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**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 2016**

The board of directors (the “Board”) of DTXS Silk Road Investment Holdings Company Limited (the “Company”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016 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 2016*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2016</b>	<b>2015</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	3	<b>18,089</b>	26,266
Other revenue		<b>1,185</b>	656
Staff costs		<b>(16,466)</b>	(9,032)
Marine, construction and structural steel engineering costs		<b>(17,604)</b>	(16,113)
Depreciation and amortisation		<b>(3,847)</b>	(4,200)
Gain (loss) on disposal of subsidiaries		<b>8</b>	(10,902)
Other operating expenses		<b>(13,210)</b>	(1,479)
Finance costs	5	<b>(545)</b>	(494)
Share of losses of joint ventures		<b>(2,839)</b>	(1,874)
<b>Loss before taxation</b>	6	<b>(35,229)</b>	(17,172)
Taxation	7	<b>—</b>	—
<b>Loss for the period attributable to owners of the Company</b>		<b><u>(35,229)</u></b>	<b><u>(17,172)</u></b>

		<b>Six months ended 30 June</b>	
		<b>2016</b>	<b>2015</b>
	<i>Note</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Other comprehensive income (loss)</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		27	–
Reclassification of exchange fluctuation reserve upon disposal of subsidiaries		–	(6,117)
		<u>–</u>	<u>(6,117)</u>
<b>Total comprehensive loss for the period attributable to owners of the Company</b>		<b><u>(35,202)</u></b>	<b><u>(23,289)</u></b>
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>			
Basic and diluted	9	<b><u>(7.4)</u></b>	<b><u>(6.2)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	<i>Notes</i>	<b>30 June 2016</b>	31 December 2015
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>42,921</b>	46,538
Lease prepayments		<b>367</b>	412
Interests in joint ventures		<b>40,065</b>	42,904
Deposits for acquisition of businesses		<b>62,975</b>	–
Other receivables		–	120
Loan receivables		–	948
		<hr/> <b>146,328</b>	<hr/> 90,922
<b>CURRENT ASSETS</b>			
Inventories		<b>11,626</b>	5,967
Lease prepayments		<b>70</b>	72
Trade and other receivables	11	<b>13,169</b>	58,766
Amount due from a joint venture		<b>2,365</b>	2,275
Amounts due from customers for contract work		<b>15,840</b>	11,847
Amounts due from related parties		<b>2,906</b>	–
Cash and cash equivalents		<b>463,300</b>	531,896
		<hr/> <b>509,276</b>	<hr/> 610,823
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	<b>15,229</b>	19,067
Obligations under finance leases		<b>73</b>	70
Loan from a related party		<b>29,059</b>	41,044
Amount due to a joint venture		<b>6,658</b>	6,656
Amounts due to related parties		<b>7,108</b>	5,790
Amounts due to customers for contract work		–	1,710
Amounts due to directors of subsidiaries		<b>754</b>	1,792
		<hr/> <b>58,881</b>	<hr/> 76,129
<b>NET CURRENT ASSETS</b>		<hr/> <b>450,395</b>	<hr/> 534,694
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>596,723</b>	<hr/> 625,616

	<b>30 June 2016 HK\$'000 (unaudited)</b>	31 December 2015 HK\$'000 (audited)
<b>NON-CURRENT LIABILITIES</b>		
Obligations under finance leases	<u>30</u>	<u>67</u>
	<u>30</u>	<u>67</u>
<b>NET ASSETS</b>	<b><u>596,693</u></b>	<b><u>625,549</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>237,318</b>	237,318
Reserves	<b><u>359,375</u></b>	<u>388,231</u>
<b>TOTAL EQUITY</b>	<b><u>596,693</u></b>	<b><u>625,549</u></b>

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for floating craft and vessels which are stated at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the five months ended 31 December 2015.

In the current period, the Group has applied, for the first time, the following amendments to the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRS 10, HKFRS 12 and HKFRS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

### 3. REVENUE

The Group's turnover represents revenue derived from marine engineering and construction and structural steel engineering. Revenue recognised during the period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue from marine engineering	<b>15,467</b>	25,850
Revenue from construction and structural steel engineering	<b>2,622</b>	416
	<b>18,089</b>	<b>26,266</b>

### 4. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines, i.e. on types of goods delivered or services provided. 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 purpose of resources allocation and performance assessment, the Group has the below reportable segments during the period. No operating segments have been aggregated to form the following reportable segments.

- Sales of jewellery
- Marine engineering
- Construction and structural steel engineering
- Sales of vessels

During the six months ended 30 June 2016, for performance assessment and resources allocation, the CODM focused on segment revenue attributable to each reportable segment and no longer review the results, assets and liabilities attributable to respective segments. The change in basis is to align with the Group's long term business strategy. No analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review.

Following the change, the segment information for the period ended 30 June 2015 has been represented to conform to the presentation of current period's financial statements.

No inter-segment sales have occurred for the periods ended 30 June 2016 and 2015.

The following is an analysis of the Group's revenue by reportable segments for the period:

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Sales of jewellery	–	–
Marine engineering	<b>15,467</b>	25,850
Construction and structural steel engineering	<b>2,622</b>	416
Sales of vessels	–	–
	<b>18,089</b>	<b>26,266</b>

## 5. FINANCE COSTS

Finance costs represent:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on loans from related companies	544	491
Finance charges on obligations under finance leases	1	3
	<u>545</u>	<u>494</u>

## 6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting):

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>(a) Staff costs (including directors' emoluments)</b>		
Salaries, wages and other benefits	9,615	8,429
Contributions to defined contribution retirement plans	505	603
Share based payment expenses	6,346	–
	<u>16,466</u>	<u>9,032</u>
<b>(b) Marine, construction and structural steel engineering costs</b>		
Subcontracting, direct engineering and material costs	3,062	2,769
Direct overheads	4,276	4,047
Repairs, maintenance and vessel security	3,564	213
Transportation cost	6,702	9,084
	<u>17,604</u>	<u>16,113</u>
<b>(c) Depreciation and amortisation</b>		
Depreciation of property, plant and equipment	3,812	4,124
Release of lease prepayments	35	76
	<u>3,847</u>	<u>4,200</u>
<b>(d) Other items (included in other operating expenses)</b>		
Legal and professional fee	2,692	313
Secretarial and registration fee	1,972	–
Operating lease charges in respect of land and buildings	3,612	565
Reversal of impairment loss on other receivables upon collection	–	(2,691)
	<u>–</u>	<u>(2,691)</u>

## 7. TAXATION

No provision for taxation was made for the group companies incorporated/established in Hong Kong, Singapore or the People's Republic of China ("PRC") as none of the group companies derive any assessable profits for both periods.

## 8. DIVIDENDS

No dividend was paid, declared or proposed during the periods ended 30 June 2016 and 2015.

## 9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(35,229)</u>	<u>(17,172)</u>
	Number of ordinary shares ('000)	
Weighted average number of shares, basic	474,636	276,145*
Potentially dilutive ordinary shares – Share options	<u>–</u>	<u>–</u>
Weighted average number of shares, diluted	<u>474,636</u>	<u>276,145</u>
	HK cents	HK cents
Basic and diluted loss per share	<u>(7.4)</u>	<u>(6.2)</u>

\* The weighted average number of ordinary shares for the purpose of basic loss per share had been adjusted for the bonus element of the open offer completed in December 2015.

For the periods ended 30 June 2016 and 2015, the computation of diluted loss per share does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in loss per share for the periods.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment, amounting to approximately HK\$230,000 (six months ended 30 June 2015: nil).

## 11. TRADE AND OTHER RECEIVABLES

	<b>30 June 2016 HK\$'000 (unaudited)</b>	31 December 2015 HK\$'000 (audited)
Trade receivables	4,487	40,465
Less: impairment loss	<u>(2,122)</u>	<u>(2,122)</u>
	<b>2,365</b>	38,343
Other receivables	<b>10,320</b>	14,497
Retention money receivables	<b>484</b>	2,024
Loan receivables	<u>–</u>	<u>3,902</u>
	<b><u>13,169</u></b>	<b><u>58,766</u></b>

The aging analysis of trade receivables of the Group, net of allowance for doubtful debts, presented based on the invoice date, as at the period end date is as follows:

	<b>30 June 2016 HK\$'000 (unaudited)</b>	31 December 2015 HK\$'000 (audited)
0 – 30 days	1,033	37,846
31 – 90 days	1,268	–
91 – 180 days	–	1
181 – 360 days	1	490
Over 360 days	<u>63</u>	<u>6</u>
	<b><u>2,365</u></b>	<b><u>38,343</u></b>

Except for retention money receivables, credit terms granted by the Group to customers generally range from 120 to 150 days and 90 days for jewellery customers.

## 12. TRADE AND OTHER PAYABLES

	<b>30 June 2016</b>	31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
Trade creditors	<b>6,267</b>	4,747
Advances received from customers for contract works	<b>758</b>	661
Accruals and other payables	<b>8,204</b>	13,659
	<u><b>15,229</b></u>	<u>19,067</u>

The aging analysis of trade creditors, presented based on the invoice date, at the end of the reporting period is as follows:

	<b>30 June 2016</b>	31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
0 – 30 days	<b>3,520</b>	3,979
31 – 90 days	<b>2,612</b>	623
91 – 180 days	–	8
181 – 360 days	–	6
Over 360 days	<b>135</b>	131
	<u><b>6,267</b></u>	<u>4,747</u>

### 13. COMMITMENTS

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

	<b>30 June 2016 HK\$'000</b>	31 December 2015 HK\$'000
Acquisitions of subsidiaries:		
Contracted, but not provided for	<b><u>270,336</u></b>	<b><u>–</u></b>

- (a) On 23 May 2016 and 22 July 2016, the Group entered into a memorandum of understanding and a sale and purchase agreement respectively to acquire 85% interest in m-Finance Group through the acquisition of the sale shares of Digital Mind Holdings Limited (the “m-Finance Acquisition”), for a total cash consideration of HK\$40.8 million subject to adjustments. An initial deposit of HK\$4 million has been paid by the end of the reporting period. The transaction was completed on 26 August 2016 and a down payment of HK\$24.8 million was paid on the same date. Details of the acquisition are set out in the announcements dated 22 July 2016 and 26 August 2016.
- (b) On 20 June 2016, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of China King Sing Lun Fung Auction Holdings Company Limited and its subsidiaries (the “Auction Acquisition”) for a total consideration of RMB250 million (equivalent to approximately HK\$292.5 million) subject to adjustment. The consideration will be settled by cash of RMB150 million and through allotment and issuance of 29,481,480 shares of the Company. Pursuant to certain structural contractual arrangements, the Group is entitled to obtain economic interest and benefits from its business activities of 北京景星麟鳳國際拍賣有限公司 (Beijing Phoenixstar International Auction Co., Ltd.\*) (“Phoenixstar”) upon completion. Phoenixstar is a company established in the PRC, which is engaged in the arts and collections auction business. An initial cash deposit of RMB50 million (equivalent to approximately HK\$59.0 million) has been paid. The transaction was subsequently completed on 11 July 2016 and the remaining cash consideration of RMB100 million was paid on the same date. Details of the acquisition are set out in the announcements dated 20 June 2016 and 11 July 2016.

\* *for identification purpose only*

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND PROSPECT**

The Group is principally engaged in (i) arts and collections related business; (ii) sale of vessels; (iii) marine engineering; and (iv) construction and structural steel engineering and related services.

On 23 May 2016, the Group has entered into a memorandum of understanding for the acquisition of 85% interest in m-Finance Group, a financial e-commerce business in Hong Kong. The management of m-Finance possesses a proven technological capability capable of supporting the development of our online marketplace as well as extensive exposure to high net worth clients. This acquisition will add certainty for the success of our online marketplace. This acquisition was subsequently completed on 26 August 2016.

On 20 June 2016, the Group has entered into a sale and purchase agreement for the acquisition of 100% interest in Phoenixstar Group, a boutique auction house in Beijing specialising in arts and collections business. This transaction not only creates a new offline sale channel for our planned online marketplace, but also provides a steady and consistent revenue stream for the Group via its profit guarantee structure. This acquisition was subsequently completed on 11 July 2016.

It is the intention of the Group to continue diversify its businesses, taking advantage and leveraging from the strong cultural business background of its controlling shareholder, DTXS Group, to invest, develop and operate an online marketplace for arts and collections including but not limited to jewellery, wine, tea and artworks.

### **FINANCIAL REVIEW**

The Group recorded revenue HK\$18.1 million for the six months ended 30 June 2016 (first half of 2015: HK\$26.3 million) with a loss of HK\$35.2 million (first half of 2015: HK\$17.2 million). Excluding a non-cash share based payment of HK\$6.3 million incurred in the first half of 2016 as a result of granting of share options on 28 January 2016, the consolidated loss for the period under review would be HK\$28.9 million.

The Group has four reportable segments, namely (i) sales of jewellery; (ii) sales of vessels; (iii) marine engineering; and (iv) construction and structural steel engineering and related services. During the six months ended 30 June 2016, for performance assessment and resources allocation, the Group focused on segment revenue attributable to each reportable segment and no longer review the results attributable to respective segments. The Group considers that the change is in line with its long term business strategy.

The revenue from marine engineering for the first half of 2016 decreased to HK\$15.5 million (first half of 2015: HK\$25.9 million). Our revenue from construction and structural steel engineering for the first half of 2016 increased to HK\$2.6 million (first half 2015: HK\$0.4 million). The Group has no recorded revenue from sales of jewellery and sales of vessels for the six months ended 30 June 2016 (first half of 2015: nil).

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the period under review, the Group's operations and acquisition of businesses were mainly financed by funds raised through placing and open offer of new shares in the fourth quarter of 2015.

As at 30 June 2016, the Group's total cash and bank balance amounted to HK\$463.3 million, representing a decrease of HK\$68.6 million as compared with the cash and cash equivalents balance of HK\$531.9 million as at 31 December 2015. The decrease was mainly attributable to payment of deposits for acquisition of an auction business and a financial e-commerce business totalling HK\$63.0 million. As at 30 June 2016, the Group did not have any outstanding bank borrowings (31 December 2015: nil).

## **FOREIGN EXCHANGE EXPOSURE**

The Group's assets and liabilities are mainly denominated in Hong Kong Dollars and Renminbi. Income and expenses derived from the operations in the Mainland China are mainly denominated in Renminbi. There is no significant exposure to the fluctuation of foreign exchange rates, but the Group is closely monitoring the financial market and would consider appropriate measures if required. The Group has no hedging arrangement for foreign currencies and has not involved in the financial derivatives.

## **USE OF PROCEEDS**

The net proceeds raised from shares issued by placing shares on 6 October 2015 (the "Share Placing") and on an open offer on 9 December 2015 (the "Open Offer") were approximately HK\$137.6 million and HK\$420.3 million, respectively.

Up to the date of this announcement, the net proceeds totaling HK\$557.9 million from the Share Placing and the Open Offer were utilised (i) approximately HK\$91.7 million on repayment of loans and settlement of certain liabilities of the Group, and for general working capital; (ii) approximately HK\$28.8 million on development of online market for arts and collections; (iii) approximately HK\$44.9 million on acquisition of inventories for the online market platform; (iv) approximately HK\$4.6 million for expansion of the operation scale of the Group; (v) approximately HK\$148.0 million for acquisitions for arts and cultural related business. The remaining balance of approximately HK\$239.9 million was held at bank accounts of the Group.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2016, other than outsourcing vendors but including contract workers, the Group has approximately 80 employees in Hong Kong and the Mainland China. Total staff costs of the Group, excluding contract workers, amounted to HK\$16.5 million for the six months ended 30 June 2016, as compared with HK\$9.0 million for the period ended 30 June 2015. The significant increase in staff cost was mainly due to the non-cash share based payment expenses incurred in the first half of 2016 as a result of granting of share options to employees. There was no material change to the staff policy during the six months ended 30 June 2016. 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. The emoluments of the Directors and senior management of the Company are determined by the Remuneration Committee and approved by the Board, having regard to their individual duties and responsibility with the Company, remuneration benchmark in the industry and prevailing market condition.

## **CAPITAL AND OTHER COMMITMENTS**

Details of the Group's capital and other commitments as at 30 June 2016 are set out in note 13 to the condensed consolidated financial statements.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (30 June 2015: Nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 June 2016, the Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

For the six months ended 30 June 2016, the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Board will continue review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

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

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by the Directors. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the Model Code for the six months ended 30 June 2016.

## **REVIEW OF INTERIM RESULTS**

The audit committee of the Company (the “Audit Committee”) comprises three independent non-executive Directors. The primary responsibilities of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group. The interim results of the Group for the six months ended 30 June 2016 have not been audited but have been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, and the Audit Committee.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This announcement will be published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.dtxs.com](http://www.dtxs.com)) respectively. The 2016 interim report of the Company will be despatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board  
**DTXS Silk Road Investment Holdings  
Company Limited**  
**Wong Kwok Tung Gordon**  
*Executive Director (Chief Executive Officer)*

Hong Kong, 30 August 2016

*As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Lu Jianzhong (Chairman), Mr. Wong Kwok Tung Gordon (Chief Executive Officer) and Mr. Yang Xingwen; three Non-executive Directors, namely Mr. Wang Shi, Mr. Jean-Guy Carrier and Mr. Tse Yung Hoi; and three Independent Non-executive Directors, namely Mr. Cheng Yuk Wo, Ms. Fan Chiu Fun, Fanny and Mr. Tsui Yiu Wa, Alec.*