



**DTXS SILK ROAD INVESTMENT HOLDINGS  
COMPANY LIMITED**

**大唐西市絲路投資控股有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 620)

**INTERIM  
REPORT  
2022**



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Lu Jianzhong (*Chairman*)  
Mr. Yang Xingwen  
Dr. Xu Zhihong (*Executive Vice-chairman*)  
(appointed on 1 April 2022)  
Mr. Kam Hou Yin John (*Chief Executive Officer*)  
Mr. Wong Kwok Tung Gordon Allan  
(*Deputy Chief Executive Officer*)  
Dr. Ma Chao (*Executive Vice-chairman*)  
(resigned on 1 April 2022)

### Independent Non-executive Directors

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

## AUDIT COMMITTEE

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

## NOMINATION COMMITTEE

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

## REMUNERATION COMMITTEE

Mr. Tse Yung Hoi (*Chairman*)  
Dr. Xu Zhihong (appointed on 1 April 2022)  
Mr. Kwok Chi Shing  
Dr. Ma Chao (resigned on 1 April 2022)

## INVESTMENT COMMITTEE

Dr. Xu Zhihong (*Chairman*)  
(appointed on 1 April 2022)  
Mr. Yang Xingwen  
Mr. Kam Hou Yin John  
Mr. Wong Kwok Tung Gordon Allan  
Dr. Ma Chao (resigned on 1 April 2022)

## COMPANY SECRETARY

Ms. Tsang Ngo Yin

## REGISTERED OFFICE

Crawford House  
4th Floor  
50 Cedar Avenue  
Hamilton HM11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 811-817, 8/F  
Bank of America Tower  
12 Harcourt Road  
Central, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

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

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

## AUDITOR

Mazars CPA Limited

## LEGAL ADVISERS

Jeffrey Mak Law Firm  
Patrick Mak and Tse Solicitors  
Silkroad Law Firm

## 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](http://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 a revenue of approximately HK\$564.2 million (30 June 2021: HK\$78.5 million) for the six months ended 30 June 2022. Profit for the period reached approximately HK\$130.0 million (30 June 2021: HK\$6.8 million). The profit for the period ended 30 June 2022 was mainly attributable to the increase in sale of properties.

### **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\$17.8 million (30 June 2021: HK\$27.8 million) and a segment loss before tax of approximately HK\$3.1 million (30 June 2021: segment profit before tax of HK\$15.0 million) for the six months ended 30 June 2022.

#### **Auction Business**

Due to the outbreak of coronavirus disease 2019 (“COVID-19”), as well as precautionary measures and pandemic prevention policy adopted by Hong Kong and cities in Mainland China, physical and online auction could not be held during first six months of 2022, while there were two large physical auctions were held in Beijing and Hainan Island and two online auction were held in the same period of 2021. Since the year of 2020, our operation model had been adjusted, we have also hosted online auction. The decrease in segment revenue and increase in segment loss before tax were mainly attributable to the decrease in commission income received and the impairment loss incurred in the six months ended 30 June 2022. The Company restructured the auction companies and adjusted the marketing strategy in response to the highly challenging environment. The management will be continuously reviewing the business performance of the auction division, including reviewing the value of the intangible assets and goodwill.

#### **ACBD Business**

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

#### **Winery and Trading Division**

This division, comprising the winery business and trading business, contributed a segment revenue of approximately HK\$3.0 million (30 June 2021: HK\$2.9 million) and with a segment loss before tax of approximately HK\$4.1 million (30 June 2021: HK\$8.8 million) for the six months ended 30 June 2022.

# Management Discussion and Analysis

Chateau Puy Bardens located at Bordeaux in France, a world-famous area for the production of quality wine, the Group have continuously enhanced the quality of wine. Since 2020, we have been cooperating with world-renowned painters and master brewers to develop a sizable product line with characteristics of the winery products of DTXS. It was encouraging that we received an outstanding 92 points from James Suckling's 2019 tasting report, gold medal and silver medal from Bruelles Global Competition 2021. Although sales plans of wines have been delayed amid the continuance of the COVID-19 pandemic, we proactively set up various distribution channels and organise wine promotion campaigns in Hong Kong, Mainland China and Europe to create earnings and brand awareness for the Chateau Puy Bardens.

## **Property Development Division**

This division contributed a segment revenue of approximately HK\$543.4 million (30 June 2021: HK\$47.9 million) and a segment profit before tax of approximately HK\$298.5 million (30 June 2021: HK\$23.1 million) for the six months ended 30 June 2022.

The properties are located in Tang West Market, Lianhu District in Xi'an City (the "Tang West Market"), the People's Republic of China (the "PRC"). Based on the current business plan, the properties have been planned to develop into the Silk Road International Culture Center with comprehensive cultural artworks operations, cultural artwork financing and Silk Road international cultural entertainment complex. The Silk Road International Culture Center is designed with three major features, namely (i) the headquarter of Silk Road Chamber of International Commerce; (ii) Artwork Central Business District; and (iii) the European section of Silk Road Culture Street. Silk Road International Culture Center comprises three office buildings, a shopping mall and a five-star hotel. The three office buildings are estimated to have an aggregate gross floor area of approximately 260,000 square metres. During the period ended 30 June 2022, the property sales transactions in relation to the sale of commercial properties located in the Tang West Market with a total gross floor area of approximately 22,982 square metres were completed. The aggregate consideration for the property sale is approximately Renminbi ("RMB") 471.0 million. Further details of the sale of properties are set out in the Company's announcement dated 13 September 2021. During the current period, a non-wholly-owned subsidiary of the Group has entered into property sale agreements with an independent purchaser in relation to the sale of commercial properties located in the Tang West Market, with a total gross floor area of approximately 24,326 square metres, and the aggregate consideration for approximately RMB515.0 million. The relevant sale of properties is not yet completed during the period ended 30 June 2022. The sales of properties are transactions of revenue in nature and in the ordinary and usual course of business of the Group. Construction of shopping area of approximately 50,000 square metres is completed in the current period and which is ready for leasing during the second part of 2022. With the collaboration of the management expertise of the Group, the Group is confident to strengthen the development of cultural artworks operations and cultural artwork financing businesses after the completion of the Silk Road International Culture Center.

# Management Discussion and Analysis

## OUTLOOK

Although the Group recorded a profit in the first half of 2022, the economic slowdown arisen from the continuous outbreak of COVID-19 as well as geo-political tensions may adversely affect the businesses and operations of the Group.

The Group has been endeavouring to explore any means of cooperation, focusing on development in the cultural industry by leveraging on the business network and resources of the parent company, and to develop businesses in Hainan Island and Xi'an around the cultural industries and business relating to financing, including operations and auction of cultural artworks, participation in the international artwork trading platform, creation and distribution of art collectibles in the form of non-fungible tokens (NFT) and digital artworks (DAW), investment in cultural industrial parks and the development of experience in cultural tourism.

## LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2022, the Group's total bank balances and cash amounted to approximately HK\$234.4 million, representing an increase of approximately HK\$206.3 million as compared with the bank balances and cash of approximately HK\$28.1 million as at 31 December 2021. The increase was mainly attributable to the sales proceeds received from the sales of properties.

As at 30 June 2022, the Group had outstanding secured borrowings of approximately HK\$1,573.9 million (31 December 2021: HK\$1,659.1 million) and are repayable within one to three years (31 December 2021: within one month 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 111.1% as at 30 June 2022 (31 December 2021: 142.1%).

## 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.

# Management Discussion and Analysis

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong Dollars) using exchange rates prevailing at 30 June 2022. Income and expense items are translated at the average exchange rates for the period ended 30 June 2022. Exchange loss arising from the translation of foreign operations of approximately HK\$31.8 million (31 December 2021: Exchange gain of HK\$17.4 million) for the six months ended 30 June 2022 are recognised in other comprehensive income and accumulated in equity under the heading of "exchange differences on translation of foreign operations".

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

## **HUMAN RESOURCES**

As at 30 June 2022, other than outsourcing vendors but including contract workers, the Group has approximately 102 employees (31 December 2021: 109) 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 2022, the Group had contingent liabilities in respect of (i) potential claims from property buyers in connection with certain non-compliance of approximately HK\$1.4 million (31 December 2021: HK\$2.4 million); and (ii) guarantees to banks in respect of loans provided by the banks to the customers from Property Development division and to a related party in the aggregate amount of approximately HK\$514.1 million (31 December 2021: HK\$537.4 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.

# Management Discussion and Analysis

## **CAPITAL COMMITMENT**

At 30 June 2022, the Group has capital commitments amounted to approximately HK\$960.2 million (31 December 2021: HK\$870.8 million).

## **INTERIM DIVIDEND**

The board of directors (the “Board”) does not recommend payment of an interim dividend for the six months ended 30 June 2022 (30 June 2021: Nil).

## Other Information

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

As at 30 June 2022, the interests and short positions of the directors and chief executive(s) of the Company or any of their associates in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (i) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) to be recorded into the register kept by the Company pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

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

Name of director	Number of ordinary shares of HK\$0.50 each and nature of interests		Number of underlying shares held	Number of share options <sup>(f)</sup>		Approximate percentage of shareholding <sup>(g)</sup>
	Personal interests	Corporate interests		Personal interests	Total interests	
<b>Directors</b>						
Mr. Lu Jianzhong	4,996,000	383,473,032 <sup>(1)(2)</sup>	111,187,538 <sup>(3)</sup>	3,500,000	503,156,570	75.38%
Mr. Yang Xingwen	—	—	—	2,500,000	2,500,000	0.37%
Mr. Kam Hou Yin John	—	—	—	2,000,000	2,000,000	0.30%
Mr. Wong Kwok Tung						
Gordon Allan	—	—	—	2,500,000	2,500,000	0.37%
Mr. Tse Yung Hoi	—	—	—	250,000	250,000	0.04%

Notes:

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

\* For identification purpose only

## Other Information

- 339,616,000 shares held by DTXS International Holdings were pledged in favour of the third party lenders as security.
- 111,187,538 underlying shares represent the number of option shares that may be sold by Ion Tech Limited ("Ion Tech") as grantee to DTXS International Holdings as grantor pursuant to the exercise of the put option or the triggered put option (as the case may be) pursuant to the put option deed dated 16 July 2019 (the "Put Option Deed").
- Particulars of share options of the Company are set out in the following section headed "Share Option Scheme".
- The total number of issued shares of the Company was 667,525,230 as at 30 June 2022.

**(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 2022, 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.

## Other Information

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

As at 30 June 2022, 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 <sup>(1)</sup>	Approximate percentage of shareholding <sup>(1,4)</sup>
DTXS International Holdings <sup>(2)</sup>	Beneficial owner	494,660,570 (L) <sup>(12, 13)</sup>	74.10%
Da Tang Xi Shi International Group Limited <sup>(2)</sup>	Interests in controlled corporation	494,660,570 (L) <sup>(12, 13)</sup>	74.10%
DTXS Investments <sup>(2)</sup>	Interests in controlled corporation	494,660,570 (L) <sup>(12, 13)</sup>	74.10%
Ms. Zhu Ronghua <sup>(3)</sup>	Interests of spouse	503,156,570 (L)	75.38%
Ion Tech	Beneficial owner	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	16.66%
Citiplus Investment Limited <sup>(4)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	16.66%
New World Development Company Limited <sup>(5)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	16.66%
Chow Tai Fook Enterprises Limited <sup>(6)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	16.66%
Chow Tai Fook (Holding) Limited <sup>(7)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	16.66%
Chow Tai Fook Capital Limited <sup>(8)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	16.66%
Cheng Yu Tung Family (Holdings II) Limited <sup>(9)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	16.66%
Cheng Yu Tung Family (Holdings) Limited <sup>(10)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	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 2022.

## Other Information

Save as disclosed above, as at 30 June 2022, 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 2022 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 2022
				At 1 January 2022	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
<b>(a) Directors</b>								
Mr. Lu Jianzhong	28/01/2016	3.000	28/01/2017 to 27/01/2026	3,500,000	—	—	—	3,500,000
Mr. Yang Xingwen	28/01/2016	3.000	28/01/2017 to 27/01/2026	2,500,000	—	—	—	2,500,000
Mr. Wong Kwok Tung Gordon Allan	28/01/2016	3.000	28/01/2017 to 27/01/2026	2,500,000	—	—	—	2,500,000
Mr. Tse Yung Hoi	28/01/2016	3.000	28/01/2017 to 27/01/2026	250,000	—	—	—	250,000
Mr. Kam Hou Yin John	12/04/2021	4.494	12/03/2022 to 11/04/2031	2,000,000	—	—	—	2,000,000
<b>Sub-total</b>				<b>10,750,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>10,750,000</b>

## Other Information

Eligible participants	Date of grant	Exercise price per share (HK\$)	Exercise period	Number of share options				At 30 June 2022
				At 1 January 2022	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period	
(b) Employees in aggregate	28/01/2016	3.000	28/01/2017 to 27/01/2026	1,500,000	—	—	—	1,500,000
	12/04/2021	4.494	03/11/2021 to 11/04/2031	1,000,000	—	—	—	1,000,000
	12/04/2021	4.494	29/03/2022 to 11/04/2031	3,000,000	—	—	—	3,000,000
	01/09/2021	4.494	31/08/2022 to 31/08/2031	1,500,000	—	—	—	1,500,000
<b>Sub-total</b>				<b>7,000,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7,000,000</b>
<b>Total</b>				<b>17,750,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>17,750,000</b>

### Notes:

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

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

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

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

## Other Information

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

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

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

4. Share options granted to Dr. Ma Chao on 12 April 2021 was reclassified to Employees in aggregate from Directors in response to his resignation as an Executive Director on 1 April 2022.
5. Share options granted under the 2012 Scheme on 1 September 2021 to the eligible participant shall vest in the grantee in accordance with the timetable below for this purpose, the date or each such date on which the share options are to vest and the consideration paid by the grantee for the grant of options was HK\$1.00:

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

6. No share options have been granted under the 2012 Scheme during the six months ended 30 June 2022.

## CONNECTED TRANSACTIONS

The following transactions constituted the connected transactions of the Company under the Listing Rules during the six months ended 30 June 2022 and up to the date of this interim report:

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

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2022, 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 2022 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 2022, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the directors and senior management of the Company. Having made specific enquiries to all the directors, who confirmed their compliance with the required standards as set out in the Model Code during the six months ended 30 June 2022.

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

## **CHANGES IN INFORMATION OF DIRECTORS**

Pursuant to Rule 13.51B(1) of the Listing Rules, the change(s) in information of the director(s) subsequent to the date of the 2021 annual report of the Company are as follows:

Mr. Tse Yung Hoi, an Independent Non-executive Director, is currently a member of advisory committee of Securities and Futures Commission.

By order of the Board

**Lu Jianzhong**  
*Chairman*

Hong Kong, 30 August 2022

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>REVENUE</b>			
Revenue from contracts with customers	4	546,476	56,330
Interest income from advances to consignors	4	16,246	20,864
Gross rental income	4	1,499	1,353
		<b>564,221</b>	78,547
Other income	5	5,807	7,976
Cost of inventories sold		(238,281)	(21,194)
Auction and related services costs		—	(3,518)
Staff costs	7(a)	(20,890)	(20,358)
Depreciation and amortisation expenses	7(b)	(6,284)	(9,395)
Other operating expenses		(7,468)	(8,712)
Other gains and losses, net		(14,197)	3,338
Impairment losses on trade and other receivables		(10,572)	(7,127)
Finance costs	6	(2,226)	(207)
<b>PROFIT BEFORE TAX</b>	7	<b>270,110</b>	19,350
Income tax expenses	8	(140,153)	(12,540)
<b>PROFIT FOR THE PERIOD</b>		<b>129,957</b>	6,810

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
Note	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>OTHER COMPREHENSIVE (EXPENSES) INCOME</b>		
<i>Items that may be reclassified subsequently to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(31,803)	6,393
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>98,154</b>	<b>13,203</b>
Profit for the period attributable to:		
Equity holders of the Company	82,682	3,702
Non-controlling interests	47,275	3,108
	<b>129,957</b>	<b>6,810</b>
Total comprehensive income for the period attributable to:		
Equity holders of the Company	55,587	9,434
Non-controlling interests	42,567	3,769
	<b>98,154</b>	<b>13,203</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		
	10	
Basic		
For profit for the period	<b>HK12.39 cents</b>	HK0.55 cents
Diluted		
For profit for the period	<b>HK12.39 cents</b>	HK0.55 cents

# Condensed Consolidated Statement of Financial Position

At 30 June 2022

		30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	100,048	109,750
Investment properties		45,661	47,736
Intangible assets		70,970	73,439
Goodwill		135,069	141,207
Financial assets at fair value through profit or loss		7,376	7,711
Deferred tax assets		33,251	18,349
Properties under development		21,993	22,802
		<b>414,368</b>	420,994
<b>CURRENT ASSETS</b>			
Properties under development		733,471	1,775,340
Completed properties held for sale		1,045,592	168,607
Inventories		41,489	43,554
Financial assets at fair value through profit or loss		36	960
Trade and other receivables	12	1,251,401	1,189,828
Loans receivable		65,893	13,000
Restricted bank deposits		2,554	2,668
Cash and cash equivalents		234,418	28,124
		<b>3,374,854</b>	3,222,081
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	628,851	645,911
Interest-bearing borrowings	14	372,022	268,121
Bond payables		1,700	500
Tax liabilities		240,400	92,102
		<b>1,242,973</b>	1,006,634
<b>NET CURRENT ASSETS</b>		<b>2,131,881</b>	2,215,447
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,546,249</b>	2,636,441

# Condensed Consolidated Statement of Financial Position

At 30 June 2022

		30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Other payables	13	1,178	2,913
Interest-bearing borrowings	14	1,201,908	1,390,941
Deferred tax liabilities		17,743	18,360
		<b>1,220,829</b>	1,412,214
<b>NET ASSETS</b>			
		<b>1,325,420</b>	1,224,227
<b>CAPITAL AND RESERVES</b>			
Share capital	15	333,763	333,763
Reserves		872,427	813,801
Equity attributable to equity holders of the Company		1,206,190	1,147,564
Non-controlling interests		119,230	76,663
<b>TOTAL EQUITY</b>			
		<b>1,325,420</b>	1,224,227

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

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

	Attributable to equity holders of the Company										Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Revaluation reserve HK\$'000	Merge reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
<b>At 1 January 2021 (audited)</b>	333,763	1,569,891	19,401	1,264	24,385	2,818	(179,433)	—	(613,723)	1,158,366	83,350	1,241,716
Profit for the period	—	—	—	—	—	—	—	—	3,702	3,702	3,108	6,810
<b>Other comprehensive income:</b> <i>Items that may be reclassified subsequently to profit or loss in subsequent periods:</i>												
Exchange differences on translation of foreign operations	—	—	—	—	5,732	—	—	—	—	5,732	661	6,393
Total comprehensive income for the period	—	—	—	—	5,732	—	—	—	3,702	9,434	3,769	13,203
<b>Transactions with owners:</b> <i>Contributions and distributions</i>												
Equity-settled share option arrangements	—	—	3,141	—	—	—	—	—	—	—	3,141	3,141
Forfeiture of share options within the vesting period	—	—	(2,962)	—	—	—	—	—	—	(2,962)	—	(2,962)
Acquisition of non-controlling interests	—	—	—	—	—	—	—	4,950	—	4,950	(8,063)	(3,113)
<b>At 30 June 2021 (unaudited)</b>	333,763	1,569,891	19,580	1,264	30,117	2,818	(179,433)	4,950	(610,021)	1,172,929	79,056	1,251,985

\* At 30 June 2022, these reserve accounts comprise the consolidated reserves of approximately HK\$872,427,000 (31 December 2021: HK\$813,801,000) in the condensed consolidated statement of financial position.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash flows from (used in) operating activities	367,643	(463,100)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in loans receivable	(53,908)	(101,980)
<b>Net cash flows used in investing activities</b>	<b>(53,908)</b>	<b>(101,980)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New interest-bearing borrowings	—	419,895
Repayment of interest-bearing borrowings	(13,509)	—
Issuance of bond payables	1,200	—
Interest paid	(49,721)	(2,169)
Principal portion of lease payments	(1,784)	(3,281)
<b>Net cash flows (used in) from financing activities</b>	<b>(63,814)</b>	<b>414,445</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>249,921</b>	<b>(150,635)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>28,124</b>	<b>193,396</b>
Effect of foreign exchange rate changes, net	(43,627)	(3,384)
<b>Cash and cash equivalents at end of period</b>	<b>234,418</b>	<b>39,377</b>

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 1. CORPORATE AND GROUP INFORMATION

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

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

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

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed interim financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange.

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

The unaudited condensed interim financial information for the six months ended 30 June 2022 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 2021.

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 2022

## 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 2022 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021 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 HKFRS 16	<i>Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Cost of Fulfilling a Contract</i>
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Annual Improvements to HKFRSs	<i>2018–2020 Cycle</i>

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

## 3. OPERATING SEGMENT INFORMATION

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

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

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 3. OPERATING SEGMENT INFORMATION *(Continued)*

### (a) Segment results

During the six months ended 30 June 2022, 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 2022

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

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 3. OPERATING SEGMENT INFORMATION (Continued)

### (a) Segment results (Continued)

For the six months ended 30 June 2021

	Arts and Cultural Division HK\$'000 (Unaudited)	Winery and Trading Division HK\$'000 (Unaudited)	Property Development Division HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Segment revenue</b>				
Revenue from external customers				
— Revenue from contracts with customers under HKFRS 15	5,533	2,887	47,910	56,330
— Interest income from advances to consignors	20,864	—	—	20,864
— Gross rental income from investment properties: Operating lease — with fixed lease payments	1,353	—	—	1,353
Revenue from external customers	<u>27,750</u>	<u>2,887</u>	<u>47,910</u>	<u>78,547</u>
<b>Segment results*</b>	<u>14,994</u>	<u>(8,802)</u>	<u>23,128</u>	<u>29,320</u>
<i>Reconciliation:</i>				
Unallocated other income				854
Unallocated other gains and losses, net				2,149
Unallocated corporate and other expenses				(12,973)
Profit before tax for the period				<u>19,350</u>

\* Segment results are before tax.

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 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 2022 and 2021; and (ii) the Group's property, plant and equipment, investment properties, intangible assets, goodwill and properties under development ("Specified Non-Current Assets") at 30 June 2022 and 31 December 2021. The geographical location of customers is based on the location at which services were provided and goods are delivered and title has passed. The geographical location of property, plant and equipment, investment properties and properties under development is based on the physical location of the assets and the geographical location of intangible assets and goodwill is based on the location of the respective business operations.

	Revenue from external customers		Specified Non-Current Assets	
	Six months ended		At	
	30 June 2022	30 June 2021	30 June 2022	31 December 2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	13,678	16,808	4,786	6,594
Mainland China	550,431	61,339	351,342	368,911
France	112	400	17,613	19,429
	<b>564,221</b>	<b>78,547</b>	<b>373,741</b>	<b>394,934</b>

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 4. REVENUE

An analysis of revenue is as follows:

	Note	Six months ended 30 June	
		2022	2021
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<i>Revenue from contracts with customers under HKFRS 15</i>			
Sale of merchandises and wines		3,048	2,887
Sale of properties		543,407	47,910
Auction and related services		21	5,533
	4(a)	<b>546,476</b>	56,330
<i>Revenue from other sources</i>			
Interest income from advances to consignors		16,246	20,864
Gross rental income from investment properties:			
Operating leases — with fixed lease payments		1,499	1,353
		<b>17,745</b>	22,217
Total revenue		<b>564,221</b>	78,547

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 4. REVENUE (Continued)

### (a) Disaggregation of revenue information

For the six months ended 30 June 2022

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

For the six months ended 30 June 2021

	Arts and Cultural Division HK\$'000 (Unaudited)	Winery and Trading Division HK\$'000 (Unaudited)	Property Development Division HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Types of goods of services</b>				
Sale of merchandises and wines	—	2,887	—	2,887
Sale of properties	—	—	47,910	47,910
Auction and related services	5,533	—	—	5,533
Total revenue from contracts with customers under HKFRS 15	5,533	2,887	47,910	56,330

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 2022

## 5. OTHER INCOME

An analysis of other income is as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	80	46
Gross rental income from completed properties held for sale	4,338	2,809
Interest income from loans receivable	1,143	5,028
Sundry income	246	93
	<u>5,807</u>	<u>7,976</u>

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on interest-bearing borrowings	49,721	24,803
Interest on lease liabilities	124	97
	<u>49,845</u>	<u>24,900</u>
Total borrowing costs	49,845	24,900
Less: Borrowing costs capitalised into properties under development	(47,619)	(24,693)
	<u>2,226</u>	<u>207</u>

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Staff costs (including the directors' remuneration)		
Salaries, allowances and other benefits in kind	16,098	19,030
Contributions to defined contribution retirement plans	1,753	1,149
Share-based payment expenses	3,039	3,141
Forfeiture of share options within the vesting period	—	(2,962)
	<b>20,890</b>	<b>20,358</b>
(b) Depreciation and amortisation expenses		
Depreciation of owned assets	1,189	1,650
Less: Amount included in inventory overheads	(63)	(487)
	<b>1,126</b>	<b>1,163</b>
Depreciation of right-of-use assets	2,721	4,247
Amortisation of intangible assets	2,437	3,985
	<b>6,284</b>	<b>9,395</b>
(c) Other items (included in other operating expenses and other gains and losses)		
Legal and professional fees	1,271	1,137
Secretarial and registration fees	165	419
Written off of advance to consignors and related interest receivables	3,730	—
Lease payments not included in the measurement of lease liabilities	30	29

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 8. INCOME TAX

For the six months ended 30 June 2022 and 2021, 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 2021: 25%) for the six months ended 30 June 2022.

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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC EIT	69,508	920
PRC LAT	87,452	9,000
	<b>156,960</b>	9,920
Deferred tax	<b>(16,807)</b>	2,620
Income tax expenses for the period	<b>140,153</b>	12,540

## 9. DIVIDENDS

The board of directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to equity holders of the Company, and the weighted average number of ordinary shares of 667,525,230 (six months ended 30 June 2021: 667,525,230) in issue during the six months ended 30 June 2022.

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

For the six months ended 30 June 2021, the calculation of the diluted earnings per share are based on the profit for the period attributable to equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares is assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)

### Earnings

Profit for the period attributable to equity holders of the Company, used in the basic earnings per share calculation

<b>82,682</b>	<b>3,702</b>
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# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (Continued)

	Number of shares At 30 June	
	2022	2021
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	667,525,230	667,525,230
Effect of dilution — weighted average number of ordinary shares:		
Share options	—	3,663,537
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	667,525,230	671,188,767

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, no acquisition of property, plant and equipment (excluding right-of-use assets) was made by the Group (six months ended 30 June 2021: Nil).

## 12. TRADE AND OTHER RECEIVABLES

		30 June 2022	31 December 2021
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>Trade receivables</b>			
— Receivables from customers		145,455	33,403
— Interest receivables		94,663	87,150
Loss allowances		(25,623)	(18,119)
	12(a)	214,495	102,434
<b>Other receivables</b>			
Loss allowances	12(b)	1,057,443	1,105,223
		(20,537)	(17,829)
		1,036,906	1,087,394
		1,251,401	1,189,828

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 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 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Unbilled	12,712	6,878
0–30 days	126,457	12,426
31–90 days	1,961	3,131
91–180 days	2,164	13,898
181–360 days	22,310	19,530
Over 360 days	48,891	46,571
	<b>214,495</b>	<b>102,434</b>

- (b) At 30 June 2022, advances to consignors for auction business, net of loss allowances, amounted to approximately HK\$413,809,000 (31 December 2021: HK\$445,867,000). 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 2021: 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 2022

## 13. TRADE AND OTHER PAYABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade payables	111,282	119,038
Accruals	8,402	12,785
Lease liabilities	4,608	7,218
Contract liabilities	308,622	353,951
Other payables	197,115	155,832
	<b>630,029</b>	<b>648,824</b>
Analysed into:		
— Current portion	628,851	645,911
— Non-current portion	1,178	2,913
	<b>630,029</b>	<b>648,824</b>

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
0–30 days	643	13,149
31–90 days	11,753	27,067
91–180 days	6,454	32,933
181–360 days	66,310	15,487
Over 360 days	26,122	30,402
	<b>111,282</b>	<b>119,038</b>

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 14. INTEREST-BEARING BORROWINGS

		30 June 2022	31 December 2021
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Secured bank loans			
— Bank loans bear variable interest rate of 7% per annum ("Bank Loans I")	<i>(a), (e)</i>	<b>658,072</b>	696,089
— Bank loans bear variable interest rate of 6.3% per annum ("Bank Loans II")	<i>(b), (e)</i>	<b>701,192</b>	733,053
		<b>1,359,264</b>	1,429,142
Secured other loans			
— Other loans bear fixed interest rate of 7.98% per annum ("Other Loans I")	<i>(c), (e)</i>	<b>214,666</b>	224,420
— Other loans bear fixed interest rate of 12% per annum ("Other Loans II")	<i>(d), (e)</i>	—	5,500
		<b>214,666</b>	229,920
		<b>1,573,930</b>	1,659,062
Analysed into:			
— Current portion		<b>372,022</b>	268,121
— Non-current portion		<b>1,201,908</b>	1,390,941
		<b>1,573,930</b>	1,659,062

### Notes:

- (a) Bank Loans I bears variable interest rate of 7% per annum, which was the loan prime rate published by the People's Bank of China (the "PBC") plus 3.15%, repayable within three years since inception and is secured by:
- (i) properties under development held by the Group with a carrying amount of approximately HK\$733,471,000 (31 December 2021: HK\$729,445,000) at 30 June 2022;
  - (ii) completed properties held by the Group with a carrying amount of approximately HK\$30,717,000 (31 December 2021: HK\$32,112,000) at 30 June 2022;

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 14. INTEREST-BEARING BORROWINGS (Continued)

Notes: (Continued)

(a) (Continued)

- (iii) properties held by Xi'an Da Tang Xi Shi Property Limited ("DTXS Property"), a company controlled by Mr. Lu Jianzhong, the ultimate controlling party of the Group, with estimated value of approximately HK\$1,235,741,000 (31 December 2021: HK\$1,291,892,000) on the date of inception of Bank Loans I;
  - (iv) corporate guarantee given by DTXS Property; and
  - (v) personal guarantees given by an executive director, Mr. Lu Jianzhong.
- (b) Bank Loans II bears variable rate of 6.3% per annum, which was the lending rate quoted by the PBC plus 1.65%, repayable within three years since inception and is secured by completed properties held for sale held by the Group with a carrying amount of approximately HK\$889,307,000 (31 December 2021: properties under development of approximately HK\$1,045,895,000) at 30 June 2022.
- (c) Other Loans I bears fixed interest rate of 7.98% per annum, repayable within two years since inception and is secured by:
- (i) corporate guarantee given by 大唐西市文化產業投資集團有限公司 (Da Tang Xi Shi Investments Group Limited\* ("DTXS Investments")), which is the ultimate holding company of the Company; and
  - (ii) personal guarantees given by an executive director, Mr. Lu Jianzhong.
- (d) Other Loans II was drawn down by a subsidiary of the Company, and bears fixed interest rate of 12% per annum, repayable within one month since inception and is secured by corporate guarantees given by the Company. The Other Loans II was fully settled during the six months ended 30 June 2022.
- (e) The secured bank loans and other loans are denominated in Renminbi ("RMB"), except for the Other Loans II which is denominated in HK\$.

\* For identification purpose only

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 15. SHARE CAPITAL

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 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 2021: 667,525,230) ordinary shares of HK\$0.5 each	<u>333,763</u>	<u>333,763</u>

## 16. CAPITAL COMMITMENTS

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Construction contracts for properties under development	<u>943,035</u>	852,776
Capital injection to unlisted equity investment	<u>17,211</u>	17,993
	<u>960,246</u>	<u>870,769</u>

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 17. 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 2022 HK\$’000 (Unaudited)	31 December 2021 HK\$’000 (Audited)
Potential claims from property buyers in connection with the Non-compliance	<b>1,368</b>	2,422

## 18. FINANCIAL GUARANTEES

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

Notes	30 June 2022 HK\$’000 (Unaudited)	31 December 2021 HK\$’000 (Audited)
Guarantees in respect of mortgage facilities provided for certain purchasers of DTXS Enterprise Group’s properties	(a) <b>168,676</b>	176,340
Guarantee in respect of loan facility provided for a related party	(b) <b>345,386</b>	361,080
	<b>514,062</b>	537,420

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 18. FINANCIAL GUARANTEES (Continued)

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.

- (b) DTXS Enterprise Group provided a financial guarantee for a bank loan with a principal of RMB295,000,000 (equivalent to HK\$345,386,000) (31 December 2021: RMB295,000,000 (equivalent to HK\$361,080,000)) 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.

# Notes to Condensed Interim Financial Information

For the six months ended 30 June 2022

## 19. RELATED PARTY DISCLOSURES

The Group entered into the following transactions with related parties:

- (a) During the six months ended 30 June 2022, rental income of approximately HK\$1,499,000 (six months ended 30 June 2021: HK\$1,353,000) was generated from the investment properties leased to a related company controlled by DTXS Investments at the rate of HK\$285 (six months ended 30 June 2021: HK\$266) per square metre.
- (b) Outstanding balances with related parties:
- (i) Included in trade and other receivables, approximately HK\$6,321,000 was the rental receivables due from a related company controlled by DTXS Investments at 31 December 2021. Such balance was fully settled during the six months ended 30 June 2022.
- (ii) Included in other payables, approximately HK\$1,003,000 (31 December 2021: HK\$1,003,000) was the amount due to a related company controlled by DTXS Investments at 30 June 2022.

### (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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits in kind	3,402	3,603
Share-based payment expenses	1,603	2,810
Forfeiture of share options within the vesting period	—	(2,962)
Contributions to defined contribution retirement plans	50	36
	<b>5,055</b>	<b>3,487</b>

## 20. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved and authorised for issue by the Board on 30 August 2022.