



**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
2021**



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

- Mr. Lu Jianzhong (*Chairman*)
Mr. Yang Xingwen
Dr. Ma Chao (*Executive Vice-chairman*)
(appointed on 1 February 2021)
Mr. Kam Hou Yin John (*Chief Executive Officer*)
(appointed on 1 September 2021)
Dr. Xu Zhihong (*Co-Chief Executive Officer*)
(resigned on 1 September 2021)
Mr. Wong Kwok Tung Gordon Allan
(*Deputy Chief Executive Officer*)
Mr. Xu Lin (*Executive Vice-chairman*)
(resigned on 1 February 2021)

Non-executive Director

- Dr. Cheng Kar-Shun, Henry
(resigned on 19 March 2021)

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. Ma Chao (appointed on 1 February 2021)
Mr. Kwok Chi Shing
Mr. Xu Lin (resigned on 1 February 2021)

INVESTMENT COMMITTEE

- Dr. Ma Chao (*Chairman*)
(appointed on 1 February 2021)
Mr. Yang Xingwen
Mr. Kam Hou Yin John
(appointed on 1 September 2021)
Mr. Wong Kwok Tung Gordon Allan
Dr. Xu Zhihong (resigned on 1 September 2021)
Mr. Xu Lin (resigned on 1 February 2021)

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

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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
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Mazars CPA Limited

LEGAL ADVISERS

Jeffrey Mak Law Firm
Patrick Mak and Tse Solicitors
Silkroad Law Firm
Appleby Spurling & Kempe

PRINCIPAL BANKERS

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

WEBSITE

www.dtxs.com

STOCK CODE

620

Management Discussion and Analysis

FINANCIAL AND BUSINESS REVIEW, AND PROSPECT

DTXS Silk Road Investment Holdings Company Limited (the “Company”) and its subsidiaries (the “Group”) recorded a revenue from continuing operations of approximately HK\$78.5 million (30 June 2020: HK\$147.4 million) for the six months ended 30 June 2021. Profit for the period reached approximately HK\$6.8 million (30 June 2020: HK\$26.9 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\$27.8 million (30 June 2020: HK\$44.7 million) and a segment profit before tax of approximately HK\$15.0 million (30 June 2020: HK\$28.3 million) for the six months ended 30 June 2021.

Auction Business

Due to the outbreak of coronavirus disease 2019 (“COVID-19”), scheduled large scale auctions could not be held during the year of 2020 and were postponed to 2021. During the six months ended 30 June 2021, two large scale physical auctions were held in Beijing and Hainan Island respectively. The types of auction items are diversified, covering bronze mirrors, inscriptions on the stone tablets, paintings, and calligraphies, etc. Since the year of 2020, our operation model had been adjusted, we have also hosted online auction. Two online auctions were held in April 2021 covering bronze mirrors. The decreases in both segment revenue and segment profit before tax were mainly attributable to the decrease in commission income received in the six months ended 30 June 2021, while there was approximately HK\$13.5 million of commission income received for previous auctions held in the prior periods and recorded during the corresponding period in 2020.

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

The Group had realigned the Winery division and e-Commerce division to Winery and Trading division to align with the Group’s long-term business strategy. This division, comprising the winery business and trading business, contributed a segment revenue of approximately HK\$2.9 million (30 June 2020: HK\$102.4 million) and with a segment loss before tax of approximately HK\$8.8 million (30 June 2020: HK\$0.8 million) for the six months ended 30 June 2021.

Management Discussion and Analysis

Since the acquisition of Chateau Puy Bardens located at Bordeaux in France in 2017, a world-famous area for the production of quality wine, the Group have continuously enhanced the quality of wine. 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. Due to the outbreak of COVID-19 pandemic, the management has decided to slow down the e-Commerce business, and now is strategically positioning the business operations of the trading division.

Property Development Division

This division contributed a segment revenue of approximately HK\$47.9 million (30 June 2020: HK\$0.3 million) and a segment profit before tax of approximately HK\$23.1 million (30 June 2020: segment loss before tax of HK\$2.1 million) for the six months ended 30 June 2021.

The properties are located in Tang West Market, Lianhu District in Xi'an City, 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 sq.m. The pre-sale permits for the two blocks of office buildings were obtained in December 2019. The Group has been negotiating with potential purchasers in relation to the possible disposals of office buildings and certain sections of the commercial area. For an update and more details of the possible disposals, refer to Subsequent Event shown on page 7. With the collaboration of the management expertise of the Group, the Group is confident to develop cultural artworks operations and cultural artwork financing businesses after the completion.

Management Discussion and Analysis

OUTLOOK

Although the Group recorded a profit in the first half of 2021, 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, 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 and acquisition activities were mainly financed by funds raised through subscription of new shares of the Company in August 2019, drawdown of bank borrowings and internal resources.

As at 30 June 2021, the Group's total bank balances and cash amounted to approximately HK\$39.4 million, representing a decrease of approximately HK\$154.0 million as compared with the bank balances and cash of approximately HK\$193.4 million as at 31 December 2020. The decrease was mainly attributable to the additional financial resources deployed in the properties planned to develop into the Silk Road International Culture Center as previously mentioned during the period under review.

As at 30 June 2021, the Group had outstanding secured borrowings of approximately HK\$1,139.3 million (31 December 2020: HK\$711.8 million) and are repayable from one to three years (31 December 2020: within one year).

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 93.8% as at 30 June 2021 (31 December 2020: 44.8%).

FOREIGN EXCHANGE EXPOSURE

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

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 2021. Income and expense items are translated at the average exchange rates for the period ended 30 June 2021. Exchange gain arising from the translation of foreign operations of approximately HK\$6.4 million (31 December 2020: HK\$41.7 million) for the six months ended 30 June 2021 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 2021, other than outsourcing vendors but including contract workers, the Group has approximately 133 employees (31 December 2020: 125) 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 2021, the Group had contingent liabilities in respect of (i) potential claims from property buyers in connection with certain non-compliance of approximately HK\$2.1 million (31 December 2020: HK\$3.1 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\$538.2 million (31 December 2020: HK\$538.0 million).

HEDGING, ACQUISITION AND DISPOSAL AND SIGNIFICANT INVESTMENTS

On 18 February 2021, DTXS Fine Wine Holdings Limited ("DTXS Fine Wine"), an indirect wholly-owned subsidiary of the Company, completed a further acquisition of 30% equity interest of its non-wholly owned subsidiary, Wealthy Forest Limited ("Wealthy Forest"), at a consideration of approximately HK\$4.8 million. DTXS Fine Wine became the sole beneficial owner of the Wealthy Forest, which indirectly owned a vineyard located at Bordeaux in France. After the acquisition, the Group holds the entire equity interest of the vineyard business.

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

Management Discussion and Analysis

CAPITAL COMMITMENT

At 30 June 2021, the Group has capital commitments amounted to approximately HK\$1,775.5 million (31 December 2020: HK\$1,343.6 million).

INTERIM DIVIDEND

The board of directors (the “Board”) does not recommend payment of an interim dividend for the six months ended 30 June 2021 (30 June 2020: Nil).

SUBSEQUENT EVENT

Sale of properties

On 12 September 2021, a non-wholly-owned subsidiary of the Group has separately entered into property sale agreements with four independent purchasers in relation to the sale of commercial properties (the “Property Sale”) located in Tang West Market, Lianhu District in Xi’an City, the PRC with a total gross floor area of approximately 22,982 square metres. The aggregate consideration for the Property Sale is approximately RMB471 million. The sales of properties are transactions of revenue in nature and in the ordinary and usual course of business of the Group. Further details of the sale of properties are set out in the Company’s announcement dated 13 September 2021.

Other Information

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

As at 30 June 2021, 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/ chief executive	Number of ordinary shares of HK\$0.50 each and nature of interests			Number of share options ⁽⁹⁾		Approximate percentage of shareholding ⁽⁹⁾
	Personal interests	Corporate interests	Number of underlying shares held	Personal interests	Total interests	
Directors						
Mr. Lu Jianzhong	4,996,000	383,473,032 ⁽¹⁾	111,187,538 ⁽²⁾	3,500,000	503,156,570	75.38%
Mr. Yang Xingwen	—	—	—	2,500,000	2,500,000	0.37%
Dr. Ma Chao	—	—	—	3,000,000	3,000,000	0.45%
Dr. Xu Zhihong	—	—	—	2,600,000	2,600,000	0.39%
Mr. Wong Kwok Tung						
Gordon Allan	—	—	—	2,500,000	2,500,000	0.37%
Mr. Tse Yung Hoi	—	—	—	250,000	250,000	0.04%
Chief executive						
Mr. Kam Hou Yin John	—	—	—	2,000,000	2,000,000	0.30%

Other Information

Notes:

1. 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.
2. 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”).
3. Particulars of share options of the Company are set out in the following section headed “Share Option Scheme”.
4. The total number of issued shares of the Company was 667,525,230 as at 30 June 2021.

(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 2021, 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.

* For identification purpose only

Other Information

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

As at 30 June 2021, 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 ⁽⁷⁾	Approximate percentage of shareholding ⁽¹³⁾
DTXS International Holdings ⁽²⁾	Beneficial owner	494,660,570 (L) ⁽¹²⁾	74.10%
Da Tang Xi Shi International Group Limited ⁽²⁾	Interests in controlled corporation	494,660,570 (L) ⁽¹²⁾	74.10%
DTXS Investments ⁽²⁾	Interests in controlled corporation	494,660,570 (L) ⁽¹²⁾	74.10%
Ms. Zhu Ronghua ⁽³⁾	Interests of spouse	503,156,570 (L)	75.38%
Ion Tech	Beneficial owner	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
Citiplus Investment Limited ⁽⁴⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
New World Development Company Limited ⁽⁵⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
Chow Tai Fook Enterprises Limited ⁽⁶⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
Chow Tai Fook (Holding) Limited ⁽⁷⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
Chow Tai Fook Capital Limited ⁽⁸⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
Cheng Yu Tung Family (Holdings II) Limited ⁽⁹⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%
Cheng Yu Tung Family (Holdings) Limited ⁽¹⁰⁾	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) ⁽¹¹⁾	16.66%

Other Information

Notes:

1. The letters "L" and "S" denote a long positions and a short positions in the shares respectively.
2. DTXS International Holdings was wholly-owned by Da Tang Xi Shi International Group Limited, which was wholly-owned by DTXS Investments, which was owned as to approximately 50.60% by Mr. Lu Jianzhong and approximately 13.80% by Mr. Yang Xingwen.
3. Ms. Zhu Ronghua was deemed to be interested in 503,156,570 shares through the interests held by her spouse, Mr. Lu Jianzhong.
4. Citiplus Investment Limited ("Citiplus") held 100% direct interest in Ion Tech and was accordingly deemed to have an interest in the shares held by Ion Tech.
5. New World Development Company Limited ("NWD") held 100% direct interest in Citiplus and was accordingly deemed to have an interest in the shares deemed to be interested by Citiplus.
6. Chow Tai Fook Enterprises Limited ("CTFE"), together with its subsidiaries, held more than one third of the issued shares of NWD and was accordingly deemed to have an interest in the shares deemed to be interested by NWD.
7. Chow Tai Fook (Holding) Limited ("CTFH") held 100% direct interest in CTFE and was accordingly deemed to have an interest in the shares deemed to be interested by CTFE.
8. Chow Tai Fook Capital Limited ("CTFC") held approximately 81.03% direct interest in CTFH and was accordingly deemed to have an interest in the shares deemed to be interested by CTFH.
9. Cheng Yu Tung Family (Holdings II) Limited held approximately 46.65% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
10. Cheng Yu Tung Family (Holdings) Limited held approximately 48.98% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
11. Ion Tech entered into the subscription agreement dated 16 July 2019 to conditionally subscribe for 111,187,538 shares, and in connection therewith, DTXS International Holdings conditionally granted a put option to Ion Tech to require DTXS International Holdings to purchase all or part of the option shares pursuant to the Put Option Deed.
12. Comprises 383,473,032 shares held by DTXS International Holdings and 111,187,538 underlying shares representing the number of option shares that may be sold by Ion Tech to DTXS International Holdings pursuant to the exercise of the put option or the triggered put option (as the case may be) pursuant to the Put Option Deed.
13. The total number of issued shares of the Company was 667,525,230 as at 30 June 2021.

Other Information

Save as disclosed above, as at 30 June 2021, 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 2021 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 2021
				At 1 January 2021	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
(a) Directors and chief executive								
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
Dr. Ma Chao	12/04/2021	4.494	29/03/2022 to 11/04/2031	—	3,000,000	—	—	3,000,000
Mr. Xu Lin	07/04/2020	5.290	01/04/2021 to 06/04/2030	3,000,000	—	—	3,000,000	—
Dr. Xu Zhihong	16/06/2020	4.870	16/06/2021 to 15/06/2030	2,600,000	—	—	—	2,600,000
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
Sub-total				14,350,000	5,000,000	—	3,000,000	16,350,000

Other Information

Eligible participants	Date of grant	Exercise price per share (HK\$)	Exercise period	Number of share options				At 30 June 2021
				At 1 January 2021	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
(b) Other eligible participants 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
Sub-total				1,500,000	1,000,000	—	—	2,500,000
Total				15,850,000	6,000,000	—	3,000,000	18,850,000

Notes:

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

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

- Share options granted under the 2012 Scheme on 16 June 2020 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
First anniversary of the date of grant	25% of the total number of share options granted
Second anniversary of the date of grant	25% of the total number of share options granted
Third anniversary of the date of grant	25% of the total number of share options granted
Fourth anniversary of the date of grant	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 director and chief executive 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 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

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

4. Share options granted under the 2012 Scheme on 12 April 2021 to the eligible participant other than the director and chief executive 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 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

5. The fair value of equity-settled share options granted during the six months ended 30 June 2021 under the 2012 Scheme was estimated at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Date of grant	12 April 2021
Dividend yield (%)	0
Expected volatility (%)	44.80
Risk-free interest rate (%)	1.24
Exit rates of the grantees (%)	0
Fair value at measurement date (HK\$'000)	12,494
Exercise price (HK\$)	4.494

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

Other Information

6. The details of the fair value of share options granted under the 2012 Scheme during the six months ended 30 June 2021 are set out as follows:

	Date of grant	Share options granted during the six months ended 30 June 2021	Estimated fair value per share HK\$	Estimated fair value HK\$'000
Director				
Dr. Ma Chao	12/04/2021	3,000,000	2.15	6,462
Chief Executive				
Mr. Kam Hou Yin John	12/04/2021	2,000,000	2.02	4,034
Employees in aggregate	12/04/2021	1,000,000	2.00	1,998
Total		6,000,000		12,494

The closing price of the shares of the Company immediately before 12 April 2021, being the date on which the share options were granted, was HK\$4.60.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2021, 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 2021 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 2021, the Company has applied the principles and complied with code provisions (the "Code") of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules.

Other Information

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 2021.

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 2020 annual report of the Company are as follows:

Mr. Kam Hou Yin John ("Mr. Kam") has been appointed as an Executive Director, a member of the Investment Committee and an Authorised Representative, and re-designated as the Chief Executive Officer of the Company on 1 September 2021. Mr. Kam is entitled to an aggregate annual remuneration of HK\$2,700,000. Mr. Kam's remuneration is recommended by the remuneration committee of the Company and determined by the Board with reference to his duties and responsibilities with the Company and prevailing market conditions.

Dr. Xu Zhihong has resigned as an Executive Director and Co-Chief Executive Officer, also has ceased as a member of the Investment Committee and an Authorised Representative of the Company on 1 September 2021.

Mr. Tse Yung Hoi, an Independent Non-executive Director, his annual director's emolument has been changed to HK\$300,000 on 1 September 2021. There is no change in the basis of determining the director's emoluments.

Mr. Kwok Chi Shing, an Independent Non-executive Director, resigned as an independent non-executive director, chairman of audit committee and member of nomination committee and remuneration committee of EPA Creative Health Technology Group Limited (formerly known as Speed Apparel Holdings Limited) (stock code: 3860) on 30 June 2021.

By order of the Board

Lu Jianzhong
Chairman

Hong Kong, 31 August 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
CONTINUING OPERATIONS			
REVENUE			
Revenue from contracts with customers	4	56,330	115,822
Interest income from advances to consignors	4	20,864	30,028
Gross rental income	4	1,353	1,532
		78,547	147,382
Other income	5	7,976	6,229
Cost of inventories sold		(21,194)	(100,348)
Auction and related services costs		(3,518)	—
Staff costs	7(a)	(20,358)	(18,557)
Depreciation and amortisation expenses	7(b)	(9,395)	(11,123)
Other operating expenses		(8,712)	(7,657)
Other gains and losses, net		(3,789)	(5,300)
Finance costs	6	(207)	(711)
		19,350	9,915
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS			
Income tax (expenses) credits	8	(12,540)	1,620
		6,810	11,535
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS			
DISCONTINUED OPERATION			
Profit for the period from discontinued operation	18	—	15,319
		6,810	26,854

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
Note	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME (EXPENSE)		
<i>Items that may be reclassified subsequently to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	6,393	(10,646)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13,203	16,208
Profit (loss) for the period attributable to:		
Equity holders of the Company	3,702	27,664
Non-controlling interests	3,108	(810)
	6,810	26,854
Total comprehensive income (expense) for the period attributable to:		
Equity holders of the Company	9,434	17,878
Non-controlling interests	3,769	(1,670)
	13,203	16,208
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
	10	
Basic		
For profit for the period	HK0.55 cents	HK4.14 cents
For profit from continuing operations	HK0.55 cents	HK1.85 cents
Diluted		
For profit for the period	HK0.55 cents	HK4.11 cents
For profit from continuing operations	HK0.55 cents	HK1.83 cents

Condensed Consolidated Statement of Financial Position

At 30 June 2021

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	107,706	113,397
Investment properties		50,910	50,392
Intangible assets		74,526	77,719
Goodwill		138,519	137,111
Deferred tax assets		12,413	15,849
Properties under development		21,057	19,527
		405,131	413,995
CURRENT ASSETS			
Properties under development		1,088,257	1,002,458
Completed properties held for sale		161,767	176,835
Inventories		46,405	47,847
Trade and other receivables	12	1,051,527	620,038
Loans receivable		109,618	7,488
Restricted bank deposits		2,614	2,586
Cash and cash equivalents		39,377	193,396
		2,499,565	2,050,648
CURRENT LIABILITIES			
Trade and other payables	13	403,778	410,636
Interest-bearing borrowings	14	726,351	711,793
Tax liabilities		90,645	80,170
		1,220,774	1,202,599
NET CURRENT ASSETS		1,278,791	848,049
TOTAL ASSETS LESS CURRENT LIABILITIES		1,683,922	1,262,044

Condensed Consolidated Statement of Financial Position

At 30 June 2021

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Other payables	13	313	920
Interest-bearing borrowings	14	412,993	—
Deferred tax liabilities		18,631	19,408
		431,937	20,328
NET ASSETS			
		1,251,985	1,241,716
CAPITAL AND RESERVES			
Share capital	15	333,763	333,763
Reserves		839,166	824,603
Equity attributable to equity holders of the Company		1,172,929	1,158,366
Non-controlling interests		79,056	83,350
TOTAL EQUITY			
		1,251,985	1,241,716

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to equity holders of the Company											Total HK\$'000	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	Scheme reserve HK\$'000	Revaluation reserve HK\$'000	Capital reserve HK\$'000	Merge reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000			
At 1 January 2021 (audited)	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
Other comprehensive income: <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
Transactions with owners: <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	—	—	—	(8,063)	(3,113)
At 30 June 2021 (unaudited)	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

	Attributable to equity holders of the Company											Total HK\$'000	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	Scheme reserve HK\$'000	Revaluation reserve HK\$'000	Capital reserve HK\$'000	Merge reserve HK\$'000	Accumulated losses HK\$'000				
At 1 January 2020 (audited)	333,730	1,565,589	24,959	1,264	(11,496)	—	8,668	—	—	(661,707)	1,265,007	7,810	1,272,817	
Profit (loss) for the period	—	—	—	—	—	—	—	—	—	27,664	27,664	(810)	26,854	
Other comprehensive expense: <i>Items that may be reclassified subsequently to profit or loss in subsequent periods:</i>														
Exchange differences on translation of foreign operations	—	—	—	—	(9,786)	—	—	—	—	—	—	(9,786)	(860)	(10,646)
Total comprehensive income (expense) for the period	—	—	—	—	(9,786)	—	—	—	—	27,664	17,878	(1,670)	16,208	
Transactions with owners: <i>Contributions and distributions</i>														
Acquisition of subsidiaries under common control	—	—	—	—	—	—	—	(179,433)	—	(179,433)	72,052	(107,381)	—	
Disposal of subsidiaries	—	—	—	—	—	—	(5,850)	—	—	5,850	—	—	—	
Equity-settled share option arrangements	—	—	1,985	—	—	—	—	—	—	—	1,985	—	1,985	
Transfer of share option reserve upon the forfeiture of share options	—	—	(1,391)	—	—	—	—	—	—	1,391	—	—	—	
Exercise of share options	12	94	(34)	—	—	—	—	—	—	—	72	—	72	
At 30 June 2020 (unaudited)	333,742	1,569,683	25,519	1,264	(21,282)	—	2,818	—	(179,433)	(626,802)	1,105,509	78,192	1,183,701	

* At 30 June 2021, these reserve accounts comprise the consolidated reserves of approximately HK\$839,166,000 (31 December 2020: HK\$824,603,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash flows used in operating activities	(463,100)	(72,217)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	—	(707)
Increase in loans receivable	(101,980)	(111,492)
Proceeds from disposal of subsidiaries	—	15,810
Acquisition of subsidiaries under common control	—	(144,823)
Net cash flows used in investing activities	(101,980)	(241,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	—	72
New interest-bearing borrowings	419,895	42,929
Payment of interest on interest-bearing borrowings	(2,169)	—
Principal portion of lease payments	(3,281)	(3,830)
Net cash flows from financing activities	414,445	39,171
Net decrease in cash and cash equivalents	(150,635)	(274,258)
Cash and cash equivalents at beginning of period		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position at beginning of period	193,396	350,066
Cash and cash equivalents attributable to a discontinued operation at beginning of period	—	946
Cash and cash equivalents at beginning of period	193,396	351,012
Effect of foreign exchange rate changes, net	(3,384)	(20,388)
Cash and cash equivalents at end of period	39,377	56,366

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

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
- sales and leasing of vessels, provision of marine engineering, vessel management and related services (disposed of during the six months ended 30 June 2020)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed interim financial information for the six months ended 30 June 2021 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 “Listing Rules”).

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 has been prepared on the historical cost basis, except for investment properties, which are measured at fair value.

The unaudited condensed interim financial information for the six months ended 30 June 2021 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 2020.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

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

As disclosed in Note 17 to the condensed interim financial information, a business combination under common control was completed during the six months ended 30 June 2020, where the business acquired in the business combination and the Company are both ultimately controlled by 大唐西市文化產業投資集團有限公司 (“DTXS Investments”). Under the pooling-of-interests method, the net assets of the combining entities are consolidated using the existing book values from DTXS Investments’ perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the business combination under common control and no amount is recognised in respect of goodwill. The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group include the results and cash flows of the acquired business from the date when the acquiring company obtains control of the acquired business. No restatement was made for periods prior to the business combination under common control effected during the period ended 30 June 2020.

The accounting policies adopted in the preparation of the unaudited condensed interim financial information for the six months ended 30 June 2021 are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all 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 39, HKFRS 4,
HKFRS 7, HKFRS 9 and HKFRS 16

Interest Rate Benchmark Reform — Phase 2

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

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

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.

Since the year ended 31 December 2020, as a result of the restructure of internal operation flow and financial information reporting, the Group has determined that the production and sales of wines shall be combined with the trading of merchandises as one operating segment and, therefore there are three reportable operating segments which are set out below. The comparative figures have been restated accordingly.

- 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 (acquired during the six months ended 30 June 2020)

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

(a) Segment results

During the six months ended 30 June 2021, 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.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Segment results (Continued)

Continuing operations

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)
Segment revenue				
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 continuing operations	27,750	2,887	47,910	78,547
Segment results*	14,994	(8,802)	23,128	29,320
<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 from continuing operations				19,350

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Segment results (Continued)

Continuing operations (Continued)

For the six months ended 30 June 2020

	Arts and Cultural Division HK\$'000 (Unaudited)	Winery and Trading Division HK\$'000 (Unaudited)	Property Development Division HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue					
Revenue from external customers					
— Revenue from contracts with customers under HKFRS 15	13,475	102,347	—	—	115,822
— Interest income from advances to consignors	30,028	—	—	—	30,028
— Gross rental income from investment properties:					
Operating lease — with fixed lease payments	1,245	—	287	—	1,532
— Intersegment sales	—	10	—	(10)	—
Revenue from continuing operations	44,748	102,357	287	(10)	147,382
Segment results*	28,263	(844)	(2,124)	—	25,295
<i>Reconciliation:</i>					
Unallocated other income					2,724
Unallocated other gains and losses, net					(469)
Unallocated corporate and other expenses					(17,635)
Profit before tax for the period from continuing operations					9,915

* Segment results are before tax.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

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 continuing operations from external customers for the six months ended 30 June 2021 and 2020; 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 2021 and 31 December 2020. 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 2021	30 June 2020	30 June 2021	31 December 2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	16,808	137,670	2,245	5,130
Mainland China	61,339	9,582	369,591	370,755
France	400	130	20,882	22,261
	78,547	147,382	392,718	398,146

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

4. REVENUE

An analysis of revenue from continuing operations is as follows:

	Note	Six months ended 30 June	
		2021	2020
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<i>Revenue from contracts with customers under HKFRS 15</i>			
Sale of merchandises and wines		2,887	102,347
Sale of properties		47,910	—
Auction and related services		5,533	13,475
	4(a)	56,330	115,822
<i>Revenue from other sources</i>			
Interest income from advances to consignors		20,864	30,028
Gross rental income from investment properties:			
Operating leases — with fixed lease payments		1,353	1,532
		22,217	31,560
Total revenue		78,547	147,382

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

4. REVENUE (Continued)

(a) Disaggregation of revenue information

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)
Types of goods of services				
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

For the six months ended 30 June 2020

	Arts and Cultural Division HK\$'000 (Unaudited)	Winery and Trading Division HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Types of goods of services			
Sale of merchandises and wines	—	102,347	102,347
Auction and related services	13,475	—	13,475
Total revenue from contracts with customers under HKFRS 15	13,475	102,347	115,822

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 2021

5. OTHER INCOME

An analysis of other income from continuing operations is as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	46	1,210
Gross rental income from completed properties held for sale	2,809	—
Interest income from loans receivable	5,028	3,330
Sundry income	93	1,689
	<u>7,976</u>	<u>6,229</u>

6. FINANCE COSTS

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on interest-bearing borrowings	24,803	12,967
Interest on lease liabilities	97	242
	<u>24,900</u>	<u>13,209</u>
Total borrowing costs	24,900	13,209
Less: Borrowing costs capitalised into properties under development	(24,693)	(12,498)
	<u>207</u>	<u>711</u>

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Staff costs (including the directors' remuneration)		
Salaries, allowances and other benefits in kind	19,030	15,907
Contributions to defined contribution retirement plans	1,149	665
Share-based payment expenses	3,141	1,985
Forfeiture of share options within the vesting period	(2,962)	—
	20,358	18,557
(b) Depreciation and amortisation expenses		
Depreciation of owned assets	1,650	2,507
Less: Amount included in inventory overheads	(487)	(530)
	1,163	1,977
Depreciation of right-of-use assets	4,247	5,432
Amortisation of intangible assets	3,985	3,714
	9,395	11,123
(c) Other items (included in other operating expenses and other gains and losses)		
Legal and professional fees	1,137	1,850
Secretarial and registration fees	419	269
Impairment loss on trade and other receivables	7,127	—
Lease payments not included in the measurement of lease liabilities	29	98
	9,712	2,217

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

8. INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2021, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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% (2020: 25%) for the six months ended 30 June 2021.

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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax		
Current period	—	2,222
Overprovision in prior periods	—	(2,558)
	—	(336)
PRC EIT	920	944
PRC LAT	9,000	—
	9,920	608
Deferred tax	2,620	(2,228)
Tax expenses (credits) for the period	12,540	(1,620)

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

9. DIVIDENDS

The board of directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

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 2020: 667,475,582) in issue during the six months ended 30 June 2021.

For the six months ended 30 June 2021 and 2020, the calculation of the diluted earnings per share amounts attributable to discontinued operation and for the Group are based on the profit for the period attributable to equity holders of the Company for the discontinued operation and for the Group. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the 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	
	2021	2020
	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

From continuing operations	3,702	12,345
From discontinued operation	—	15,319

Profit for the period attributable to equity holders of the Company

3,702	27,664
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Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

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

	Number of shares	
	At 30 June	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	667,525,230	667,475,582
Effect of dilution — weighted average number of ordinary shares:		
Share options	3,663,537	5,338,431
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	671,188,767	672,814,013

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, no acquisition of property, plant and equipment (excluding right-of-use assets) was made by the Group (six months ended 30 June 2020: HK\$707,000).

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

12. TRADE AND OTHER RECEIVABLES

		30 June 2021	31 December 2020
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Trade receivables			
— Receivables from customers		29,965	28,325
— Interest receivables		75,456	55,182
Loss allowances		(7,972)	(3,632)
	12(a)	97,449	79,875
Other receivables	12(b)	957,069	540,367
Loss allowances		(2,991)	(204)
		954,078	540,163
		1,051,527	620,038

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Unbilled	11,590	6,214
0–30 days	11,840	9,997
31–90 days	2,170	12,574
91–180 days	4,393	15,821
181–360 days	36,602	21,378
Over 360 days	30,854	13,891
	97,449	79,875

- (b) At 30 June 2021, advances to consignors for auction business amounted to approximately HK\$438,292,000 (31 December 2020: HK\$481,036,000). 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 2020: 8% to 22%). 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 2021

13. TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade payables	138,243	167,532
Accruals	10,247	8,981
Lease liabilities	3,514	6,966
Other payables	252,087	228,077
	404,091	411,556
Analysed into		
— Current portion	403,778	410,636
— Non-current portion	313	920
	404,091	411,556

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

13. TRADE AND OTHER PAYABLES (Continued)

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0–30 days	16,601	12,268
31–90 days	3,525	25,721
91–180 days	8,731	47,666
181–360 days	65,649	10,500
Over 360 days	43,737	71,377
	138,243	167,532

14. INTEREST-BEARING BORROWINGS

<i>Notes</i>	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Secured bank loans		
— Bank loans bear variable interest rate of 6.18% per annum (“Bank Loans I”) (a), (d), (e)	719,099	711,793
— Bank loans bear variable interest rate of 7% per annum (“Bank Loans II”) (b), (c), (d), (e)	420,245	—
	1,139,344	711,793
Analysed into:		
— Current portion	726,351	711,793
— Non-current portion	412,993	—
	1,139,344	711,793

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

14. INTEREST-BEARING BORROWINGS (Continued)

Notes:

- (a) Bank Loans I is carrying at variable interest rate of 6.18% per annum, which was 30% higher than the lending rate quoted by the People's Bank of China (the "PBC"), and payable within one year.
- (b) Bank Loans II is carrying at variable rate of 7% per annum, which was the loan prime rate published by the PBC plus 3.15%, and repayable within three years.
- (c) A related company controlled by DTXS Investments and an executive director, Mr. Lu Jianzhong, have provided corporate guarantee of Renminbi ("RMB") 60,000,000 and personal guarantee of RMB60,000,000, respectively, to the Group as securities for Bank Loans II.
- (d) Bank Loans I and II are secured by properties under development held by the Group with a carrying amount of approximately HK\$1,088,257,000 (31 December 2020: HK\$1,002,458,000) at 30 June 2021.
- (e) The secured bank loans are denominated in RMB.

15. SHARE CAPITAL

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 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 2020: 667,525,230) ordinary shares of HK\$0.5 each	<u>333,763</u>	<u>333,763</u>

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

16. CAPITAL COMMITMENTS

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Contracted but not provided for:		
Construction contracts for properties under development	<u>1,775,459</u>	<u>1,343,562</u>

Contracted but not provided for:

Construction contracts for properties under development

1,775,459

1,343,562

17. BUSINESS COMBINATION UNDER COMMON CONTROL

On 12 March 2020, the Group acquired 100% equity interest in HK DTXS Enterprise Holdings (BVI) Limited and its subsidiaries (collectively referred to as "DTXS Enterprise Group") at a cash consideration of approximately HK\$212,000,000 from Da Tang Xi Shi International Group Limited, a direct wholly-owned subsidiary of DTXS Investments since the Group planned to strengthen its exposure in the cultural-related real estate investment and development in the strategically important regions in the PRC. As the Group and DTXS Enterprise Group are under the common control of DTXS Investments before and after the acquisition, the business combination has been accounted for as a business combination under common control.

The Group elects to account for the common control combination using the pooling-of-interest method and the results of DTXS Enterprise Group are consolidated by the Group from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The difference between the cash consideration and the carrying amount of the net assets of DTXS Enterprise Group, excluding non-controlling interests, at the completion date is recognised in merger reserve amounting to approximately HK\$179,433,000.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

17. BUSINESS COMBINATION UNDER COMMON CONTROL (Continued)

Details of the carrying amounts of the assets and liabilities of DTXS Enterprise Group at the date of acquisition are as follows:

	At 12 March 2020 HK\$'000
Property, plant and equipment	1,753
Deferred tax assets	14,759
Properties under development	866,022
Completed properties held for sale	175,310
Trade and other receivables	32,060
Loans receivable	72,743
Restricted bank deposits	2,422
Cash and cash equivalents	3,632
Trade and other payables	(330,560)
Interest-bearing borrowings	(667,714)
Tax liabilities	(65,852)
	<hr/>
Net assets of DTXS Enterprise Group (Note)	104,575
Non-controlling interests	(72,052)
	<hr/>
	32,523
Merger reserve recognised	179,433
	<hr/>
	211,956
	<hr/> <hr/>
Satisfied by:	
Cash	148,455
Deposit paid	63,501
	<hr/>
	211,956
	<hr/> <hr/>
Net cash outflow arising on the acquisition:	
Cash consideration	(211,956)
Deposit paid in prior year	63,501
Cash and cash equivalents acquired	3,632
	<hr/>
	(144,823)
	<hr/> <hr/>

Note: The amount excluded part of the registered capital of DTXS Enterprise Group that was paid-up by the Group subsequent to the business combination.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

18. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

On 30 December 2019, the Group entered into a sale and purchase agreement to dispose of its entire equity interests in UDL Ventures Limited and its subsidiaries (collectively referred to as the "UDL Group") to an independent third party, Harbour Front Limited, at a consideration of approximately HK\$16,756,000. The UDL Group carried out all of the Group's business of the Engineering Services Division.

The results of the UDL Group up till the completion date of the disposal are accounted for as discontinued operation in the Group's unaudited condensed consolidated statement of profit or loss and other comprehensive income. The disposal was completed on 3 February 2020.

The results of the UDL Group for the six months ended 30 June 2020 are presented below:

	Six months ended 30 June 2020 HK\$'000 (Unaudited)
Gain on disposal of UDL Group	15,319
Profit for the period from discontinued operation	15,319

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

18. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

(Continued)

The major classes of assets and liabilities of the UDL Group disposed of at 3 February 2020 are disclosed below:

	At 3 February 2020 HK\$'000 (Unaudited)
Assets	
Property, plant and equipment	11,417
Inventories	1,095
Trade and other receivables	19,082
Cash and cash equivalents	946
	<hr/>
Assets classified as held for sale	32,540
	<hr/>
Liabilities	
Trade and other payables	26,251
Interest-bearing borrowings	4,852
	<hr/>
Liabilities directly associated with the assets classified as held for sale	31,103
	<hr/>
Net assets disposed of and directly associated with the disposal group	1,437
Gain on disposal	15,319
	<hr/>
	16,756
	<hr/> <hr/>
Satisfied by:	
Cash	16,756
	<hr/> <hr/>
Net cash inflow arising on disposal:	
Net cash consideration received	16,756
Cash and cash equivalents disposed of	(946)
	<hr/>
	15,810
	<hr/> <hr/>

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

19. CONTINGENT LIABILITIES

Prior to the completion of the acquisition of 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"). At 30 June 2021, DTXS Enterprise Group was in the process of applying for the relevant certificates.

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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Potential claims from property buyers in connection with the Non-compliance	<u>2,099</u>	<u>3,137</u>

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

20. FINANCIAL GUARANTEES

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

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Guarantees in respect of mortgage facilities provided for certain purchasers of DTXS Enterprise Group's properties	(a)	177,945	181,455
Guarantee in respect of loan facility provided for a related party	(b)	360,210	356,550
		538,155	538,005

Notes:

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

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

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

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

20. FINANCIAL GUARANTEES (Continued)

Notes: (Continued)

- (b) DTXS Enterprise Group provided a financial guarantee for a bank loan with a principal of RMB300,000,000 (equivalent to HK\$360,210,000) obtained by Xi'an Da Tang Xi Shi Property Limited, a company controlled by Mr. Lu Jianzhong, the controlling shareholder of the Group. 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.

21. RELATED PARTY DISCLOSURES

The Group entered into the following transactions with related parties:

- (a) During the six months ended 30 June 2021, rental income of approximately HK\$1,353,000 (six months ended 30 June 2020: HK\$1,245,000) was generated from the investment properties leased to a related company controlled by DTXS Investments at the rate of HK\$266 (six months ended 30 June 2020: HK\$245) per square metre.
- (b) Outstanding balances with related parties:
- (i) Included in trade and other receivables, approximately HK\$5,072,000 (31 December 2020: HK\$3,595,000) was the rental receivables due from a related company controlled by DTXS Investments at 30 June 2021.
- (ii) Included in other payables, approximately HK\$13,268,000 (31 December 2020: HK\$1,003,000) was the amounts due to related companies controlled by DTXS Investments at 30 June 2021.

Notes to Condensed Interim Financial Information

For the six months ended 30 June 2021

21. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel remuneration

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits in kind	3,603	4,142
Share-based payment expenses	2,810	1,312
Forfeiture of share options within the vesting period	(2,962)	—
Contributions to defined contribution retirement plans	36	38
	<u>3,487</u>	<u>5,492</u>

22. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved and authorised for issue by the Board on 31 August 2021.