



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)

2024

INTERIM REPORT





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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*)

Independent Non-executive Directors

Mr. Kwok Chi Shing
Prof. Wang Guiguo
Ms. Hau Amy Wing Gee

AUDIT COMMITTEE

Mr. Kwok Chi Shing (*Chairman*)
Prof. Wang Guiguo
Ms. Hau Amy Wing Gee

NOMINATION COMMITTEE

Mr. Lu Jianzhong (*Chairman*)
Mr. Kwok Chi Shing
Ms. Hau Amy Wing Gee

REMUNERATION COMMITTEE

Prof. Wang Guiguo (*Chairman*)
Mr. Huang Dahai
Mr. Kwok Chi Shing

INVESTMENT COMMITTEE

Mr. Huang Dahai (*Chairman*)
Mr. Yang Xingwen
Mr. Wong Kwok Tung Gordon Allan

COMPANY SECRETARY

Mr. Wong Hong Tak Hagan

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

Forvis Mazars CPA Limited

LEGAL ADVISERS

Jeffrey Mak Law Firm
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

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 revenue of approximately HK\$25.9 million (30 June 2023: HK\$22.9 million) for the six months ended 30 June 2024. Loss for the period was approximately HK\$15.4 million (Loss for the period ended 30 June 2023: HK\$15.8 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\$20.4 million (30 June 2023: HK\$18.5 million) and a segment profit before tax of approximately HK\$14.9 million (30 June 2023: segment profit before tax of HK\$8.3 million) for the six months ended 30 June 2024.

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 management will continue monitoring the market condition and sentiment on the arts and antique market. Once there is sign on recovery, we will resume hosting large scale auction.

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 Division

This division contributed a segment revenue of approximately HK\$1.9 million (30 June 2023: HK\$4.4 million) and with a segment profit before tax of approximately HK\$0.7 million (segment loss before tax for the period ended 30 June 2023: HK\$8.0 million) for the six months ended 30 June 2024.

In March 2024, the Group disposed its winery located in France and redeployed the financial resources and effort in other parts of the Group’s businesses.

Management Discussion and Analysis

Property Development Division

This division contributed segment revenue of approximately HK\$3.5 million (30 June 2023: nil) and a segment loss before tax of approximately HK\$25.9 million (segment loss before tax for the period ended 30 June 2023: HK\$25.4 million) for the six months ended 30 June 2024.

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.

Tower B and Tower C were completed and sold in 2022. The Group has been actively developing the Tower A. The presale certificate for the Tower A was obtained in 2023, and several potential buyers have already indicated their interests in the property. In 2023, the Group entered into presales agreements an independent third party for sales of six floors of the Tower A. During the period ended 30 June 2024, due to certain requests the buyer made, and we are not able to fulfil, after friendly negotiation, both parties agreed to cancel the presales agreement and the deposit shall be returned. The Group has been actively preselling the Tower A and it is expected the Tower A will be completed during 2026.

During the period ended 30 June 2024, the properties under development has not yet completed. Therefore, revenue and related costs are not recognized during the period. As at 30 June 2024, the Group had completed the structural work up to the 12th floor (as at 31 December 2023: 5th floor) of Tower A.

OUTLOOK

The economic recovery in the PRC is underway and is still facing certain uncertainties in the short term, in particular, the traditional Chinese economy remains under huge pressure. However, we believe the fundamentals of China economy remain strong. The Chinese government is making huge efforts to improve the situation. We believe there will be a rebound and recovery of the arts and cultural market soon. The management will continue to take a conservative approach, and focusing our existing business, including the construction, sales and leasing of the Silk Road International Cultural Center.

Management Discussion and Analysis

The overall economy in the PRC is under a transformation, noticeably from the traditional economy to the new economy and technology. We will continue to explore on the development of this new economy (digital technology) around the Arts and Cultural Industry, and leveraging on the strong parent group background, in particular the Hainan International Arts and Cultural Trading Centre Company Limited. This include developing, investing and acquiring related businesses when opportunities arise.

LIQUIDITY AND FINANCIAL RESOURCES

During the period, the Group's operations were mainly financed by internal resources.

As at 30 June 2024, the Group's total bank balances and cash amounted to approximately HK\$9.1 million, representing a decrease of approximately HK\$14.0 million as compared with the bank balances and cash of approximately HK\$23.1 million as at 31 December 2023. The decrease was mainly attributable to the cash resources consumed in the daily operation during the period.

As at 30 June 2024, the Group had outstanding secured borrowings of approximately HK\$1,406.3 million (31 December 2023: HK\$1,339.5 million) and are repayable within one year to three years (31 December 2023: within one year to three 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 160.0% as at 30 June 2024 (31 December 2023: 148.3%).

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 condensed interim financial information, 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 2024. Income and expense items are translated at the average exchange rates for the period ended 30 June 2024. Exchange loss arising from the translation of foreign operations of approximately HK\$8.8 million (for the six months period ended 30 June 2023: Exchange loss of HK\$33.4 million) for the six months ended 30 June 2024 are recognised in other comprehensive income and accumulated in equity under the heading of "Exchange differences on translation of foreign operations".

Management Discussion and Analysis

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.

HUMAN RESOURCES

As at 30 June 2024, other than outsourcing vendors but including contract workers, the Group has approximately 93 employees (31 December 2023: 94) 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 2024, the Group had contingent liabilities in respect of (i) potential claims from property buyers in connection with certain non-compliance of approximately HK\$25,000 (31 December 2023: HK\$20,000); 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\$351.6 million (31 December 2023: HK\$359.7 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 2024, the Group has capital commitments amounted to approximately HK\$622.2 million (31 December 2023: HK\$507.3 million).

INTERIM DIVIDEND

The board of directors (the "Board") does not recommend payment of an interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

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

As at 30 June 2024, 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 C3 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 ^(d)		Approximate Total percentage of shareholding ^(e)
	Personal interests	Corporate interests		Personal interests	Total interests	
Directors						
Mr. Lu Jianzhong	4,996,000	383,473,032 ^{(1) (2)}	111,187,538 ^(b)	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%

Note:

- 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 2024.

(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 2024, 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 2024, 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 2024.

Other Information

Save as disclosed above, as at 30 June 2024, 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 2024 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 30 June 2024
				At 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
(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
Sub-total				8,500,000	—	—	—	8,500,000
(b) Employees in aggregate	28/01/2016	3.000	28/01/2017 to 27/01/2026	1,500,000	—	—	—	1,500,000
Total				10,000,000	—	—	—	10,000,000

Other Information

Notes:

1. 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

2. 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

3. No share options have been granted under the 2012 Scheme during the six months ended 30 June 2024.

CONNECTED TRANSACTIONS

The following transactions constituted the connected transactions of the Company under the Listing Rules during the six months ended 30 June 2024 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 1) 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 3) 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 2024, the Company and its subsidiaries had not purchased, sold or redeemed any of the listed securities of the Company.

Other Information

REVIEW OF INTERIM RESULTS

The Company's unaudited interim results for the six months ended 30 June 2024 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 2024, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 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 2024.

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.

By order of the Board

Lu Jianzhong
Chairman

Hong Kong, 29 August 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE			
Revenue from contracts with customers	4	5,463	4,390
Interest income from advances to consignors	4	19,200	17,218
Gross rental income	4	1,222	1,276
		25,885	22,884
Other income	5	5,600	12,037
Cost of inventories sold		(1,170)	(1,118)
Staff costs	7(a)	(10,144)	(11,511)
Depreciation and amortisation expenses	7(b)	(2,930)	(4,620)
Other operating expenses		(4,394)	(5,695)
Other gains and losses, net		137	(6,371)
Reversal of impairment losses on trade and other receivables		190	5,715
Finance costs	6	(25,913)	(28,803)
LOSS BEFORE TAX	7	(12,739)	(17,482)
Income tax (expenses)/credit	8	(2,687)	1,639
LOSS FOR THE PERIOD		(15,426)	(15,843)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
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		(8,811)	(33,425)
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD		(24,237)	(49,268)
Loss for the period attributable to:			
Equity holders of the Company		(7,556)	(8,294)
Non-controlling interests		(7,870)	(7,549)
		(15,426)	(15,843)
Total comprehensive expenses for the period attributable to:			
Equity holders of the Company		(14,429)	(35,480)
Non-controlling interests		(9,808)	(13,788)
		(24,237)	(49,268)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
	10		
Basic and diluted loss per share		HK(1.13) cents	HK(1.24) cents

Condensed Consolidated Statement of Financial Position

At 30 June 2024

		30 June 2024	31 December 2023
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	52,373	56,129
Investment properties		34,371	35,168
Financial assets at fair value through profit or loss		6,767	6,924
Deferred tax assets		41,636	42,387
Properties under development		10,074	10,221
		145,221	150,829
CURRENT ASSETS			
Properties under development		1,350,081	1,329,790
Completed properties held for sale		1,096,816	1,117,641
Inventories		32,543	33,502
Trade and other receivables	12	944,580	809,701
Loans receivable		—	—
Restricted bank deposits		3,863	2,554
Cash and cash equivalents		9,142	23,079
		3,437,025	3,316,267
Non-current assets classified as held for sales		11,353	11,936
		3,448,378	3,328,203
CURRENT LIABILITIES			
Trade and other payables	13	646,268	853,596
Interest-bearing borrowings	14	772,643	1,328,559
Tax liabilities		307,109	311,205
		1,726,020	2,493,360
NET CURRENT ASSETS			
		1,722,358	834,843
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,867,579	985,672

Condensed Consolidated Statement of Financial Position

At 30 June 2024

		30 June 2024	31 December 2023
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	14	633,698	10,990
Other payables	13	283,438	—
		917,136	10,990
NET ASSETS			
		950,443	974,682
CAPITAL AND RESERVES			
Share capital	15	333,763	333,763
Reserves		539,223	553,654
Equity attributable to equity holders of the Company		872,986	887,417
Non-controlling interests		77,457	87,265
TOTAL EQUITY		950,443	974,682

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to equity holders of the Company									Total	Non-controlling interests	Total
	Share capital	Share premium	Share option reserve	Capital redemption reserve	Exchange fluctuation reserve	Revaluation reserve	Merge reserve	Other reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024 (audited)	333,763	1,569,891*	15,272*	1,264*	(24,706)*	2,818*	(179,433)*	6,116*	(837,568)*	887,417	87,265	974,682
Loss for the period	—	—	—	—	—	—	—	—	(7,556)	(7,556)	(7,870)	(15,426)
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	—	—	—	—	(6,875)	—	—	—	—	(6,875)	(1,938)	(8,813)
Total comprehensive expenses for the period	—	—	—	—	(6,875)	—	—	—	(7,556)	(14,331)	(9,808)	(24,239)
At 30 June 2024 (unaudited)	333,763	1,569,891*	15,272*	1,264*	(31,581)*	2,818*	(179,433)*	6,116*	(845,124)*	872,986	77,457	950,443

	Attributable to equity holders of the Company									Total	Non-controlling interests	Total
	Share capital	Share premium	Share option reserve	Capital redemption reserve	Exchange fluctuation reserve	Revaluation reserve	Merge reserve	Other reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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

* At 30 June 2024, these reserve accounts comprise the consolidated reserves of approximately HK\$539,223,000 (31 December 2023: HK\$553,654,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash flows used in operating activities	(82,091)	(57,949)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of subsidiaries	5,000	—
Net cash flows from investing activities	5,000	—
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of interest-bearing borrowings	97,142	—
Repayment of bond payables	—	(1,200)
Interest paid	(31,713)	(28,762)
Principal portion of lease payments	(351)	(970)
Net cash flows from (used in) financing activities	65,078	(30,932)
Net decrease in cash and cash equivalents	(12,013)	(88,881)
Cash and cash equivalents at beginning of period	23,079	102,812
Effect of foreign exchange rate changes, net	(1,924)	(1,736)
Cash and cash equivalents at end of period	9,142	12,195

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

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
- properties investment and development

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed interim financial information for the six months ended 30 June 2024 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 D2 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 2024 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 2023.

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 2024

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 2024 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023 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	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

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

Going concern

In preparing the condensed interim financial information, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that (1) the Group incurred a net loss of approximately HK\$15,426,000 for the six months period ended 30 June 2024 and (2) at 30 June 2024, the Group had total interest-bearing borrowings of approximately HK\$1,406,341,000 of which the current interest-bearing borrowings amounted to approximately HK\$772,643,000, and cash and cash equivalents of only approximately HK\$9,142,000 at 30 June 2024.

At and subsequent to 30 June 2024, the Group is subject to a number of legal actions related to delay or failure of settlements of trade and other payables.

The above events or conditions indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern in next twelve months from the approval of these condensed interim financial information and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

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

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken or will be taken by the directors of the Company to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

- i) the Group has been actively negotiating with the banks for renewal and further extension of interest-bearing borrowings and related interest;
- ii) the Group has been actively negotiating with various financial institutions and potential lenders or investors to identify various options for financing the Group's working capital and commitments in the foreseeable future;
- iii) the Group has accelerated or will accelerate the pre-sale and sales of the properties under development and completed properties held for sale;
- iv) the Group has been actively negotiating with the consignors regarding the settlement of advance to consignors and related interest receivables; and
- v) the ultimate controlling party, Mr. Lu Jianzhong, has committed to provide continuous financial support to the Group as is necessary to enable the Group to meet its day-to-day operations and its financial obligations as they fall due.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors of the Company believe it is appropriate to prepare the condensed interim financial information of the Group for the period ended 30 June 2024 on a going concern basis.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

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 Division — mainly represents operation of vineyard, production and sale of wines 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 2024

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Segment results

During the six months ended 30 June 2024, 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 2024

	Arts and Cultural Division HK\$'000 (Unaudited)	Winery 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	—	1,930	3,533	5,463
– Interest income from advances to consignors	19,200	—	—	19,200
– Gross rental income from investment properties:				
Operating lease – with fixed lease payments	1,222	—	—	1,222
	20,422	1,930	3,533	25,885
Revenue from external customers				
	14,943	744	(25,944)	(10,257)
Segment results*				
<i>Reconciliation:</i>				
Unallocated other gains and losses, net				2,967
Unallocated corporate and other expenses				(5,449)
				(12,739)
Loss before tax for the period				(12,739)

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Segment results (Continued)

For the six months ended 30 June 2023

	Arts and Cultural Division HK\$'000 (Unaudited)	Winery 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)

* Segment results are before tax.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

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 2024 and 2023; and (ii) the Group's property, plant and equipment, investment properties, and properties under development ("Specified Non-Current Assets") at 30 June 2024 and 31 December 2023. 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.

	Revenue from external customers		Specified Non-Current Assets	
	Six months ended		At	
	30 June 2024	30 June 2023	30 June 2024	31 December 2023
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Hong Kong	13,979	15,261	415	1,185
Mainland China	11,896	7,538	96,403	100,333
France	10	85	—	—
	25,885	22,884	96,818	101,518

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

4. REVENUE

An analysis of revenue is as follows:

	Note	Six months ended 30 June	
		2024	2023
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<i>Revenue from contracts with customers under HKFRS 15</i>			
Sale of wines		1,930	4,385
Sale of properties		3,533	—
Auction and related services		—	5
	4(a)	5,463	4,390
<i>Revenue from other sources</i>			
Interest income from advances to consignors		19,200	17,218
Gross rental income from investment properties:			
Operating leases – with fixed lease payments		1,222	1,276
		20,422	18,494
Total revenue		25,885	22,884

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

4. REVENUE (Continued)

(a) Disaggregation of revenue information

	Arts and Cultural Division HK\$'000 (Unaudited)	Winery Division HK\$'000 (Unaudited)	Property Development Division HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
For the six months ended 30 June 2024				
Types of goods or services				
Sale of wines	—	1,930	—	1,930
Sale of properties	—	—	3,533	3,533
Total revenue from contracts with customers under HKFRS 15	—	1,930	3,533	5,463
For the six months ended 30 June 2023				
Types of goods or services				
Sale of wines	—	4,385	—	4,385
Auction and related services	5	—	—	5
Total revenue from contracts with customers under HKFRS 15	5	4,385	—	4,390

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 2024

5. OTHER INCOME

An analysis of other income is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	10	30
Gross rental income from completed properties held for sale	5,589	4,354
Interest income from loans receivable	—	387
Gain on disposal of subsidiaries	—	7,261
Sundry income	1	5
	5,600	12,037

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on interest-bearing borrowings	43,963	50,387
Interest on lease liabilities	29	79
Total borrowing costs	43,992	50,466
Less: Borrowing costs capitalised into properties under development	(18,079)	(21,663)
	25,913	28,803

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

7. LOSS BEFORE TAX

Loss before tax has been carried at after charging:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Staff costs (including the directors' remuneration)		
Salaries, allowances and other benefits in kind	9,387	9,888
Contributions to defined contribution retirement plans	757	1,361
Share-based payment expenses	—	262
	10,144	11,511
(b) Depreciation and amortisation expenses		
Depreciation of owned assets	395	1,130
Less: Amount included in inventory overheads	(36)	(51)
	359	1,079
Depreciation of right-of-use assets	2,571	1,200
Amortisation of intangible assets	—	2,341
	2,930	4,620
(c) Other items (included in other operating expenses)		
Legal and professional fees	1,304	1,338
Secretarial and registration fees	332	310

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

8. INCOME TAX

For the six months ended 30 June 2024 and 2023, 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 2023: 25%) for the six months ended 30 June 2024.

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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC EIT	2,271	(1,054)
PRC LAT	554	—
	2,825	(1,054)
Deferred tax	(138)	(585)
Income tax expenses/(credit) for the period	2,687	(1,639)

9. DIVIDENDS

The board of directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

10. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss 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 2023: 667,525,230) in issue during the six months ended 30 June 2024.

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares is anti-dilutive during the six months ended 30 June 2024 and 2023.

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to equity holders of the Company, used in the basic and diluted loss per share calculation	<u>(7,556)</u>	<u>(8,294)</u>
	Number of shares	
	At 30 June	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	<u>667,525,230</u>	<u>667,525,230</u>

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, no acquisition of property, plant and equipment (excluding right-of-use assets) was made by the Group (six months ended 30 June 2023: Nil).

12. TRADE AND OTHER RECEIVABLES

		30 June 2024	31 December 2023
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Trade receivables			
– Receivables from customers		22,094	28,292
– Interest receivables		150,038	135,736
Loss allowances		(10,991)	(10,991)
	(a)	161,141	153,037
Other receivables	(b)	803,037	676,262
Loss allowances		(19,598)	(19,598)
		783,439	656,644
		944,580	809,701

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

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 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Unbilled	38,927	43,229
0–30 days	893	1,616
31–90 days	617	949
91–180 days	10,896	18,561
181–360 days	21,126	4,317
Over 360 days	88,682	84,365
	161,141	153,037

- (b) At 30 June 2024, advances to consignors for auction business, net of loss allowances, amounted to approximately HK\$393,463,000 (31 December 2023: HK\$394,924,000). 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 2023: 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 2024

13. TRADE AND OTHER PAYABLES

		30 June 2024	31 December 2023
	<i>Note</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Trade payables	(a)	132,291	122,713
Accruals		24,938	24,505
Lease liabilities		429	1,268
Interest payables		75,472	51,388
Contract liabilities		6,456	455,005
Other payables		683,606	191,023
Deposits received		5,317	6,934
Receipt in advance		1,197	760
		929,706	853,596
Analysed into:			
– Current portion		646,268	853,596
– Non-current portion		283,438	—
		929,706	853,596

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

	30 June 2024	31 December 2023
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
0–30 days	322	177
31–90 days	793	782
91–180 days	14,252	33,569
181–360 days	33,715	3,742
Over 360 days	83,209	84,443
	132,291	122,713

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

14. INTEREST-BEARING BORROWINGS

		30 June 2024	31 December 2023
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Secured bank loans			
– Bank loans bear variable interest rate of 6.00% per annum (“Bank Loans I”)	(a), (d)	601,475	615,418
– Bank loans bear variable interest rate of 5.85% per annum (“Bank Loans II”)	(b), (d)	643,278	658,191
– Bank loans bear variable interest rate of 6.00% per annum (“Bank Loans III”)	(c), (d)	161,588	65,940
		1,406,341	1,339,549
Analysed into:			
– Current portion		772,643	1,328,559
– Non-current portion		633,698	10,990
		1,406,341	1,339,549

Notes:

- (a) Bank Loans I bears variable interest rate of 6.00% 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 as at 30 June 2024 and is secured by:
- (i) properties under development held by the Group with a carrying amount of approximately HK\$1,360,716,000 (31 December 2023: HK\$1,270,554,000) at 30 June 2024;
 - (ii) completed properties held by the Group with a carrying amount of approximately HK\$18,406,000 (31 December 2023: HK\$18,833,000) at 30 June 2024;

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

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\$1,194,683,000 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 5.85% per annum, which was the lending rate quoted by the PBC plus 1.65%, repayable within one year as at 30 June 2024 and is secured by completed properties held for sale held by the Group with a carrying amount of approximately HK\$820,953,000 at 30 June 2024.
- (c) Bank Loans III bears effective variable interest rate of 6.00% per annum, which was the loan prime rate published by PBC plus 2.55%, repayable within three years as at 30 June 2024. The banking facilities is secured by:
- (i) completed properties held by the Group with a carrying amount of approximately HK\$205,894,000 at 30 June 2024;
 - (ii) properties held by DTXS Property;
 - (iii) corporate guarantee given by DTXS Property;
 - (iv) corporate guarantee given by the ultimate holding company, Da Tang Xi Shi Investment Group Limited; and
 - (v) personal guarantees given by executive directors, Mr. Lu Jianzhong, and Mr. Yang Xingwen and his spouse, and director of Xian Da Tang Xi Shi Enterprise Limited and his spouse.
- (d) The secured bank loans are denominated in Renminbi ("RMB").

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

15. SHARE CAPITAL

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Authorised:		
5,000,000,000 ordinary shares of HK\$0.5 each	<u>2,500,000</u>	<u>2,500,000</u>
Issued and fully paid:		
667,525,230 (31 December 2023: 667,525,230) ordinary shares of HK\$0.5 each	<u>333,763</u>	<u>333,763</u>

16. DISPOSAL OF SUBSIDIARIES

Disposal of Wealthy Forest Limited and its subsidiaries

On 5 March 2024, DTXS Fine Wine Holdings Limited had entered into a sales and purchase agreement with an independent third party for the disposal of entire interest in Wealthy Forest Limited, a wholly owned subsidiary of DTXS Fine Wine Holdings Limited, and its subsidiaries, including Wealthy Forest–Puy Bardens SAS which owned a wine yard Chateau Puy Bardens located at Bordeaux in France, at a consideration of approximately HK\$10,000,000. After the disposal, the Group had disposed the entire equity interest of the vineyard business. The disposal was not completed as at 30 June 2024. The related non-current assets of approximately HK\$11,353,000 were classified as non-current assets held for sale at 30 June 2024.

	HK\$'000
Consideration:	
Cash received	5,000
Cash receivables	<u>5,000</u>
	<u>10,000</u>

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

16. DISPOSAL OF SUBSIDIARIES (Continued)

Disposal of Wealthy Forest Limited and its subsidiaries (Continued)

The major classes of assets and liabilities of Wealthy Forest Limited and its subsidiaries, including non-current assets classified as held for sale, as at 30 June 2024 are as follows:

	HK\$'000
Non-current assets classified as held for sale	
Property, plant and equipment	11,353
Current assets, included in the corresponding items	
Inventories	3,711
Trade and other receivables	1,296
Cash and cash equivalents	315
	<u>5,322</u>
Current liabilities, included in the corresponding items	
Trade and other payables	<u>(9,729)</u>
Net assets directly associated with the disposal group	<u>6,946</u>

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

17. CAPITAL COMMITMENTS

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Construction contracts for properties under development	606,383	491,175
Capital injection to unlisted equity investment	15,789	16,155
	622,172	507,330

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 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Potential claims from property buyers in connection with the Non-compliance	25	20

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

19. FINANCIAL GUARANTEES

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

		30 June 2024	31 December 2023
	<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)	34,830	35,637
Guarantee in respect of loan facility provided for a related party	(b)	316,752	324,095
		351,582	359,732

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 2024

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\$322,230,000) (31 December 2023: RMB300,000,000 (equivalent to HK\$329,700,000)) 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 2024, rental income of approximately HK\$1,222,000 (six months ended 30 June 2023: HK\$1,276,000) was generated from the investment properties leased to a related company controlled by DTXS Investments at the rate of HK\$233 (six months ended 30 June 2023: HK\$243) per square metre.
- (b) Outstanding balances with related parties:
- (i) Included in trade and other receivables, approximately HK\$3,746,000 (31 December 2023: HK\$3,324,000) was the rental receivables due from a related company controlled by DTXS Investments at 30 June 2024.
- (ii) Included in other payables, approximately HK\$2,724,000 and HK\$10,071,000 (31 December 2023: HK\$2,528,000 and HK\$10,001,000) was the amount due to a related company controlled by DTXS Investments and DTXS Investments, respectively, at 30 June 2024.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2024

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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits in kind	852	1,200
Contributions to defined contribution retirement plans	8	8
	860	1,208

21. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved and authorised for issue by the Board on 29 August 2024.