (a) An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date and net of loss allowances, is as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Unbilled	108,147	121,156
0–30 days	7,278	8,542
31–90 days	3,285	936
91–180 days	6,842	12,194
181–360 days	20,301	14,904
Over 360 days	77,822	64,403
	223,675	222,135

- (b) At 30 June 2023, advances to consignors for auction business, net of loss allowances, amounted to approximately HK\$401,516,000 (31 December 2022: HK\$407,031,000). The balance is secured by pledged auction items (Chinese art collectibles and antiques) from consignors and bears interest at fixed interest rates ranging from 8% to 15% per annum (31 December 2022: 8% to 15%). These advances to consignors for art financing business are generally repayable within a period of 1 year from the draw-down date or 60 days after the pledged auction items are listed in auction.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

13. TRADE AND OTHER PAYABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade payables	93,617	107,287
Accruals	18,975	14,521
Lease liabilities	2,077	2,865
Contract liabilities	330,911	6,767
Other payables	235,638	222,583
	681,218	354,023
Analysed into:		
— Current portion	680,789	352,755
— Non-current portion	429	1,268
	681,248	354,023

An ageing analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
0–30 days	2,176	14,683
31–90 days	—	7,818
91–180 days	—	9,056
181–360 days	29,514	62,070
Over 360 days	61,927	13,660
	93,617	107,287

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

14. INTEREST-BEARING BORROWINGS

		30 June 2023	31 December 2022
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Secured bank loans			
— Bank loans bear variable interest rate of 7% per annum (“Bank Loans I”)	<i>(a), (d)</i>	605,338	633,841
— Bank loans bear variable interest rate of 6.3% per annum (“Bank Loans II”)	<i>(b), (d)</i>	647,411	677,895
		1,252,749	1,311,736
Secured other loans			
— Other loans bear fixed interest rate of 7.98% per annum (“Other Loans I”)	<i>(c), (d)</i>	198,201	207,534
		1,450,950	1,519,270
Analysed into:			
— Current portion		1,127,839	695,971
— Non-current portion		323,111	823,299
		1,450,950	1,519,270

Notes:

- (a) Bank Loans I bears variable interest rate of 6.95% per annum, which was the loan prime rate published by the People’s Bank of China (the “PBC”) plus 3.15%, repayable within three years since inception and is secured by:
- (i) properties under development held by the Group with a carrying amount of approximately HK\$741,563,000 (31 December 2022: HK\$741,563,000) at 30 June 2023;
 - (ii) completed properties held by the Group with a carrying amount of approximately HK\$29,696,000 (31 December 2022: HK\$29,696,000) at 30 June 2023;

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

14. INTEREST-BEARING BORROWINGS (Continued)

Notes: (Continued)

(a) (Continued)

- (iii) properties held by Xi'an Da Tang Xi Shi Property Limited ("DTXS Property"), a company controlled by Mr. Lu Jianzhong, the ultimate controlling party of the Group, with estimated value of approximately HK\$1,235,741,000 (31 December 2022: HK\$1,194,683,000) on the date of inception of Bank Loans I;
 - (iv) corporate guarantee given by DTXS Property; and
 - (v) personal guarantees given by an executive director, Mr. Lu Jianzhong.
- (b) Bank Loans II bears variable rate of 6.3% per annum, which was the lending rate quoted by the PBC plus 1.65%, repayable within three years since inception and is secured by completed properties held for sale held by the Group with a carrying amount of approximately HK\$635,244,000 (31 December 2022: properties under development of approximately HK\$635,244,000) at 30 June 2023.
- (c) Other Loans I bears fixed interest rate of 7.98% per annum, repayable within two years since inception and is secured by:
- (i) corporate guarantee given 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 Investments")), which is the ultimate holding company of the Company; and
 - (ii) personal guarantees given by an executive director, Mr. Lu Jianzhong.
- (d) The secured bank loans and other loans are denominated in Renminbi ("RMB"), except for the Other Loans II which is denominated in HK\$.

* For identification purpose only

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

15. SHARE CAPITAL

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Authorised:		
5,000,000,000 ordinary shares of HK\$0.5 each	2,500,000	2,500,000
Issued and fully paid:		
667,525,230 (31 December 2022: 667,525,230) ordinary shares of HK\$0.5 each	333,763	333,763

16. DISPOSAL OF SUBSIDIARIES

Disposal of Silk Road Online Holdings Limited and its subsidiaries

On 30 June 2023, DTXS Silk Road Investment Development Co Ltd, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party for the disposal of the entire equity interests in Silk Road Online Holdings Limited and its subsidiaries at a total cash consideration of HK\$1. The net assets of Silk Road Online Holdings Limited and its subsidiaries at the date of disposal were as follows:

	HK\$
Consideration received:	
Cash received	<u>1</u>

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

16. DISPOSAL OF SUBSIDIARIES (Continued)

Disposal of Silk Road Online Holdings Limited and its subsidiaries (Continued)

	At 30 June 2023 HK\$'000
Analysis of assets and liabilities over which control was lost:	
Cash and cash equivalents	4
Trade and other payables	(7,265)
	<hr/>
Net liabilities disposed of	(7,261)
	<hr/>
Gain on disposal of subsidiaries:	
Consideration received	—
Net liabilities disposed of	7,261
	<hr/>
Gain on disposal of subsidiaries	7,261
	<hr/> <hr/>
Net cash outflow arising on disposal:	
Cash consideration	—
Less: cash and cash equivalents disposed of	(4)
	<hr/>
	(4)
	<hr/> <hr/>

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

17. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Construction contracts for properties under development	559,774	708,468
Capital injection to unlisted equity investment	15,891	16,639
	575,665	725,107

18. CONTINGENT LIABILITIES

Prior to the completion of the acquisition of HK DTXS Enterprise Holdings (BVI) Limited and its subsidiaries (collectively referred to as "DTXS Enterprise Group"), DTXS Enterprise Group did not comply with certain applicable laws and regulations in the PRC and the terms of the sales contracts with property buyers, in particular, DTXS Enterprise Group delivered property units of certain projects to property buyers before obtaining the relevant completion certificates from the relevant government authorities and as a result, property buyers are unable to obtain the ownership certificates for the property units they purchased (the "Non-compliance").

As a result of the Non-compliance, DTXS Enterprise Group is liable to certain surcharges and compensation payable to the property buyers. In the opinion of the directors of the Company, after taking into account the advices from the Group's PRC legal adviser and historical claims made by property buyers, it is not probable that surcharges and compensation would be claimed by property buyers in connection with the Non-compliance and, therefore, no provision is recognised in the unaudited condensed interim financial information.

At the end of the reporting period, contingent liabilities in respect of potential claims from property buyers in connection with the Non-compliance are summarised as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Potential claims from property buyers in connection with the Non-compliance	14	904

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

19. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had granted the following financial guarantees:

		30 June 2023	31 December 2022
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Guarantees in respect of mortgage facilities provided for certain purchasers of DTXS Enterprise Group's properties	(a)	98,550	103,190
Guarantee in respect of loan facility provided for a related party	(b)	318,895	333,911
		417,445	437,101

Notes:

- (a) DTXS Enterprise Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of DTXS Enterprise Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, DTXS Enterprise Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any sales proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, in the event of default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction or other appropriate means.

DTXS Enterprise Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties. DTXS Enterprise Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

19. FINANCIAL GUARANTEES (Continued)

Notes: (Continued)

- (b) DTXS Enterprise Group provided a financial guarantee for a bank loan with a principal of RMB300,000,000 (equivalent to HK\$324,300,000) (31 December 2022: RMB300,000,000 (equivalent to HK\$339,570,000)) obtained by DTXS Property. At the same time, DTXS Investments provided a counter financial guarantee in favour of DTXS Enterprise Group for its obligations under the said financial guarantee. Further details of the financial guarantee arrangement are set out in the Company's circular dated 21 February 2020.

The directors do not consider it is probable that a claim will be made against the Group under these guarantees and no provision for any potential obligations has been recognised.

20. RELATED PARTY DISCLOSURES

The Group entered into the following transactions with related parties:

- (a) During the six months ended 30 June 2023, rental income of approximately HK\$1,276,000 (six months ended 30 June 2022: HK\$1,499,000) was generated from the investment properties leased to a related company controlled by DTXS Investments at the rate of HK\$243 (six months ended 30 June 2022: HK\$285) per square metre.
- (b) Outstanding balances with related parties:
- (i) Included in trade and other receivables, approximately HK\$1,297,000 was the rental receivables due from a related company controlled by DTXS Investments at 30 June 2023.
- (ii) Included in other payables, approximately HK\$1,003,000 (31 December 2022: HK\$1,003,000) was the amount due to a related company controlled by DTXS Investments at 30 June 2023.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2023

20. RELATED PARTY DISCLOSURES *(Continued)*

(c) Compensation of key management personnel remuneration

The directors and chief executive officers of the Company are considered as key management personnel of the Group. The remuneration of members of key management personnel during the periods were as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits in kind	1,200	3,402
Share-based payment expenses	—	1,603
Contributions to defined contribution retirement plans	8	50
	1,208	5,055

21. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved and authorised for issue by the Board on 30 August 2023.