

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board of directors (the “Board”) of DTXS Silk Road Investment Holdings Company Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024, together with the comparative figures as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2024*

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

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>LOSS BEFORE TAX</b>	7	(12,739)	(17,482)
Income tax (expenses)/credit	8	<u>(2,687)</u>	<u>1,639</u>
<b>LOSS FOR THE PERIOD</b>		<b>(15,426)</b>	<b>(15,843)</b>
<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		<u>(8,811)</u>	<u>(33,425)</u>
<b>TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD</b>		<b><u>(24,237)</u></b>	<b><u>(49,268)</u></b>
Loss for the period attributable to:			
Equity holders of the Company		(7,556)	(8,294)
Non-controlling interests		<u>(7,870)</u>	<u>(7,549)</u>
		<b><u>(15,426)</u></b>	<b><u>(15,843)</u></b>
Total comprehensive expenses for the period attributable to:			
Equity holders of the Company		(14,429)	(35,480)
Non-controlling interests		<u>(9,808)</u>	<u>(13,788)</u>
		<b><u>(24,237)</u></b>	<b><u>(49,268)</u></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
	10		
Basic and diluted loss per share		<b><u>HK(1.13) cents</u></b>	<b><u>HK(1.24) cents</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		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
		<b>145,221</b>	150,829
<b>CURRENT ASSETS</b>			
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	11	944,580	809,701
Loans receivable		–	–
Restricted bank deposits		3,863	2,554
Cash and cash equivalents		9,142	23,079
		<b>3,437,025</b>	3,316,267
Non-current assets classified as held for sales		11,353	11,936
		<b>3,448,378</b>	3,328,203
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	646,268	853,596
Interest-bearing borrowings		772,643	1,328,559
Tax liabilities		307,109	311,205
		<b>1,726,020</b>	2,493,360
<b>NET CURRENT ASSETS</b>		<b>1,722,358</b>	834,843
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,867,579</b>	985,672

	<i>Notes</i>	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing borrowings		<b>633,698</b>	10,990
Other payables	<i>12</i>	<b>283,438</b>	–
		<b>917,136</b>	10,990
<b>NET ASSETS</b>		<b>950,443</b>	974,682
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>333,763</b>	333,763
Reserves		<b>539,223</b>	553,654
Equity attributable to equity holders of the Company		<b>872,986</b>	887,417
Non-controlling interests		<b>77,457</b>	87,265
<b>TOTAL EQUITY</b>		<b>950,443</b>	974,682

## **NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION**

### **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.

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	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
HK Interpretation 5	<i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>

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.

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.

### **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

(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**

	<b>Arts and Cultural Division HK\$'000 (Unaudited)</b>	<b>Winery Division HK\$'000 (Unaudited)</b>	<b>Property Development Division HK\$'000 (Unaudited)</b>	<b>Consolidated HK\$'000 (Unaudited)</b>
<b>Segment revenue</b>				
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
Revenue from external customers	<u>20,422</u>	<u>1,930</u>	<u>3,533</u>	<u>25,885</u>
<b>Segment results*</b>	<u>14,943</u>	<u>744</u>	<u>(25,944)</u>	<u>(10,257)</u>
Reconciliation:				
Unallocated other gains and losses, net				2,967
Unallocated corporate and other expenses				<u>(5,449)</u>
Loss before tax for the period				<u><u>(12,739)</u></u>



For the six months ended 30 June 2023

	Arts and Cultural Division <i>HK\$'000</i> (Unaudited)	Winery Division <i>HK\$'000</i> (Unaudited)	Property Development Division <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
<b>Segment revenue</b>				
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
	<u>18,499</u>	<u>4,385</u>	<u>—</u>	<u>22,884</u>
Revenue from external customers	<u>18,499</u>	<u>4,385</u>	<u>—</u>	<u>22,884</u>
<b>Segment results*</b>	<u>8,342</u>	<u>7,972</u>	<u>(25,354)</u>	(9,040)
<i>Reconciliation:</i>				
Unallocated other income				387
Unallocated other gains and losses, net				(264)
Unallocated corporate and other expenses				<u>(8,565)</u>
Loss before tax for the period				<u>(17,482)</u>

\* Segment results are before tax.

(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	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	13,979	15,261	415	1,185
Mainland China	11,896	7,538	96,403	100,333
France	10	85	–	–
	<u>25,885</u>	<u>22,884</u>	<u>96,818</u>	<u>101,518</u>

4. **REVENUE**

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(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
	<u>5,463</u>	<u>4,390</u>
Revenue from other sources		
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
	<u>20,422</u>	<u>18,494</u>
Total revenue	<u>25,885</u>	<u>22,884</u>

## 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
	<u>5,600</u>	<u>12,037</u>

## 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
	<u>43,992</u>	<u>50,466</u>
Total borrowing costs	43,992	50,466
Less: Borrowing costs capitalised into properties under development	<u>(18,079)</u>	<u>(21,663)</u>
	<u>25,913</u>	<u>28,803</u>

## 7. LOSS BEFORE TAX

Loss before tax has been carried at after charging:

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

## 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.

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
PRC EIT	<b>2,271</b>	(1,054)
PRC LAT	<b>554</b>	–
	<b>2,825</b>	(1,054)
Deferred tax	<b>(138)</b>	(585)
Income tax expenses/(credit) for the period	<b>2,687</b>	(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).

## 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:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss</b>		
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>
	<b>Number of shares</b>	
	<b>At 30 June</b>	
	<b>2024</b>	<b>2023</b>
<b>Shares</b>		
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>

## 11. TRADE AND OTHER RECEIVABLES

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

- (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:

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

## 12. TRADE AND OTHER PAYABLES

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

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



## **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.

## **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.

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".

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).

## **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.

## **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.

## **2024 INTERIM REPORT**

The 2024 interim report of the Company containing all the information required by the Listing Rules will be published on the websites of the Company ([www.dtxs.com](http://www.dtxs.com)) and The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and despatched to the shareholders of the Company in due course.

By Order of the Board  
**DTXS Silk Road Investment Holdings Company Limited**  
**Lu Jianzhong**  
*Chairman*

Hong Kong, 29 August 2024

*As at the date of this announcement, the board of Directors of the Company comprises four Executive Directors, namely Mr. Lu Jianzhong (Chairman), Mr. Yang Xingwen, Mr. Huang Dahai and Mr. Wong Kwok Tung Gordon Allan (Co-Chief Executive Officer); and three Independent Non-executive Directors, namely Mr. Kwok Chi Shing, Prof. Wang Guiguo and Ms. Hau Amy Wing Gee.*