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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the "Board") of DTXS Silk Road Investment Holdings Company Limited (the "Company") announces the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2019, together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** ***HK$'000***	2018 *HK$'000* (Restated)
CONTINUING OPERATIONS			
REVENUE			
Revenue from contracts with customers	*5*	**195,304**	108,009
Interest income from advances to consignors	*5*	**39,451**	27,971
Gross rental income	*5*	**666**	—
		235,421	135,980
Other income		**3,181**	174
Changes in inventories		**(176,768)**	(91,964)
Auction and related services costs		**(5,508)**	(5,562)
Staff costs	*6(a)*	**(21,794)**	(34,245)
Depreciation and amortisation expenses	*6(b)*	**(18,458)**	(17,049)
Other operating expenses	*6(c)*	**(25,088)**	(37,627)
Other gains and losses	*7*	**(10,098)**	(33,838)
Finance costs	*8*	**(283)**	—
LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS	*6*	**(19,395)**	(84,131)
Income tax expense	*9*	**(2,384)**	(102)

	Notes	2019 *HK$'000*	2018 *HK$'000* (Restated)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(21,779)**	(84,233)
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from discontinued operations	*10*	**29,946**	(44,673)
PROFIT/(LOSS) FOR THE YEAR		**8,167**	(128,906)
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(7,839)**	(20,456)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Gain on revaluations of property, plant and equipment		**6,314**	—
Income tax effect		**(939)**	—
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF TAX		**(2,464)**	(20,456)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		**5,703**	(149,362)
Profit/(loss) for the year attributable to:			
Owners of the parent		**10,286**	(126,909)
Non-controlling interests		**(2,119)**	(1,997)
		8,167	(128,906)
Total comprehensive income/(expense) attributable to:			
Owners of the parent		**9,347**	(148,100)
Non-controlling interests		**(3,644)**	(1,262)
		5,703	(149,362)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*12*		
Basic			
— For profit/(loss) for the year		**HK1.73 cents**	HK(22.83) cents
— For loss from continuing operations		**HK(3.31) cents**	HK(14.74) cents
Diluted			
— For profit/(loss) for the year		**HK1.72 cents**	HK(22.83) cents
— For loss from continuing operations		**HK(3.31) cents**	HK(14.74) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**121,656**	181,422
Investment property		**52,377**	—
Intangible assets		**80,300**	89,578
Goodwill		**128,563**	131,354
Deposit and other receivables	*13*	**63,501**	6,726
Total non-current assets		**446,397**	409,080
CURRENT ASSETS			
Inventories		**49,019**	43,557
Trade and other receivables	*13*	**515,984**	312,903
Loans receivable		—	9,719
Cash and cash equivalents		**350,066**	54,437
		915,069	420,616
Assets of a disposal group classified as held for sale		**32,540**	—
Total current assets		**947,609**	420,616
CURRENT LIABILITIES			
Trade and other payables	*14*	**51,329**	78,856
Interest-bearing other borrowings		—	55,888
Tax liabilities		**9,223**	6,098
		60,552	140,842
Liabilities directly associated with the assets classified as held for sale		**31,103**	—
Total current liabilities		**91,655**	140,842
NET CURRENT ASSETS		**855,954**	279,774
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,302,351**	688,854

	Note	2019	2018
		HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,302,351**	688,854
NON-CURRENT LIABILITIES			
Other payables	*14*	**8,602**	—
Deferred tax liabilities		**20,932**	22,992
Total non-current liabilities		**29,534**	22,992
Net assets		**1,272,817**	665,862
EQUITY			
Equity attributable to owners of the parent			
Share capital		**333,730**	277,969
Reserves		**931,277**	378,356
		1,265,007	656,325
Non-controlling interests		**7,810**	9,537
Total equity		**1,272,817**	665,862

NOTES

1. GENERAL

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 registered office of the Company is located at Crawford House, 4th Floor, 50 Cedar Avenue, Hamilton HM11, Bermuda and its principal place of business is located at Room 811–817, 8/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The immediate holding company of the Company is Da Tang Xi Shi International Holdings Limited, which is established in the British Virgin Islands, and the ultimate holding company of the Company is 大唐西市文化產業投資集團有限公司 (Da Tang Xi Shi Investments Group Limited), which is established in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for floating craft and vessels, which are classified as property, plant and equipment, and an investment property which have been measured at fair value. In addition, disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than explained below regarding the impact of HKFRS 16, the adoption of the above revised standards and interpretation has had no significant financial effect on the financial statements.

HKFRS 16 — *Leases*

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balances as at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for office properties and warehouses. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in other payables. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets as part of the elements of property, plant and equipment in the statement of financial position. The right-of-use assets also include the leasehold land recognised previously under finance leases of HK$109,976,000 that were reclassified from land and buildings.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application; and

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 as at 1 January 2019 was as follows:

	HK$'000
Assets	
Increase in right-of-use assets (included under property, plant and equipment) and total assets	4,042
Liabilities	
Increase in trade and other payables and total liabilities	4,042

4. 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.

The Group has four reportable segments as follows:

- Arts and Cultural Division — mainly represents auction business and sale of antique, art financing business and Art Central Business District business ("ACBD business")
- Winery Division — mainly represents operation of vineyard, production and sale of wines and related business
- e-Commerce Division — mainly represents trading of merchandises (including electronic devices, cosmetics and other consumer products) and provision of related services
- Engineering Services Division — mainly represents sale and leasing of vessels, provision of marine engineering, vessel management and related services (discontinued during the year ended 31 December 2019)

No operating segments have been aggregated in arriving at the reportable segments of the Group.

The businesses of the Group's Engineering Services Division were discontinued in the current year and details of which are disclosed in note 10. The segment information reported does not include any amount for the discontinued operation and accordingly, segment information for the prior year has been restated to reflect this change of segment composition.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Segment results

During the year ended 31 December 2019, for performance assessment and resources allocation, the CODM focused on segment revenue and results attributable to each segment, which is measured by reference to respective segments' results before taxation. 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, gain/loss on disposal of subsidiaries, finance costs and gain arising from changes in fair value of contingent consideration payables.

	Art and Cultural Division		Winery Division		e-Commerce Division		Total		Eliminations		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)
Segment revenue *(note 5)*												
Revenue from external customers	**15,783**	12,020	**1,909**	6,100	**178,278**	89,889	**195,970**	108,009	**—**	—	**195,970**	108,009
Interest income from advances to consignors	**39,451**	27,971	**—**	—	**—**	—	**39,451**	27,971	**—**	—	**39,451**	27,971
Intersegment sales	**—**	59	**415**	—	**—**	276	**415**	335	**(415)**	(335)	**—**	—
Revenue from continuing operations	**55,234**	40,050	**2,324**	6,100	**178,278**	90,165	**235,836**	136,315	**(415)**	(335)	**235,421**	135,980
Segment results	**20,663**	5,259	**(7,056)**	(1,702)	**1,259**	(596)	**14,866**	2,961	**—**	—	**14,866**	2,961
Reconciliation:												
Unallocated other income											**2,182**	1
Unallocated other gains and losses											**(4,109)**	7,492
Unallocated corporate and other expenses											**(32,334)**	(94,585)
Loss before taxation for the year from the continuing operations											**(19,395)**	(84,131)

(b) Geographical information

The Group's operations are located in Hong Kong, PRC and France. The following table sets out information about the geographical locations of (i) the Group's revenue from continuing operations from external customers for the years ended 31 December 2019 and 2018; and (ii) the Group's property, plant and equipment, investment property, goodwill and intangible assets ("specified non-current assets") as at 31 December 2019 and 31 December 2018. 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 and investment property is based on the physical location of the assets and the geographical location of goodwill and intangible assets are based on location of respective business operations.

	Revenue from external customers		**Specified non-current assets**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		
Hong Kong	**211,254**	107,875	**16,769**	111,832
Mainland China	**23,779**	28,105	**344,424**	261,387
France	**388**	—	**21,703**	29,135
	235,421	135,980	**382,896**	402,354

(c) Information about major customers

Revenue from each major customer which accounted for 10% or more of the total revenue of the Group for the corresponding years is as follows:

	2019	2018
	HK$'000	*HK$'000*
e-Commerce Division		
Customer A	**75,858**	45,671
Customer B	**36,635**	19,178

5. REVENUE

An analysis of revenue from continuing operations is as follows:

	2019 *HK$'000*	2018 *HK$'000* (Restated)
Revenue from contracts with customers		
Sale of merchandises	**180,716**	95,989
Auction and related services	**14,588**	12,020
	195,304	108,009
Revenue from other sources		
Interest income from advances to consignors	**39,451**	27,971
Gross rental income from investment property operating leases — with fixed lease payments	**666**	—
	40,117	27,971
Total revenue	**235,421**	135,980

6. LOSS BEFORE TAXATION

Loss before taxation from continuing operations has been arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
(a) Staff costs (including the directors' remuneration)		
Salaries, wages and other benefits	**19,671**	28,568
Contributions to defined contribution retirement plans	**724**	822
Share-based payment expenses	**1,399**	4,855
	21,794	34,245
(b) Depreciation and amortisation expenses		
Depreciation of owned assets	**6,242**	10,034
Less: Amount included in inventory overheads	**(1,161)**	(1,025)
	5,081	9,009
Depreciation of right-of-use assets	**5,831**	—
Amortisation of intangible assets	**7,546**	8,040
	18,458	17,049
(c) Other items (included in other operating expenses)		
Auditor's remuneration	**1,893**	1,610
Legal and professional fees	**7,080**	3,648
Secretarial and registration fees	**936**	843
Operating lease changes in respect of office premises	**—**	14,583
Lease payments not included in the measurement of lease liabilities	**6,332**	—

7. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Impairment loss on goodwill	—	(36,000)
Impairment loss on intangible assets	—	(5,181)
Impairment loss of items of property, plant and equipment	**(5,456)**	—
Foreign exchange differences, net	**(2,908)**	(149)
Gains arising from changes in fair value of contingent consideration payables	—	7,492
Loss on disposal of subsidiaries	**(1,734)**	—
	(10,098)	(33,838)

8. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2019	2018
	HK$'000	*HK$'000*
Interest on lease liabilities	**283**	—

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK$2,000,000 (2018: Nil) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2019	2018
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**2,338**	342
PRC	**1,891**	1,683
	4,229	2,025
Deferred tax	**(1,845)**	(1,923)
	2,384	102

10. DISCONTINUED OPERATIONS

	2019 *HK$'000*	2018 *HK$'000* (Restated)
Profit/(loss) for the year from discontinued operations:		
— Engineering Services Division *(note a)*	**29,946**	(24,903)
— Fintech Division *(note b)*	**—**	(919)
Loss on disposal of the Digital Mind Group *(note b)*	**—**	(18,851)
Total profit/(loss) for the year from discontinued operations	**29,946**	(44,673)
Earnings/(loss) per share:		
Basic, from discontinued operations	**HK5.04 cents**	HK(8.09) cents
Diluted, from discontinued operations	**HK5.00 cents**	HK(8.09) cents

Details of calculation of basic and diluted earnings/(loss) per share for the discontinued operations are disclosed in note 12.

Notes:

(a) Engineering Services Division

On 30 December 2019, the Group entered into a sale and purchase agreement to dispose of its entire equity interests in UDL Ventures Limited ("UDL Ventures") to an independent third party, namely Harbour Front Limited at a consideration of approximately HK$16.8 million. UDL Ventures and its subsidiaries (the "UDL Group") carried out all of the Group's business of the Engineering Services Division. The disposal was effected in order to focus the Group's resources on its other businesses and further details of the disposal are set out in the Company's announcement dated 30 December 2019. As at 31 December 2019, the assets and liabilities attributable to the UDL Group was classified as a disposal group held for sale and as a discontinued operation.

The results of the UDL Group for the year are presented below:

	2019 *HK$'000*	2018 *HK$'000*
Revenue	**51,110**	13,853
Other income	**27,323**	116
Staff costs	**(4,191)**	(4,933)
Marine engineering, vessel management and related service costs	**(36,589)**	(24,934)
Other gains and losses	**9**	425
Depreciation and amortisation expenses	**(2,637)**	(3,711)
Other operating expenses	**(2,693)**	(5,328)
Gain on disposal of subsidiaries of UDL Ventures	**—**	1,903
Finance costs	**(2,386)**	(2,294)
Income tax expense	**—**	—
Profit/(loss) for the year from the UDL Group	**29,946**	(24,903)

(b) Fintech Division

On 24 December 2018, DTXS Technologies Limited, a non-wholly owned subsidiary of which the Company indirectly owned 85% of the issued share capital, entered into a sale and purchase agreement to dispose of its entire equity interests in Digital Mind Holdings Limited and its subsidiaries (collectively, the "Digital Mind Group"), which carried out all of the Group's financial trading platform and solutions operation (the "Fintech Division"), to the non-controlling interests holder of the Digital Mind Group. The disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The disposal was completed on 28 December 2018.

The results of the Digital Mind Group for the period from 1 January 2018 to 28 December 2018, which have been included in profit or loss were as follows:

	Period ended 28 December 2018 *HK$'000*
Revenue from provision of fintech services	29,597
Financial trading technologies and related value-added services costs	(4,453)
Other income	118
Staff costs	(11,584)
Other gains and losses	(1,514)
Depreciation and amortisation expenses	(9,135)
Other operating expenses	(3,716)
Loss before taxation	(687)
Taxation	(232)
Loss for the period	(919)

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2019 and 2018, nor has any dividend been proposed since the end of the reporting period (2018: nil).

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings or loss per share amounts is based on the profit/loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 594,453,839 (2018: 555,823,000) in issue during the year.

For the year ended 31 December 2019, the calculation of the diluted earnings per share amounts attributable to discontinued operations and for the Group are based on the profit for the year attributable to ordinary equity holders of the parent for discontinued operations and for the Group. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amount presented for the continuing operations for the year ended 31 December 2019 (2018: basic loss per share presented for that year and for continuing operations and discontinued operations) in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the parent are based on:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	**(19,660)**	(81,947)
From discontinued operations	**29,946**	(44,962)
Profit/(loss) attributable to ordinary equity holders of the parent	**10,286**	(126,909)

	Number of shares	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**594,453,839**	555,823,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	**4,336,858**	—
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**598,790,697**	555,823,000

13. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables *(note a)*		
— Receivables from customers	**21,993**	18,212
— Interest receivables	**36,048**	12,863
Impairment	**—**	(1,143)
	58,041	29,932
Other receivables *(note b)*		
— Non-current portion	**63,501**	6,726
— Current portion	**457,943**	288,545
Less: Impairment losses	**—**	(5,574)
	521,444	289,697
	579,485	319,629
Analysed into:		
Non-current portion	**63,501**	6,726
Current portion	**515,984**	312,903
	579,485	319,629

Notes:

(a) Trade receivables

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Unbilled	**7,623**	—
0–30 days	**32,439**	9,379
31–90 days	**3,397**	7,549
91–180 days	**4,412**	2,505
181–360 days	**6,253**	5,934
Over 360 days	**3,917**	4,565
	58,041	29,932

(b) Other receivables

	Notes	2019 HK$'000	2018 HK$'000
Advances to consignors for art financing business	*(i)*	**435,339**	259,944
Deposit for the acquisition of subsidiaries	*(ii)*	**63,501**	—
Deferred cash consideration arising from disposal of subsidiaries		**6,726**	7,726
Other receivables		**12,594**	15,257
Deposits		**3,213**	3,628
Advances and prepayment		**71**	3,142
		521,444	289,697
Analysed into:			
Current portion		**457,943**	282,971
Non-current portion		**63,501**	6,726
		521,444	289,697

Notes:

(i) The balance is secured by pledged auction items (Chinese art collectibles and antiques) from consignors and bears fixed interest rates from 10% to 24% per annum (2018: 10% to 18% per annum). These advances to consignors for art financing business are generally repayable within a period of 1 year of the draw-down date or 60 days after the pledged auction items are listed in auction. As at 31 December 2019, based on the due dates of the respective receivables, approximately 2.7% (2018: approximately 2.4%) of the advances was aged over 180 days and all the remaining balances were not yet due.

(ii) The balance represents the deposit of RMB57 million paid to Da Tang Xi Shi International Group Limited, an intermediate holding company of the Company, for the acquisition of HK DTXS Enterprise Holdings (BVI) Limited.

14. TRADE AND OTHER PAYABLES

	Note	2019 HK$'000	2018 HK$'000
Trade creditors	*(i)*	**2,324**	4,354
Accruals		**6,236**	8,953
Lease liabilities		**17,653**	—
Other payables		**33,718**	65,201
Contract liabilities		**—**	348
		59,931	78,856
Analysed into:			
— Non-current portion		**8,602**	—
— Current portion		**51,329**	78,856
		59,931	78,856

Note:

(i) The credit period of trade creditors is normally within three months. The ageing analysis of trade payables at the end of the reporting period based on the invoice date, is as follows:

	2019 HK$'000	2018 HK$'000
0–30 days	524	1,014
31–90 days	298	307
91–180 days	16	642
181–360 days	444	235
Over 360 days	1,042	2,156
	2,324	4,354

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

The Group's revenue from continuing operations recorded approximately HK$235.4 million for the year (2018: HK$136.0 million), representing an increase of approximately 73.1% as compared with 2018, which was mainly due to the increase in revenue from sales of merchandises. Profit for the year ended 31 December 2019 was approximately HK$8.2 million as compared with a loss of HK$128.9 million for the year of 2018.

Arts and Cultural Division

This division, comprising the auction business and the Art Central Business District business ("ACBD business"), contributed a segment revenue of approximately HK$55.2 million (2018: HK$40.1 million), and a segment profit before taxation of approximately HK$20.7 million (2018: HK$5.3 million) for the year ended 31 December 2019.

Auction Business

The Group's auction business in the Mainland China is conducted by a wholly-owned subsidiary, 北京景星麟鳳國際拍賣有限公司 (Beijing Phoenixstar International Auction Co., Ltd.*) through relevant structured contracts. It is a Beijing based boutique auction house specialising in arts and collections auction business, in particular bronze mirrors and jadeware.

Two large scale auctions were held in Beijing in April 2019 and December 2019. The types of auction items are diversified, covering incense burners, buddha statues, bronze mirrors, silver coins, ancient books, etc. One of the auctions unfolded over the course of more than 10 hours. The overall sentiment and involvement of buyers in the auction was unprecedented. Commission income from previous auctions of approximately HK$13.2 million had been subsequently received in the first quarter of 2020.

During the year, more auction items were collected through strengthening art financing business by using approximately HK$200 million raised from the subscription of shares.

ACBD Business

The Company has established two ACBD centers in Xi'an City and in Hong Kong respectively. The main business functions of these centers are to provide integrated functions of storage, exhibition, auction, promotion and trading of arts and collections. The center aims to create a strong network with other art and culture partners to host events and networking. As disclosed in the announcement of the Company dated 28 June 2019, the ACBD centers are expected to create a synergy effect with the operations of Silk Road International Culture Center.

Winery Division

This division contributed a segment revenue of approximately HK$1.9 million (2018: HK$6.1 million), and a segment loss of approximately HK$7.1 million (2018: HK$1.7 million) for the year ended 31 December 2019.

We aimed at increasing the quality of the vintage from time to time. It is encouraging that we have received an outstanding 92 points from James Suckling's 2019 tasting report, representing a substantial improvement in the quality of our wine. Also, we target to set up different distribution channels, which are located in Hong Kong, Mainland China and France to boost the sale volume.

e-Commerce Division

This division contributed a segment revenue of approximately HK$178.3 million (2018: HK$89.9 million), and a segment profit before taxation of approximately HK$1.3 million (2018: loss of HK$0.6 million) for the year ended 31 December 2019.

A significant improvement in sales was recorded during the year due mainly to the increase in the number and range of licensed brands and products under our continuous effort. Also, an additional airline has been engaged as our inflight sales provider during the year.

DISCONTINUED OPERATION

Engineering Services Division

This division recorded a segment revenue of approximately HK$51.1 million (2018: HK$13.9 million), and a segment profit before taxation of approximately HK$29.9 million (2018: loss of HK$24.9 million) for the year ended 31 December 2019. This division recorded a segment profit due to provision of non-recurring tendering technical support services.

As disclosed in the announcement of the Company dated 30 December 2019, the Company and Harbour Front Limited entered into a sale and purchase agreement, pursuant to which the Company agreed to sell and Harbour Front Limited agreed to purchase the entire issued share capital of UDL Ventures Limited, a direct wholly-owned subsidiary of the Company, and the assignment of the shareholder loan for a consideration of HK$16,756,000. Such disposal was completed on 3 February 2020.

OUTLOOK

All businesses are expected to be inevitably affected by the outbreak of coronavirus disease 2019 ("COVID-19") in the first half of 2020. An auction in Beijing originally scheduled in April will be postponed. In response to the policy of infection prevention and control of epidemic, number of social gatherings will be reduced to avoid cluster infection, thus affecting the sales of wine. In-flight sales of e-commerce business will also be affected due to the decrease in the number of flights and passengers. The above situation may continue into the second half of 2020 and all businesses are under more pressure with the economic slowdown during the year.

The Group introduced a new property development business segment in the first quarter of 2020. The Group aims to create synergy among the existing businesses and the new business. Also, the Group will continue to explore business opportunities by leveraging on the parent group business network and cooperating with its strategic shareholder, New World Development Group.

PROFIT GUARANTEE

Acquisition of China King Sing Lun Fung Auction Holdings Company Limited

On 11 July 2016, the Company completed the acquisition of 100% equity interests in China King Sing Lun Fung Auction Holdings Company Limited and its subsidiaries (the "CKSLF") (the "Auction Acquisition") at the consideration of RMB250.0 million (the "Auction Consideration") which was satisfied by way of cash payment of RMB150.0 million and the issuance of 29,481,480 shares of the Company (the "Consideration Shares") at the price of HK$4.00 per share.

As disclosed in the announcement dated 20 June 2016 regarding the Auction Acquisition, the vendors of CKSLF (the "Auction Vendors") have guaranteed to the Company that the audited consolidated net profit arising from the operating business after tax of CKSLF for each of the financial period/years ended 30 June 2017, 30 June 2018 and 30 June 2019 (the "Original Schedule") shall not be less than certain guaranteed amounts.

As disclosed in the announcement dated 26 June 2019, the Auction Vendors and DTXS Auction Limited, the purchaser of the CKSLF, entered into a supplemental agreement, pursuant to which the Auction Vendors and DTXS Auction Limited clarified and confirmed that the Original Schedule, being the three financial years ended 30 June 2019, be postponed and shifted forward by six months. The guarantee period under the supplemental agreement would be the three financial years from 1 January 2017 to 31 December 2019 (the "Auction Guaranteed Period(s)"), which was in line with the timing of the reactivation of the CKSLF's critical aspects of the operations after the integration of the CKSLF into the internal control system and standard of the Group. The guaranteed amounts (the "Auction Profit Guarantee(s)") as set opposite to the relevant the Auction Guaranteed Periods as defined in the table below:

Auction Guaranteed Periods	Auction Profit Guarantees (RMB)
1 January 2017 to 31 December 2017 (the "First Guaranteed Period")	25,000,000 (the "First Profit Guarantee")
1 January 2018 to 31 December 2018 (the "Second Guaranteed Period")	35,000,000 (the "Second Profit Guarantee")
1 January 2019 to 31 December 2019 (the "Third Guaranteed Period")	45,000,000 (the "Third Profit Guarantee")

The Consideration Shares have been deposited with the Company as security for the due performance of the Auction Profit Guarantees by the Auction Vendors, with adjustment to the Auction Consideration as follows: (i) should the deficit (if any) between the average audited consolidated net profit after tax of CKSLF during the Auction Guaranteed Periods (the "Average Profit") and the average Auction Profit Guarantee per year (i.e. RMB35.0 million of the latter (equivalent to approximately HK$41.3 million)) (the "Average Profit Guarantee") is less than or equal to 10% of the latter (i.e. the Average Profit is greater than or equal to RMB31.5 million (equivalent to approximately HK$37.1 million)), the compensation will be on a dollar to dollar basis; and (ii) should the deficit (if any) between the Average Profit and the Average Profit Guarantee is more than 10% of the latter, the compensation will be calculated as follows:

$$\text{compensation} = \text{RMB3.5 million} + \{7 \text{ x } (\text{absolute value of the deficit amount in RMB less RMB3.5 million})\}$$

Upon 100% fulfilment of the Auction Profit Guarantee, the Company shall release all the Consideration Shares to the Auction Vendors. However, if any adjustment to the Auction Consideration as aforesaid is required, the Auction Vendors shall forthwith dispose of part of the Consideration Shares so as to raise funds to pay the compensation aforesaid to the Company and if there is any remaining shortfall, the Auction Vendors shall forthwith pay such shortfall to the Company.

Based on the financial results of CKSLF for the years ended 31 December 2017 and 2018 reflected in the audited consolidated financial statements of the Company for the years ended 31 December 2017 and 2018, the consolidated net profit arising from the operating business after tax for the First Guaranteed Period and Second Guaranteed Period were lower than the First Profit Guarantee and Second Profit Guarantee. However, for the purpose of adjusting the Auction Consideration, the actual shortfall between the Average Profit and the Average Profit Guarantee has yet to be ascertained until the release of audited accounts of CKSLF for the three years ended 31 December 2019, which is expected to be available on or before 30 September 2020. Further announcement(s) will be made by the Company in relation to the Auction Profit Guarantee as and when appropriate.

Disposal of m-Finance Limited

As disclosed in the announcement of the Company dated 22 July 2016 in relation to the acquisition of 85% interests in m-Finance Limited (the "m-Finance") (the "m-Finance Acquisition"), the vendor of m-Finance (the "m-Finance Vendor") has guaranteed to the Company, among others, that the audited consolidated profit after tax of m-Finance for the period from 26 August 2016 to 31 December 2017 (the "2017 Guaranteed Period") shall not be less than HK$10,000,000 (the "2017 Profit Guarantee"), the period from 1 January 2018 to 31 December 2018 (the "2018 Guaranteed Period") shall not be less than HK$9,000,000 (the "2018 Profit Guarantee") and the period from 1 January 2019 to 30 June 2019 (the "2019 Guaranteed Period") shall not be less than HK$5,000,000 (the "2019 Profit Guarantee").

On 28 December 2018, the Company completed the disposal (the "Completion") of 100% equity interests in m-Finance to the m-Finance Vendor (the "m-Finance Disposal") at a total maximum consideration of HK$48,000,000 (the "Disposal Consideration") (subject to reductions (the "Reductions")) of which total net Disposal Consideration (after Reductions) shall in no event be less than HK$40,000,000, which included the portion shared by the non-controlling interest holder of m-Finance. HK$31,757,000 was settled on the Completion and the remaining consideration of m-Finance Disposal would be subject to the Reductions.

Based on the financial results of m-Finance commencing from 26 August 2016 to 31 December 2016 reflected in the audited consolidated financial statements of the Company for the year ended 31 December 2016 and the audited financial results of m-Finance for the year ended 31 December 2017, the consolidated profit after tax for 2017 Guaranteed Period has exceeded HK$10,000,000 and therefore the 2017 Profit Guarantee was met. The first adjusted consideration payment of HK$4,000,000 has been settled with the m-Finance Vendor in 2018.

Based on the audited financial results of m-Finance for the year ended 31 December 2018, the consolidated profit after tax for the 2018 Profit Guaranteed Period was lower than HK$9,000,000 and therefore the 2018 Profit Guarantee was not met. As such, the Company did not pay the second adjusted consideration payment of HK$4,000,000 to the m-Finance Vendor.

Based on the audited financial results of m-Finance for the six months ended 30 June 2019, the consolidated profit after tax for the 2019 Guaranteed Period was lower than HK$5,000,000 and therefore the 2019 Profit Guarantee was not met. The Company was not required to make payment for the remaining balance of the consideration in relation to the m-Finance Acquisition.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Group's total cash and cash equivalents amounted to approximately HK$350.1 million, which was denominated mainly in Hong Kong Dollars (92%) and Renminbi (8%), representing an increase of approximately HK$295.6 million as compared with 2018. The change was primarily attributable to the proceeds raised from subscription of new shares of the Company on 28 August 2019, which was partially used in advances to consignors for art financing business as part of the Group's continuous expansion in its auction business during the year.

As at 31 December 2019, except for the discontinued operation, the Group did not have any outstanding secured borrowings and unsecured borrowings (2018: HK$0.6 million and HK$55.3 million, respectively). The total amount of borrowings repayable within one year was nil (2018: HK$55.9 million).

USE OF PROCEEDS

Open Offer on 9 December 2015

The net proceeds raised from the issuance of the Company's shares on an open offer on 9 December 2015 (the "Open Offer") was HK$420.3 million. The original allocation of proceeds from the Open Offer, the utilisation and remaining balance of the proceeds as at 31 December 2018 and 2019 are summarised below:

Uses	Original allocation	As at 31 December 2016 Remaining balance	As at 31 December 2017 Remaining balance	For the year ended 31 December 2018 Utilised	For the year ended 31 December 2018 Remaining balance	**For the year ended 31 December 2019 Reallocation**	**For the year ended 31 December 2019 Utilised**	**Remaining balance**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	***HK$ million***	***HK$ million***	***HK$ million***
Repayment of loans	48.0	7.1	—	—	—	**—**	**—**	**—**
Development of online marketplace for arts and collections	80.0	38.0	12.0	4.0	8.0	**8.0**	**—**	**—**
Acquisition of inventories for the online marketplace platform	107.4	8.4	—	—	—	**—**	**—**	**—**
Expansion of the operation scale of the Group	36.0	5.4	—	—	—	**—**	**—**	**—**
Acquisitions for arts and cultural related business	148.9	—	—	—	—	**—**	**—**	**—**
General working capital	—	—	—	—	—	**8.0** *(Note)*	**8.0**	**—**
Total	420.3	58.9	12.0	4.0	8.0	**—**	**8.0**	**—**

Note:

On 23 May 2016, the Company announced that the Group had entered into a memorandum of understanding to acquire 85% interest in a financial e-commerce company (the "E-commerce Acquisition") with well-established information technology personnel and proven technological capacity in order to develop its online marketplace for arts and collections. The cash consideration for the E-commerce Acquisition is HK$40.8 million (subject to profit guarantee adjustments). The E-commerce Acquisition was subsequently completed on 26 August 2016 and the Group paid HK$28.8 million as the down payment. Since the E-commerce Acquisition has met its first profit guarantee for the period ended 31 December 2017, the Company paid HK$4.0 million in the second half of 2018. The Group intends to apply the remaining balance of approximately HK$8.0 million for the development of online marketplace for arts and collections. On 28 August 2019, the Company confirmed the E-commerce Acquisition has not met its second and third profit guarantees and the Company was not required to make payment for the remaining balance of the consideration of E-commerce Acquisition. As such, the unutilised proceeds of approximately HK$8.0 million from the Open Offer was re-allocated as general working capital of the Group, which has been utilised during the year.

Share Subscription on 28 August 2019

The net proceeds raised from the completion of the subscription of 111,187,538 new shares of the Company at the subscription price of HK$5.3873 per subscription share on 28 August 2019 (the "Subscription") was HK$597.0 million. The original allocation of proceeds from the Subscription, the utilisation and remaining balance of the proceeds as at 31 December 2019 are summarised below:

		For the year ended 31 December 2019	
Uses	Original allocation *HK$ million*	**Utilised** ***HK$ million***	**Remaining balance** ***HK$ million***
Acquisitions for arts and cultural related business*(Note)*	327.8	**63.5**	**264.3**
Expansion of the operation scale of the auction business of the Group	200.0	**200.0**	**—**
General working capital	69.2	**69.2**	**—**
Total	597.0	**332.7**	**264.3**

Note:

HK$327.8 million would be used for the acquisition of HK DTXS Enterprise Holdings (BVI) Limited as mentioned in the announcement of the Company dated 29 November 2019. Up to 31 March 2020, approximately HK$212.0 million was used as the cash consideration of the acquisition, and approximately HK$48.2 million was injected to the subsidiary of HK DTXS Enterprise Holdings (BVI) Limited as registered capital. The remaining balance of HK$67.6 million is estimated to be utilised on or before 31 December 2020.

GEARING

The Group monitors capital using a gearing ratio, which is net debt divided by the equity attributable to owners of the parent. Net debt includes total borrowings less cash and cash equivalent. The gearing ratio of the Group was not applicable as at 31 December 2019 (2018: 0.2%).

CAPITAL COMMITMENT

As at 31 December 2019, the Group has capital commitments amounted to approximately HK$148.7 million.

SUBSEQUENT EVENTS

Acquisition of HK DTXS Enterprise Holdings (BVI) Limited

On 29 November 2019, DTXS Silk Road Investment Development Company Limited, a wholly-owned subsidiary of the Company, entered into a share purchase agreement with Da Tang Xi Shi International Group Limited, a wholly-owned subsidiary of Da Tang Xi Shi Investments Group Limited* (大唐西市文化產業投資集團有限公司), which is owned as to approximately 50.60% by Mr. Lu Jianzhong and approximately 13.80% by Mr. Yang Xingwen, in respect of the proposed acquisition of the entire issued share capital of HK DTXS Enterprise Holdings (BVI) Limited (the "Target Company") (the "Acquisition") together with the guarantee arrangements. The Target Company indirectly holds approximately 69.97% of the equity interest of Xi'an Da Tang Xi Shi Enterprise Limited* (西安大唐西市實業有限公司), which is the sole legal and beneficial owner of the properties and land located in the Tang West Market in Xi'an City, Shaanxi Province, the People's Republic of China (the "PRC") (the "Project"). Therefore, the Target Company owns approximately 69.97% of the equity interest of the Project. The Acquisition constituted a major and connected transaction of the Company under Chapter 14 and 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the guarantee arrangements constituted a discloseable and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules and both of them are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules.

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. Thereafter, the Acquisition was completed on 12 March 2020.

Disposal of UDL Ventures Limited

On 30 December 2019, the Company and Harbour Front Limited entered into a sale and purchase agreement, pursuant to which the Company agreed to sell and Harbour Front Limited agreed to purchase the entire issued share capital of UDL Ventures Limited, a direct wholly-owned subsidiary of the Company, and the assignment of the shareholder loan for a consideration of HK$16,756,000. Such disposal was completed on 3 February 2020.

Outbreak of COVID-19

The outbreak of COVID-19 since early 2020 has brought about additional uncertainties in the Group's operating environment and may impact the Group's operations and financial position. The Group has been closely monitoring the impact from the COVID-19 on the Group's businesses and has commenced to put in place various measures. Based on the information currently available, the directors of the Company confirm that there has been no material adverse change in the financial or trading position of the Group up to the date of the financial statements. However, the actual impacts may differ from these estimates as the situation continues to evolve and further information become available.

FOREIGN EXCHANGE EXPOSURE

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

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 31 December 2019. Income and expense items are translated at the average exchange rates for the year ended 31 December 2019. Exchange loss arising from the translation of foreign operations of HK$7.8 million (2018: HK$20.5 million) for the year 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 owners of the Company are reclassified to profit or loss.

HUMAN RESOURCES

As at 31 December 2019, other than outsourcing vendors but including contract workers, the Group has approximately 87 employees (2018: 84) in Hong Kong and the Mainland China. 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.

HEDGING, ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

On 29 November 2019, DTXS Silk Road Investment Development Company Limited, a wholly-owned subsidiary of the Company, entered into a share purchase agreement with Da Tang Xi Shi International Group Limited, a wholly-owned subsidiary of Da Tang Xi Shi Investments Group Limited* (大唐西市文化產業投資集團有限公司), which is owned as to approximately 50.60% by Mr. Lu Jianzhong and approximately 13.80% by Mr. Yang Xingwen, in respect of the proposed acquisition of the entire issued share capital of the Target Company and a guarantee arrangements. The Target Company indirectly holds approximately 69.97% of the equity interest of Xi'an Da Tang Xi Shi Enterprise Limited* (西安大唐西市實業有限公司), which is the sole legal and beneficial owner of the Project. Therefore, the Target Company owns approximately 69.97% of the equity interest of the Project. Since 373,596,736 Company's shares, representing approximately 55.97% of the issued share capital of the Company as at 29 November 2019, were owned by Da Tang Xi Shi International Holdings Limited, which is a wholly-owned subsidiary of Da Tang Xi Shi International Group Limited. As such, Da Tang Xi Shi International Holdings Limited, Da Tang Xi Shi International Group Limited and Da Tang Xi Shi Investments Group Limited* (大唐西市文化產業投資集團有限公司) are connected persons of the Company under Chapter 14A of the Listing Rules. The Proposed Acquisition constituted a major and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules and the guarantee arrangements constituted a discloseable and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules.

On 30 December 2019, the Company and Harbour Front Limited entered into a sale and purchase agreement, pursuant to which the Company agreed to sell and Harbour Front Limited agreed to purchase the entire issued share capital of UDL Ventures Limited, a direct wholly-owned subsidiary of the Company, and the assignment of the shareholder loan for a consideration of HK$16,756,000. Such disposal was completed on 3 February 2020.

Saved as disclosed above, 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 year.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have significant contingent liabilities.

DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2019 (2018: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year, the Company and its subsidiaries had not purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

Throughout the year under review, the Company has complied with the code provisions (the "Code") of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except Code A.6.7.

Code A.6.7 — Given that the independent non-executive directors and other non-executive directors should attend general meetings. Due to other pre-arranged business commitments which had to be attended, one non-executive director of the Company was absent from the annual general meeting held on 30 May 2019 and the special general meeting held on 23 August 2019. Other non-executive directors and independent non-executive directors of the Company had attended two general meetings to ensure effective communication with Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules 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 of the Company, who confirmed their compliance with the required standards as set out in the Model Code for the year ended 31 December 2019.

AUDIT COMMITTEE

The Company established the audit committee ("Audit Committee") to review and supervise the financial reporting process, risk management and internal control systems of the Group. As at the date of this announcement, the Audit Committee comprises three members who are all independent non-executive directors of the Company. The Group's annual results for the year ended 31 December 2019 have been reviewed by the Audit Committee.

SCOPE OF WORK OF ERNST & YOUNG

The figures as set out in this announcement in respect of the Company's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 have been agreed by the auditor of the Company, Ernst & Young ("EY"), to the amounts set out in the Group's draft consolidated financial statements of the Company for the year. The work performed by EY in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by EY on this announcement.

CLOSURE OF REGISTER OF MEMBERS FOR 2020 AGM

The annual general meeting of the Company will be held on Friday, 29 May 2020 (the "2020 AGM"). For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Tuesday, 26 May 2020 to Friday, 29 May 2020 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2020 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on Monday, 25 May 2020.

2019 ANNUAL REPORT

The 2019 annual report of the Company containing all the information required by the Listing Rules will be published on the websites of the Company (www.dtxs.com) and the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) in due course.

By Order of the Board
DTXS Silk Road Investment Holdings Company Limited
Lai Kim Fung
Executive Director and Chief Executive Officer

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Lu Jianzhong (Chairman), Mr. Yang Xingwen, Mr. Lai Kim Fung (Chief Executive Officer) and Mr. Wong Kwok Tung Gordon Allan (Deputy Chief Executive Officer); two Non-executive Directors, namely Mr. Jean-Guy Carrier and Dr. Cheng Kar-Shun, Henry; and four Independent Non-executive Directors, namely Mr. Cheng Yuk Wo, Mr. Tsui Yiu Wa, Alec, Mr. Tse Yung Hoi and Mr. Wang Shi.

* *For identification purposes only*