



大唐西市  
DA TANG XI SHI

DTXS SILK ROAD INVESTMENT HOLDINGS  
COMPANY LIMITED

大唐西市絲路投資控股有限公司

(Incorporated in Bermuda with limited liability)  
(Stock Code: 620)



2025  
ANNUAL REPORT

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Lu Jianzhong (*Chairman*)  
Mr. Yang Xingwen  
Mr. Huang Dahai  
Mr. Wong Kwok Tung Gordon Allan  
(*Co-Chief Executive Officer*)  
Mr. Lin Xiaoling

### Independent Non-executive Directors

Mr. Choi Victor Wang Tao  
Ms. Hau Amy Wing Gee  
Mr. Dai Zhijie (resigned on 1 April 2026)

## AUDIT COMMITTEE

Mr. Choi Victor Wang Tao  
Ms. Hau Amy Wing Gee  
Mr. Dai Zhijie (resigned on 1 April 2026)

## NOMINATION COMMITTEE

Mr. Lu Jianzhong (*Chairman*)  
Mr. Choi Victor Wang Tao  
Ms. Hau Amy Wing Gee

## REMUNERATION COMMITTEE

Mr. Choi Victor Wang Tao (*Chairman*)  
Mr. Huang Dahai  
Mr. Dai Zhijie (resigned on 1 April 2026)

## INVESTMENT COMMITTEE

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

## COMPANY SECRETARY

Mr. Wong Hong Tak Hagan

## REGISTERED OFFICE

Crawford House  
4th Floor  
50 Cedar Avenue  
Hamilton HM11  
Bermuda

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

Room 3207, 32/F  
Bank of America Tower  
12 Harcourt Road  
Central, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Ocorian Management (Bermuda) Limited  
Victoria Place, 5th Floor, 31 Victoria Street  
Hamilton HM10  
Bermuda

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

## AUDITOR

Forvis Mazars CPA Limited

## LEGAL ADVISERS

Jeffrey Mak Law Firm  
Silkroad Law Firm  
Anchorite and Sage Law Office (Xian)

## PRINCIPAL BANKERS

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

## WEBSITE

[www.dtxs.com](http://www.dtxs.com)

## STOCK CODE

620

# Chairman's Statement

## Dear Shareholders,

On behalf of the board of directors (the "Board") of DTXS Silk Road Investment Holdings Company Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present the annual report for the year ended 31 December 2025.

**Lu Jianzhong**  
Chairman



"When the east wind comes, flower blooms, and spring arrives."

In 2025, under the proper leadership of the Board, the Group closely focused on the overall work requirements of "overcoming difficulties, reform and innovation, optimization and upgrading, and improving quality and efficiency". We overcame challenges, advanced special project initiatives, optimized capital which has been repeatedly recognized, and laid a solid foundation for transformative innovation.

Over the past year, the listed company engaged in comprehensive collaborations with well-known institutions to enhance high-end commercial operations. We upgraded the commercial sections of our Silk Road International Culture Center, thereby elevating the quality of its retail operations, realizing the full potential of its valuation, attracting new investors, and maximizing industrial scale.

Last year, the listed company optimized its capital structure to support strategic transformation, timely increasing share allocations. From preliminary announcements and regulatory review to share placement, the whole process was executed efficiently and in an orderly manner, thus strengthening our capital base. The Company's anti-risk ability has significantly improved, and the capital injection has provided a shift in developmental momentum. We will remain committed to the principle of "spending every penny wisely", delivering excellent results to reward the trust of our shareholders.

# Chairman's Statement

The past year also saw the Company focus on the “Digital + Culture & Tourism” sector. Leveraging cutting-edge XR technology, combined with the Group’s cultural heritage resources, its experience in arts and culture, and the listed company’s international investment platform, we explored new business models and created digital experiences for key national scenic areas and historical sites, driving the digital transformation of traditional cultural resources and upgrade of immersive experience, thereby establishing new revenue streams.

In the previous year, like a great vessel sailing through the waves of our times, we navigated challenges with determination and steadiness. In the face of the ever-changing market, we rose to the challenge and steered a steady course. The Company’s core business has achieved steady growth, whilst its innovative ventures have also made breakthrough progress. These achievements are not only the result of the dedication of every colleague, but also that of the trust and support of our shareholders. On behalf of the management of the Company, I hereby extend our sincere gratitude.

“With even tides and favorable winds, ships sail confidently toward new horizons.”

While these achievements reflect the past, future challenges will be even greater. Market competition is intensifying, and industry transformations are accelerating. In this era of uncertainty, we must maintain clarity and steadfast belief. Do we truly understand market dynamics? Are we fully attuned to user needs? Do we continue to nurture our appetite for innovation? These are questions that merit serious reflection.

What seems ordinary may be the most extraordinary; what appears easy is often arduous. As a listed company, we bear the expectations of our shareholders and the responsibilities to society. We must pursue not only profit growth but also value creation. We hold ourselves to the highest standards – not only to lead our industry but also to contribute to social progress. The road ahead will not be smooth, but as long as we unite with determination and a spirit of innovation, we will reach broader horizons. Let us join hands and move forward with firm steps to embrace new challenges and achieve new brilliance.

We wish all our shareholders every success in their investments and careers, and our Company a thriving future.

**Lu Jianzhong**  
*Chairman*

30 April 2026

# Management Discussion and Analysis

## FINANCIAL AND BUSINESS REVIEW, AND PROSPECT

The Group's revenue recorded approximately HK\$49.2 million for the year (2024: HK\$42.4 million), representing an increase of approximately 16.0% as compared with 2024. The Group recorded loss for the year of approximately HK\$81.8 million for the year ended 31 December 2025 as compared with loss for the year of approximately HK\$33.1 million for the year ended 31 December 2024. The increase in loss for the year ended 31 December 2025 were mainly attributable to the one-off write down of properties under development and completed properties held for sales of HK\$56.3 million recorded for the year ended 31 December 2025.

### Property Development Division

This division contributed a segment revenue of approximately HK\$17.1 million (2024: HK\$6.3 million) and a segment loss before tax of approximately HK\$96.6 million (2024: HK\$30.7 million) for the year ended 31 December 2025. The increase in segment loss before tax was mainly attributable to the one-off write down of properties under development and completed properties held for sales of HK\$56.3 million recorded for the year ended 31 December 2025.

The properties are located in Tang West Market, Lianhu District in Xi'an City (the "Tang West Market"), in Chinese Mainland of 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 headquarters of Silk Road Chamber of International Commerce; (ii) Artwork Central Business District; and (iii) the European section of Silk Road Culture Street. Silk Road International Culture Center comprises three office buildings, a shopping mall and a five-star hotel. The three office buildings are estimated to have an aggregate gross floor area of approximately 260,000 square metres.

Tower B and Tower C were completed and sold in 2022. The Group has been actively developing Tower A. The presale certificate for Tower A was obtained in 2023, and several potential buyers have already indicated their interests in the property. The Group has been actively preselling Tower A, yet no definite contract has been entered into. It is expected Tower A will be completed during fourth quarter of 2027.

During the year ended 31 December 2025, marketing expenses were incurred on feasibility study, market positioning study, potential tenant research and other promotional events organised in Chinese Mainland of the PRC for the shopping mall under the Silk Road International Culture Center. The properties under development has not yet completed. Therefore, revenue and related costs are not recognized during the period. As at 31 December 2025, the Group had completed the structural work up to the 27th floor (as at 31 December 2024: 19th floor) of Tower A.

Following the successful issuance of convertible bonds in 2026, the Group will upgrade the shopping mall portion of the property, enhancing its high-end commercial offerings. This will fully realize the potential valuation and attract new investors to participate in the collaboration, maximizing the scale of the business.

### 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\$31.7 million (2024: HK\$34.0 million) and a segment profit before tax of approximately HK\$23.7 million (2024: segment profit before tax of HK\$6.2 million) for the year ended 31 December 2025. The significant increase in segment profit before tax for the year ended 2025 was mainly attributable to the foreign exchange gain of HK\$6.0 million recorded in the year ended 31 December 2025, while foreign exchange loss of HK\$4.0 million was recorded in the year ended 31 December 2024.

# Management Discussion and Analysis

## Auction Business

During the year ended 31 December 2025, due to the uncertainty of Chinese Mainland of the PRC and Hong Kong economies, which affected badly on the arts and antique market. The Group did not host any large scale auction in 2025. The management will continue monitoring the market condition and sentiment on the arts and antique market. Once there is sign of recovery, we will resume hosting large scale auction.

For the year ended 31 December 2025, all of the consignors in the Group's art financing business are independent third parties of the Company and its connected persons. The consignors are either Hong Kong or the PRC residents or companies with business operations in Hong Kong and/or the PRC. As at 31 December 2025, the carrying value of the advances to consignors (after impairment allowance) from art financing business of Group amounted to approximately HK\$378,252,000 (2024: HK\$380,801,000) with details as follows:

Category of consignors	Approximate weighting to the carrying amount of the Group's advances portfolio	Interest rate per annum	Maturity
Corporate	70%	8%–12%	Matured
Individual	30%	8%–15%	Matured
	100%		

As at 31 December 2025, 100% (2024: 100%) of the carrying amount of the advances to consignors (after impairment allowance) was secured by collaterals. At the year end, advances to consignors either have matured, and the advances made to the largest consignor and the five highest consignors accounted for 11% and 49% respectively of the Group's advance portfolio (on a net of impairment allowance basis). The five largest consignors comprised of four corporations and one individual. The following is a summary of the key internal controls of the Group's art financing business operation:

### 1. Due diligence

Identity check and financial background check on the consignor will be performed. Information provided by the consignor including identity, financial statements and asset proof of the applicant will be checked and verified by the responsible art and cultural officer, where appropriate, company, legal, credit search on the consignor and physical inspection on the pledged items as collateral, will be conducted.

### 2. Credit appraisal

Detailed assessment on the credit history and financial background of the consignor, as well as the value and nature of the collateral to be pledged, will be conducted. There will be credit assessment including analysis on the repayment ability and credit history of the consignor, and analysis on the potential recovery from realisation of the collaterals. The credit assessment process will be conducted by the responsible art and cultural officer and reviewed by the responsible art and cultural manager.

### 3. Proper execution of documentations

For art financing application recommended by the responsible art and cultural manager and duly approved by the board of directors of the Group's art financing subsidiary, the responsible art and cultural officer will arrange preparation and proper execution of the art financing documentations under the supervision of the responsible art and cultural manager.

# Management Discussion and Analysis

## 4. Continuous monitoring

There is continuous monitoring on the repayments from consignors and extension of advances. Art and cultural team will regularly check and communicate with the consignors regarding the consignors' financial position and the market values of the collaterals pledged. Additional collaterals may be requested from the consignors when performing credit assessment for the contracts extension. Legal demand letter will be issued to the consignors if there is an overdue payment. Where appropriate, legal action will be commenced against the consignors for recovery of the amount due and taking possession of the collateral pledged.

## ACBD Business

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

## Winery and Trading Division

This division, comprising the winery business and trading business, contributed a segment revenue of approximately HK\$0.4 million (2024: HK\$2.1 million), and a segment profit before tax of approximately HK\$5.0 million (2024: segment gain before tax of HK\$4.1 million) for the year ended 31 December 2025.

## OUTLOOK

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

In the future, the Group with relevant professional organizations envisages that a team of external experts in the fields of blockchain, digital finance and compliance will be engaged to assist in the Group's exploration exercise, which may include feasibility studies covering (i) legal assessment of domestic and international legal and regulatory issues related to RWA to be conducted by legal counsels; (ii) evaluation of financial and tax matters to be conducted by professional consultants; and (iii) technical solutions to be provided by technology service providers.

This exploration will leverage the Group's existing capabilities in "discovering high-quality cultural assets and industry-leading assets" and "building existing multinational cooperation platforms and compliance frameworks." The exploration envisions RWA as the ultimate combination of "art + finance + technology." The aforementioned RWA-related work is currently in its initial stages. As of the date of this report, the Company has not made any decision or formulated any specific plans regarding whether or how to conduct any RWA tokenization initiative.

In the future, the Group will leverage its expertise in augmented reality technology, combined with its cultural heritage resources, to create cultural and augmented reality experiences, recreate historical scenes, and promote the upgrading of its "culture + technology + digital + industry + finance" business model to achieve sustainable profitability.

# Management Discussion and Analysis

## PRINCIPAL RISKS AND UNCERTAINTIES

During the year, the Company conducted an exercise based on an enterprise risk management framework, to review and update the risks facing by the Group. The Group's key risks and uncertainties are summarised as below:

### 1. Strategic Risks

- (i) Adverse ad hoc external events and inability to respond to them in time
- (ii) Risk of downturn in global and Chinese economy as well as fluctuations of financial market environment
- (iii) Keen market competition in property development and auction

### 2. Operation Risks

- (i) Failure to complete construction projects on time
- (ii) Risk of authentication, appraisal and valuation of artworks
- (iii) Ineffective know-your-client and anti-money-laundering management
- (iv) Risk of damage or theft for artworks consigned for sale
- (v) Insufficient data loss prevention mechanism and failure in data retention

### 3. Financial Risks

- (i) Risk of default or delay payment by customers and/or auction buyers
- (ii) Failure to fully recover advances to consignors
- (iii) Inadequate funding and liquidity to the auction business

### 4. Governance, Compliance and Legal Risks

- (i) Failure to obtain necessary control over newly acquired subsidiaries
- (ii) Risk of non-compliance with disclosure requirements with the Listing Rules
- (iii) Risk of non-compliance with relevant laws and regulations and not able to respond to changes in laws and regulations timely
- (iv) Risk of information security and data leakage

In response to the risks mentioned above, the Company has formulated and adopted the risk management policy in providing directions in evaluating and management significant risks. In addition, the Company has engaged an external professional to conduct annual review on the effectiveness of the internal control system of the Group.

## HEDGING, ACQUISITION AND DISPOSAL AND SIGNIFICANT INVESTMENTS

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

# Management Discussion and Analysis

## LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, the Group's operations were mainly financed by internal resources. As at 31 December 2025, the Group's total cash and cash equivalents amounted to approximately HK\$11.6 million, representing a decrease of approximately HK\$4.6 million as compared with the cash and cash equivalents of approximately HK\$16.2 million as at 31 December 2024. The decrease was mainly attributable to the cash resources consumed in the daily operation during the year. As at 31 December 2025, the Group had outstanding secured borrowings of approximately HK\$1,456.9 million (2024: HK\$1,392.1 million) and is repayable within two years to three years (2024: within one year to three years).

## GEARING

The Group monitors capital using a gearing ratio, which is net debt divided by the equity attributable to equity holders of the Company. Net debt includes total borrowings less cash and cash equivalents. The gearing ratio of the Group was approximately 165.9% as at 31 December 2025 (2024: 161.0%).

## SUBSEQUENT EVENTS

Details of subsequent events are set out in Note 46 to the consolidated financial statements.

## 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.

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 31 December 2025. Income and expense items are translated at the average exchange rates for the year ended 31 December 2025. Exchange gain arising from the translation of foreign operations of approximately HK\$13.2 million (2024: Exchange loss of approximately HK\$13.0 million) for the year ended 31 December 2025 are recognised in other comprehensive income and accumulated in equity under the heading of "exchange differences on translation of foreign operations".

## HUMAN RESOURCES

As at 31 December 2025, other than outsourcing vendors but including contract workers, the Group has approximately 93 employees (2024: 93) in Hong Kong and the PRC. 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 31 December 2025, the Group had contingent liabilities in respect of 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\$357.7 million (2024: HK\$343.2 million).

## CAPITAL COMMITMENT

As at 31 December 2025, the Group has capital commitments amounted to approximately HK\$781.5 million (2024: HK\$627.6 million).

# Biographical Details of Directors and Senior Management

## DIRECTORS

### Executive Directors

**Mr. Lu Jianzhong** (“Mr. Lu”), aged 62, was appointed as the chairman and an executive director of the Company on 8 December 2015, and the chairman of the nomination committee of the Company on 30 March 2017. Mr. Lu graduated from Northwestern Polytechnical University (西北工業大學) with a Master in Industrial Engineering. He is the founding chairman and director of Da Tang Xi Shi Investments Group Limited\* (大唐西市文化產業投資集團有限公司) (“DTXS Investment”), the ultimate controlling shareholder of the Company.

Mr. Lu is also the 14th National People’s Congress, the member of the 10th, 11th, 12th and 13th Chinese People’s Political Consultative Conference, the chairman of the Silk Road Chamber of International Commerce (絲綢之路國際總商會), the president of Non state Museums Committee of Chinese Museums Association (中國博物館協會非國有博物館專業委員會), and the vice president of Chinese Association for International Understanding (中國國際交流協會) and China Chamber of International Commerce (中國國際商會).

Mr. Lu has been awarded “The Third Session of National Outstanding Builders of the Socialism with Chinese Characteristic” (全國第三屆優秀中國特色社會主義事業建設者); “Annual Outstanding Individual of China Cultural Heritage Protection” (薪火相傳 — 中國文化遺產保護年度傑出人物); “Chinese Culture Leading Figure” (中華文化人物); “Annual Leading Figure of Chinese People” (中華兒女年度人物); “Top Ten Leading Figure of China Private Enterprises” (中國民營企業十大人物); “The Outstanding Shaanxi Businessman” (全球秦商風雲人物); and “Annual Leading Figure of Culture Industry in 2013” (2013中國文化產業年度人物).

**Mr. Yang Xingwen** (“Mr. Yang”), aged 63, was appointed as an executive director of the Company on 8 December 2015. He was appointed as a member of investment committee of the Company on 26 June 2020. Mr. Yang graduated from Beijing Language and Literature Self-Study University (北京語言文學自修大學), with an associate degree in literature. He also studied at the Central Party School Correspondence College (中央黨校函授學院), majoring in economics, and obtained the professional title of economist. Mr. Yang has extensive financial and accounting experience, he is currently serving as the vice chairman of DTXS Investment and is in-charge of all financial matters of DTXS Investment and its subsidiaries. He is also a shareholder of DTXS Investment. Mr. Yang began his career in Shaanxi province and previously held offices at Shaanxi Jia Xin Industry Group Company Limited\* (陝西佳鑫實業集團有限公司).

**Mr. Huang Dahai** (“Mr. Huang”), aged 63, was appointed as an executive director and a member of the remuneration committee of the Company on 10 November 2022. He focus on establishing the development plan and operating strategies to facilitate the achievement of goals of the Group.

Mr. Huang obtained a postgraduate degree in finance from the School of Economics and Finance of Xi’an Jiaotong University\* (西安交通大學) in the People’s Republic of China, which was formerly known as Shaanxi Institute of Finance and Economics\* (陝西財經學院). He has a senior economist qualification\* (高級經濟師資格) granted by the China Construction Bank\* (中國建設銀行). Mr. Huang has been re-designated as a vice president of Da Tang Xi Shi Investment Group Limited\* (大唐西市文化產業投資集團有限公司) in October 2022. He was the Assistant to the Chairman of the Board of Directors of Da Tang Xi Shi Investment Group Limited\* (大唐西市文化產業投資集團有限公司) from June 2018 to October 2022, and was the President of Da Tang Xi Shi Financial Holding Company\* (大唐西市金融控股公司) from July 2017 to June 2022. He has over 30 years of professional experience in the financial field. He held various positions in the group of China Construction Bank Corporation, mainly including the general manager of the investment banking department of the Shaanxi branch, the deputy director of the real estate credit department of the Shaanxi branch, the deputy president of the Xi’an sub-branch, and the deputy general manager of a technology venture company. Mr. Huang was awarded the National Financial May 1st Labor Medal (全國金融五一勞動獎章) by the National Committee of China Financial Union\* (中國金融工會全國委員會).

# Biographical Details of Directors and Senior Management

**Mr. Wong Kwok Tung Gordon Allan** (“Mr. Wong”), aged 51, was appointed as an executive director of the Company on 29 July 2015 and the chief executive officer and a member of the remuneration committee of the Company on 2 November 2015. He was appointed as a member of investment committee of the Company on 26 June 2020. He was previously re-designated from the chief executive officer to the deputy chief executive officer of the Company on 7 August 2017 and resigned as a member of the remuneration committee of the Company on 28 March 2018. Mr. Wong has been re-designated from the deputy chief executive officer to co-chief chief executive officer of the Company on 1 February 2023. Mr. Wong has extensive financial and accounting experience in various industries, and has previously worked in an accounting firm and an investment bank. He holds a Bachelor degree of commerce from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia.

**Mr. Lin Xiaoling** (“Mr. Lin”), aged 57, was appointed as an executive director of the Company on 8 August 2025. He has 27 years of experience in leading state-owned banks and financial asset management companies in China. He previously served as a department heads, group-designated approver and a senior executive in the investment department of a subsidiary of a state-owned financial asset management company in China and as the chief supervisor of an A-share listed company. He has extensive experience in investment, management, and risk control in asset management and listed companies. He holds a Bachelor of Engineering in Computer Applications from Shenzhen University, and a postgraduate master qualification in International Trade from Dongbei University of Finance and Economics. He also holds the China Intermediate Economist (Finance) professional technical qualification certificate.

## Independent Non-executive Directors

**Mr. Choi Victor Wang Tao** (“Mr. Choi”), aged 52, has been appointed as an Independent Non-executive Director and the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee of the Company with effect from 6 June 2025.

Mr. Choi holds a bachelor’s degree in accounting from the University of Sydney and is a fellow member of the Hong Kong Institute of Certified Public Accountants. With over 20 years of experience in internal controls and risk management, Mr. Choi has worked with leading blue-chip companies listed in Hong Kong across various sectors, including infrastructure, power, and aviation. Mr. Choi expertise also extends to professional services, having previously worked in an international accounting firm.

**Ms. Hau Amy Wing Gee** (“Ms. Hau”), aged 45, was appointed as an Independent Non-executive Director and a member of the Audit Committee and a member of the Nomination Committee of the Company with effect from 1 December 2023.

Ms. Hau has obtained a master’s degree in business administration from The University of Hong Kong and a degree in bachelor of arts with specialization in accounting from York University, Canada. Ms. Hau also obtained the FT Non-Executive Director Diploma Asia from Financial Times Board Director Programme. Ms. Hau has over 20 years of experience in financial reporting and operation management. Ms. Hau is currently a Director (Financial Controller and Head of Compliance) at Madison Pacific Trust Limited and is responsible for financial reporting and regulatory compliance. Previously, she was a Director at Animoca Capital, a private equity fund with investment focus in the blockchain space, and was responsible for operation management, regulatory compliance and financial reporting.

# Biographical Details of Directors and Senior Management

## SENIOR MANAGEMENT

**Mr. Wang Yong**, aged 57, was appointed as a deputy chief executive officer of the Company on 1 December 2019. He focuses on business development and operation of the art and cultural division of the Group. He has been the director and vice president of DTXS Investment since 2009. He has been also the chairman of Beijing Phoenixstar International Auction Co., Ltd.\* (北京景星麟鳳國際拍賣有限公司) and the chairman and general manager of Beijing Phoenixstar Information Consultancy Company Limited\* (北京景星麟鳳信息諮詢有限公司) since 2016, which is the subsidiaries of the Company, and the director of the art and cultural division of a subsidiary of the Company since 2017.

Mr. Wang Yong is the vice chairman and associate researcher of the committee of Xi'an Tang West Market Museum\* (西安大唐西市博物館), the chairman of DTXS International Auction Co., Ltd\* (大唐西市國際拍賣有限公司), the secretary-general of Non state Museum Committee of Chinese Museums Association\* (中國博物館協會非國有博物館專業委員會), the secretary-general of the Silk Road Committee of Dunhuang-Turfan Society\* (中國敦煌吐魯番學會絲綢之路專業委員會), the deputy secretary-general of China Cultural Chamber of Commerce for the Private Sector\* (中國民營文化產業商會), the member and deputy secretary-general of the Shaanxi Cultural Relics Committee\* (陝西省文物鑒定委員會) and the member of the 13th Xi'an Municipal Committee of the Chinese People's Political Consultative Conference.

Mr. Wang Yong obtained a bachelor's degree from the Faculty of Arts and Culture, Northwest University. He served as deputy director of Xi'an Cultural Relics Protection and Restoration Centre\* (西安文物保護修復中心) and the secretary-general and vice dean of Cultural Heritage Protection Planning and Design Institute of Shaanxi Province\* (陝西省文化遺產保護規劃設計研究院). He has over 20 years of experience in cultural industry operations, specialized in relic protection management, relic and artwork authentication and art financing and investment.

**Mr. Wong Hong Tak Hagan** ("Mr. Wong") was appointed as the Company Secretary, the Authorised Representative and the Process Agent of the Company all with effect from 19 June 2023. Mr. Wong was also the Chief Financial Officer of the Group from 19 June 2023 to 30 September 2023. Mr. Wong holds a master degree in business administration from the University of Hong Kong and a bachelor degree in business administration from the City University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in financial management, project acquisitions, corporate finance activities, company secretarial matters, internal controls and compliance for listed companies in Hong Kong. He also worked in an international accounting firm as an audit manager.

\* For identification purpose only

# Directors' Report

The board of directors (the "Board") of DTXS Silk Road Investment Holdings Company Limited (the "Company") is pleased to present the annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Group is principally engaged in (i) auction business and arts and collections related business; (ii) trading business including sales of wine; and (iii) properties investment and development. The principal activities and other particulars of the subsidiaries of the Company are set out in Note 17 to the consolidated financial statements.

## BUSINESS REVIEW

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the financial year and a discussion on the Group's future business development and outlook of the Company's business, principal risks and uncertainties that the Group may be facing, and important events affecting the Company occurred since the end of the financial year are provided in the section headed "Chairman's Statement" on pages 3 to 4 and the section headed "Management Discussion and Analysis" on pages 5 to 9 of this annual report. These discussions form part of this Directors' Report.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group supports sustainable development by conducting its business in an environmentally responsible manner. It has established a culture of energy saving in business operations and carried out various measures to mitigate its carbon emissions. Discussions on the Group's environmental policies and performance during the financial year are set out in the "Environmental, Social and Governance Report 2025" published by the Company on 30 April 2026.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. During the financial year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

## RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees are one of the most important assets of the Group and their contribution and support are valuable. The Group would regularly review the employees' compensation and benefits packages to reward and recognise those with outstanding performance. Other fringe benefits, such as employees' provident fund and share options, if applicable, are provided to attract and retain talents helping the Group in success.

The Group maintains effective communications with its customers and strives to satisfy customers' requirements from time to time, in order to provide high quality services to its customers.

The Group establishes co-operative relationships with reputable suppliers within the industries and conducts a fair appraisal of its suppliers on regular intervals.

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 and the state of affairs of the Group and the Company at that date are set out in the consolidated financial statements on pages 43 to 123 of this annual report.

# Directors' Report

The Board does not recommend the payment of a dividend for the year ended 31 December 2025 (2024: nil).

## **DIVIDEND POLICY**

The Company has adopted a dividend policy. The Board shall consider the following factors before declaring or recommending dividends:

- the Company's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the subsidiaries of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- general economic conditions, business cycle of the Group's business and internal or external factors that may have an impact on the business, financial results and position of the Company; and
- other factors that the Board deems relevant.

The payment of dividend is also subject to any restrictions under the applicable laws and regulations and the bye-laws of the Company (the "Bye-Laws"). The Board will review such policy as appropriate from time to time.

## **MAJOR CUSTOMERS AND SUPPLIERS**

During the financial year, the Group's five largest customers in aggregate was 63% (2024: 35%) of the total revenue of the Group and the largest customer included therein amounted to 37% (2024: 8%).

The percentage of purchases attributable to the five largest suppliers of the Group in aggregate was 24% (2024: 26%) of the total purchases of the Group and the largest supplier included therein amounted to 14% (2024: 15%).

During the financial year, none of the Directors, their close associates or any shareholders of the Company (the "Shareholders") (which to the knowledge of the Directors own more than 5% of the issued shares of the Company) had any interest in the Group's five largest customers or suppliers.

## **SEGMENT INFORMATION**

An analysis of the Group's revenue and contribution to the results by business segments and geographical information for the financial year are set out in Note 6 to the consolidated financial statements.

## **FIVE-YEAR FINANCIAL SUMMARY**

A financial summary of the published results of the Group and of its assets and liabilities for the last five financial years is set out on page 124 of this annual report. The summary does not form part of the consolidated financial statements.

## **SHARE CAPITAL**

Details of movements in share capital of the Company during the financial year are set out in Note 33 to the consolidated financial statements.

# Directors' Report

## RESERVES

Details of movements in reserves of the Group and the Company during the financial year are set out in the Consolidated Statement of Changes in Equity on page 47 and Note 45 to the consolidated financial statements respectively.

## NON-CURRENT ASSETS

Details of the Group's other movements in non-current assets (including properties, plant and equipment, investment properties, right-of-use assets, intangible assets, goodwill, financial assets at fair value through profit or loss and properties under development) during the financial year are set out in Notes 18, 19, 20(a), 21, 22, 23 and 24 to the consolidated financial statements.

## SUBSIDIARIES

Particulars of the Group's principal subsidiaries are set out in Note 17 to the consolidated financial statements.

## BORROWINGS

Particulars of the borrowings of the Group are set out in Note 31 to the consolidated financial statements.

## MAJOR PROPERTY HELD

The following table sets out the particulars of the major property held by the Group for the year ended 31 December 2025:

Location	Approximate gross floor area (sq.m.)	Group's interest (%)	Land use	Leasehold term
1st floor shop section, 5th floor function room section and 6th floor exhibition section, Tang Dynasty West Market Hotel, No. 118 South Labor Road, Lianhu District, Xi'an City, Shaanxi Province, the People's Republic of China (the "PRC")	3,408.53	100%	Commercial, hotel catering and exhibition centre and function room	Medium
North of South 2nd Ring Road and the east of Tao Yuan South Road, Lianhu District, Xi'an City, Shaanxi Province, the PRC	2,067.66	69.97%	Residential, retail units and flat and mechanical parking spaces	Medium
No. 188 Laodong South Road, Lianhu District, Xi'an City, Shaanxi Province, the PRC	20,161.23	69.97%	Residential, retail units and flat and mechanical parking spaces	Medium
No. 118 Laodong South Road, Lianhu District, Xi'an City, Shaanxi Province, the PRC	172,266.62	69.97%	Commercial, and exhibition centre	Medium

# Directors' Report

## DIRECTORS

The directors of the Company (the "Directors") during the financial year and up to the date of this annual report were:

### Executive Directors:

Mr. Lu Jianzhong (*Chairman*)  
Mr. Yang Xingwen  
Mr. Huang Dahai  
Mr. Wong Kwok Tung Gordon Allan (*Co-Chief Executive Officer*)  
Mr. Lin Xiaoling (*appointed on 8 August 2025*)

### Independent Non-executive Directors:

Mr. Choi Victor Wang Tao (*appointed on 6 June 2025*)  
Ms. Hau Amy Wing Gee  
Mr. Dai Zhijie (*appointed on 8 August 2025 and resigned on 1 April 2026*)  
Mr. Kwok Chi Shing (*tenure expired on 6 June 2025*)  
Prof. Wang Guiguo (*resigned on 31 May 2025*)

Mr. Choi Victor Wang Tao has been appointed as an Independent Non-executive Director with effect from 6 June 2025. With effect from 8 August 2025, Mr. Lin Xiaoling has been appointed as an executive Director and Mr. Dai Zhijie has been appointed as an independent non-executive Director. Mr. Choi Victor Wang Tao, Mr. Lin Xiaoling and Mr. Dai Zhijie have obtained a legal advice as referred to Rule 3.09D of the Listing Rules on 6 June 2025, 7 August 2025 and 7 August 2025, respectively, and each of them has confirmed that they understand their duties as a Director.

Biographical details of the Directors as of the date of this annual report are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 10 to 12 of this annual report.

## CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company considers that all the Independent Non-executive Directors to be independent.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2026 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has taken out and maintained Directors and Officers liability insurance that provides appropriate cover for the Directors and the officers of the Group.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

# Directors' Report

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACT

Save as disclosed in the section headed "Related Party Transactions" in Note 39 to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his or her connected entity has or had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the financial year.

## COMPETING BUSINESS INTERESTS OF DIRECTORS

Save as disclosed in this Annual Report, none of the Directors were interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the Company's business during the financial year and up to the date of this annual report.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed below in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares" and "Share Option Scheme", at no time during the financial year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31 December 2025, the interests and short positions of the Directors and chief executives 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 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 in Appendix C3 of the Listing Rules (the "Model Code"), were as follows:

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

Name of Director	Number of ordinary shares of HK\$0.50 each and nature of interests			Personal interests	Total interests	Approximate percentage of shareholding <sup>(5)</sup>
	Personal interests	Corporate interests	Number of underlying shares held			
Mr. Lu Jianzhong	3,394,000	413,525,032 <sup>(1,2)</sup>	111,187,538 <sup>(3)</sup>	3,500,000	531,606,570	66.37%
Mr. Yang Xingwen	—	—	—	2,500,000	2,500,000	0.31%
Mr. Wong Kwok Tung Gordon Allan	—	—	—	2,500,000	2,500,000	0.31%

# Directors' Report

## Notes:

1. 413,525,032 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 Investment"). Mr. Lu Jianzhong, being the controlling shareholder of DTXS Investment, was interested in approximately 50.60% of the issued registered capital of DTXS Investment. As such, Mr. Lu Jianzhong was deemed to be interested in 413,525,032 shares.
2. 370,525,032 shares held by DTXS International Holdings were pledged in favour of the third party lenders as security.
3. 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").
4. Particulars of share options of the Company are set out in the section headed "Share Option Scheme" in this Directors' Report.
5. The total number of issued shares was 801,025,230 as at 31 December 2025.

\* For identification purpose only

## (b) Interests in shares of DTXS Investment, an associated corporation of the Company

Name of Director	Number of shares	Approximate percentage of issued registered capital of DTXS Investment
Mr. Lu Jianzhong	110,000,000	50.60%
Mr. Yang Xingwen	30,000,000	13.80%

Save as disclosed above, as at 31 December 2025, none of the Directors or the chief executives 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.

# Directors' Report

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

As at 31 December 2025, the persons or corporations (not being a Director or chief executive of the Company) who had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of shareholder	Nature of interests/capacity	Number of ordinary shares of HK\$0.50 each <sup>(1)</sup>	Approximate percentage of shareholding <sup>(14)</sup>
DTXS International Holdings <sup>(2)</sup>	Beneficial owner	524,712,570 (L) <sup>(12,13)</sup>	65.50%
Da Tang Xi Shi International Group Limited <sup>(2)</sup>	Interests in controlled corporation	524,712,570 (L) <sup>(12,13)</sup>	65.50%
DTXS Investment <sup>(2)</sup>	Interests in controlled corporation	524,712,570 (L) <sup>(12,13)</sup>	65.50%
Ms. Zhu Ronghua <sup>(3)</sup>	Interests of spouse	531,606,570 (L)	66.37%
Ion Tech	Beneficial owner	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	13.88%
Citiplus Investment Limited <sup>(4)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	13.88%
New World Development Company Limited <sup>(5)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	13.88%
Chow Tai Fook Enterprises Limited <sup>(6)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	13.88%
Chow Tai Fook (Holding) Limited <sup>(7)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	13.88%
Chow Tai Fook Capital Limited <sup>(8)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	13.88%
Cheng Yu Tung Family (Holdings II) Limited <sup>(9)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	13.88%
Cheng Yu Tung Family (Holdings) Limited <sup>(10)</sup>	Interests in controlled corporation	111,187,538 (L) 111,187,538 (S) <sup>(11)</sup>	13.88%

### Notes:

- The letters "L" and "S" denote a long position and a short position in the Shares respectively.
- DTXS International Holdings was wholly-owned by Da Tang Xi Shi International Group Limited, which was wholly-owned by DTXS Investment, which was owned as to approximately 50.60% by Mr. Lu Jianzhong and approximately 13.80% by Mr. Yang Xingwen.
- Ms. Zhu Ronghua was deemed to be interested in 531,606,570 shares through the interests held by her spouse, Mr. Lu Jianzhong.
- Citiplus Investment Limited ("Citiplus") held 100% direct interest in Ion Tech Limited and was accordingly deemed to have an interest in the Shares held by Ion Tech Limited.
- 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.
- 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.

# Directors' Report

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 accordingly deemed to have an interest in the Shares deemed to be interested by CTFH.
9. Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II") 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 ("CYTFH") 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 413,525,032 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. 370,525,032 shares held by DTXS International Holdings were pledged in favour of the third party lenders as security.
14. The total number of issued shares was 801,025,230 as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other person or corporation having an interest or short position in shares and underlying shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## SHARE OPTION SCHEME

Share option schemes were adopted by the Shareholders on 6 December 2012 (the "2012 Scheme") and 12 December 2025 (the "2025 Scheme").

A summary of the principal terms of the 2012 Scheme is set out below:

1. Purpose:
  - (i) To recognise and acknowledge the contributions eligible participants had or may have made to the Group; and (ii) to provide eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (a) motivate the eligible participants to optimise their performance and efficiency for the benefit of the Group; and (b) attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long term growth of the Group.
2. Participants:

Eligible participants means (i) any full-time employees of the Group; (ii) any Directors of the Group; (iii) any advisers, consultants, suppliers and agents to the Group; and (iv) such other persons who have contributed to the Group.

# Directors' Report

3. Total number of shares available for issue under the 2012 Scheme and percentage of the issued share capital that it represents as at the date of this annual report:

The original maximum number of shares which could be issued upon exercise of all options granted or to be granted under the 2012 Scheme was 27,229,248 shares (the "2012 Scheme Mandate Limit"), representing approximately 10% of the issued shares as at 6 December 2012, the date on which an ordinary resolution was passed by the Shareholders to approve the 2012 Scheme.

The 2012 Scheme Mandate Limit was refreshed and increased to 47,463,590 shares, representing approximately 10% of the issued shares as at 2 June 2016, the date on which an ordinary resolution was passed by the Shareholders to approve the refreshment of the 2012 Scheme Mandate Limit.

The total number of shares of the Company issuable upon exercise of all options granted and may be granted under the 2012 Scheme is 47,463,590 shares (including options to subscribe for 17,750,000 shares that have been granted but not yet lapsed, cancelled or exercised), representing 7.1% of the issued shares of the Company as at the date of this annual report.

As at 1 January 2025 and 31 December 2025, no options were available for grant under the 2012 Scheme Mandate.
4. Maximum entitlement of each participant:

The total number of shares issued and which may fall to be issued upon exercise of the options granted to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant.
5. Period within which the shares must be taken up under an option:

The period during which an option may be exercised is determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.
6. Minimum period for which an option must be held before it can be exercised:

As determined by the Board.
7. Amount payable on acceptance of an option and the period within which payments shall be made:

HK\$1 shall be payable to the Company upon acceptance of the option not later than 30 days after the date of offer.
8. Basis of determination of the exercise price:

The exercise price shall not be less than the highest of (i) the closing price of the shares as quoted on the Stock Exchange on the date of grant; (ii) the average of the closing prices of the shares as quoted on the Stock Exchange for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share.
9. Remaining life of the 2012 Scheme:

Valid and effective for a term of 10 years from the date of adoption until 5 December 2022.

# Directors' Report

A summary of the principal terms of the 2025 Scheme is set out below:

1. Purpose: (i) recognize and reward the contributions that the Participants have made to the Group; (ii) provide incentive to or reward Participants for their contribution to, and continuing efforts to, work towards the growth and development of, and promote the interests of, the Group; and (iii) attract and retain talents to promote the sustainable development of the Group.
2. Participants: being any directors and employees of the Group who will contribute or have contributed to the Group.
3. Total number of shares available for issue under the 2025 Scheme together with the percentage of the issued shares (excluding treasury shares) that it represents as at the date of the annual report; The total number of Shares which may be issued in respect of all options to be granted under the 2025 Scheme must not in aggregate exceed 80,102,523 Shares, representing 10% of the total issued share capital of the Company as at the date of this annual report.  
  
As at 1 January 2025 and 31 December 2025, nil and 80,102,523 options were available for grant under the scheme mandate of the 2025 Scheme.
4. Maximum entitlement of each participant: The total number of shares issued and which may fall to be issued upon exercise of the options granted to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant.
5. Period within which the option may be exercised by the grantee: The period during which an option may be exercised is determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.
6. Vesting period of options granted: Vesting period of not less than twelve months from the grant date before it can be exercised. A vesting period shorter than 12 months may be granted at the discretion of the Board.
7. Amount payable on application or acceptance of the option and the period within which payments or calls must or may be made: HK\$1.00 payable for each acceptance of grant of share option.
8. Basis of determination of the exercise price: The exercise price shall not be less than the highest of (i) the closing price of the shares as quoted on the Stock Exchange on the date of grant; (ii) the average of the closing prices of the shares as quoted on the Stock Exchange for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share.
9. Remaining life of the 2025 Scheme: Valid and effective for a term of ten years after the adoption date until 11 December 2035.

# Directors' Report

The following table sets out the movements of the number of share options granted under the 2012 Scheme during the year ended 31 December 2025 and the outstanding share options at the beginning and end of the year:

Eligible participants	Date of grant	Exercise price per share (HK\$)	Exercise Period	At 1 January 2025	Number of share options			At 31 December 2025	Fair value of options at the date of grant during the year and the accounting standard and policy adopted
					Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year		
<b>(a) Directors</b>									
Mr. Lu Jianzhong	28/01/2016	3.000	28/01/2017 to 27/01/2026	3,500,000	—	—	—	3,500,000	N/A
Mr. Yang Xingwen	28/01/2016	3.000	28/01/2017 to 27/01/2026	2,500,000	—	—	—	2,500,000	N/A
Mr. Wong Kwok Tung Gordon Allan	28/01/2016	3.000	28/01/2017 to 27/01/2026	2,500,000	—	—	—	2,500,000	N/A
Sub-total				8,500,000	—	—	—	8,500,000	
<b>(b) Employees in aggregate</b>	28/01/2016	3.000	28/01/2017 to 27/01/2026	1,500,000	—	—	—	1,500,000	N/A
<b>Total</b>				10,000,000	—	—	—	10,000,000	

**Notes:**

- During the reporting period, the number of shares that may be issued in respect of options granted under all schemes of the Company during the reporting period divided by the weighted average number of shares of the relevant class in issue for the same period was approximately 1.4%.

No service provider sub-limit was set under the 2012 Scheme.

- 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

- No share options have been granted under the 2025 Scheme during the year ended 31 December 2025.
- No performance targets are applicable to the options granted under the 2012 Scheme.

# Directors' Report

## USE OF PROCEEDS

### First Placing

On 8 July 2025 (after trading hours), the Company and Cheong Lee Securities Limited (the "Placing Agent") entered into a placing agreement (the "First Placing Agreement") in relation to the placing of 66,752,523 placing shares at the placing price of HK\$0.5 per placing share under general mandate on a best effort basis to not less than six (6) placees (the "First Placing"). The placing price of HK\$0.5 per placing share represented a premium of approximately 28.21% to the closing price of HK\$0.39 as quoted on the Stock Exchange on the date of the First Placing Agreement. Completions of the First Placing have taken place on 1 August 2025 and 6 August 2025. The aggregate nominal value of the maximum number of the placing shares under the First Placing was HK\$33,376,261.50. The Directors considered that the First Placing will provide an opportunity for the Company to raise additional funds to strengthen the financial position of the Group and provide funding to the Group to fund its business developments (in particular, the Group's property development business) and replenish its working capital.

The net proceeds from the First Placing (after deducting placing commission and other relevant costs and expenses) were approximately HK\$32.0 million. The net issue price will be approximately HK\$0.48 per placing share.

During the period from the completion of the First Placing to 31 December 2025, the net proceeds were used as follows:

Use of proceeds	Allocation of the net proceeds <i>HK\$' million</i>	Net proceeds utilised during the twelve months ended	Net proceeds unutilised as at	Expected timeline
		31 December 2025 <i>HK\$' million</i>	31 December 2025 <i>HK\$' million</i>	
Promotion, development and sales of the Group's property development project(s) in the PRC	28.8	28.8	–	N/A
General working capital of the Group.	3.2	3.2	–	N/A
<b>Total</b>	<b>32.0</b>	<b>32.0</b>	<b>–</b>	

# Directors' Report

## Second Placing

On 8 August 2025 (after trading hours), the Company and the Placing Agent entered into a placing agreement (the “**Second Placing Agreement**”) in relation to the placing of 66,800,000 placing shares at the placing price of HK\$0.60 per placing share under general mandate on a best effort basis to not less than six (6) placees (the “**Second Placing**”). The placing price of HK\$0.60 per placing share represented a discount of approximately 3.23% to the closing price of HK\$0.62 as quoted on the Stock Exchange on the date of the Second Placing Agreement. Completions of the Second Placing have taken place on 1 September 2025, 9 September 2025, 10 September 2025 and 25 September 2025, respectively. The aggregate nominal value of the maximum number of the placing shares under the Second Placing was HK\$33,400,000. The Directors consider that the Second Placing will provide a further opportunity for the Company to raise additional funds to strengthen the financial position of the Group and provide funding to the Group to fund its business developments (in particular, the Group’s property development business) and replenish its working capital.

The net proceeds from the Second Placing (after deducting placing commission and other relevant costs and expenses) were approximately HK\$38.4 million. On such basis, the net issue price will be approximately HK\$0.57 per placing share.

During the period from the completion of the Second Placing to 31 December 2025, the net proceeds were used as follows:

<b>Use of proceeds</b>	<b>Allocation of the net proceeds</b> <i>HK\$' million</i>	<b>Net proceeds utilised during the twelve months ended 31 December 2025</b> <i>HK\$' million</i>	<b>Net proceeds unutilised as at 31 December 2025</b> <i>HK\$' million</i>	<b>Expected timeline</b>
Promotion, development and sales of the Group’s property development project(s) in the PRC	34.6	34.6	–	N/A
General working capital of the Group.	3.8	3.8	–	N/A
<b>Total</b>	<b>38.4</b>	<b>38.4</b>	<b>–</b>	

# Directors' Report

## **RELATED PARTY TRANSACTIONS**

Details of the related party transactions of the Group are set out in Note 39 to the consolidated financial statements.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the financial year, the Company and its subsidiaries had not purchased, sold or redeemed any of the listed securities of the Company.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Bye-Laws and there are no restrictions against such rights under the laws of Bermuda where the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of this annual report, the Company has maintained the prescribed public float of not less than 25% of the issued shares as required under the Listing Rules.

## **AUDITOR**

Forvis Mazars CPA Limited ("Forvis Mazars") will retire and a resolution for their re-appointment as auditor of the Company will be proposed at the 2026 AGM.

## **CLOSURE OF REGISTER OF MEMBERS FOR 2026 AGM**

The annual general meeting of the Company will be held on Friday, 5 June 2026 (the "2026 AGM"). For determining the entitlement to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Tuesday, 2 June 2026 to Friday, 5 June 2026 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2026 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Monday, 1 June 2026.

On behalf of the Board

**Lu Jianzhong**  
*Chairman*

Hong Kong, 30 April 2026

# Corporate Governance Report

The board of directors (the “Board”) of DTXS Silk Road Investment Holdings Company Limited (the “Company”) 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 (the “Shareholders”).

The Company has applied the principles and complied with the code provisions (the “Code”) of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the year ended 31 December 2025.

## CORPORATE CULTURE AND STRATEGY

A positive corporate culture set up by the Company, including integrity and accountability, is vital for the Company to achieve its vision and mission towards sustainable growth. The Group delivers responsible products and exceptional service to our customers in a fair and transparent manner. We also foster an inclusive and supportive working environment and implement a framework to develop strong governance and effective risk management systems.

All Directors must act with integrity. It is the Board’s role to lead by example, foster and promote a corporate culture with core principles to guide the behaviours of its employees, and ensure that the Company’s vision, values and business strategies are aligned to it.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers in Appendix C3 of the Listing Rules (the “Model Code”) as its own code of conduct regarding securities transactions by the directors of the Company (the “Directors”) and senior management of the Company.

The Company has made specific enquiries to all the Directors and they have confirmed their compliance with the requirements as set out in the Model Code throughout the financial year of 2025.

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 requested to comply with the provisions of the Model Code when dealing in the securities of the Company.

## THE BOARD

### Board Composition

The Board has a balanced composition of executive and non-executive Directors. As at the date of this annual report, the Board comprises seven Directors, comprising five Executive Directors and two Independent Non-executive Directors, as follows:

#### Executive Directors:

Mr. Lu Jianzhong (*Chairman*)  
Mr. Yang Xingwen  
Mr. Huang Dahai  
Mr. Wong Kwok Tung Gordon Allan (*Co-Chief Executive Officer*)  
Mr. Lin Xiaoling

#### Independent Non-executive Directors:

Mr. Choi Victor Wang Tao  
Ms. Hau Amy Wing Gee

# Corporate Governance Report

The biographical information of all Directors as of the date of this annual report are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 10 to 12 of this annual report. The list of Directors and their role and function is also disclosed in the websites of the Company and the Stock Exchange. None of the members of the Board is related to one another.

## **Board Diversity**

The Board has established a set of board diversity policy setting out the approach to achieve diversity on the Board with the aims of enhancing Board effectiveness and corporate governance as well as achieving the Group's business objectives and sustainable development. Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, required expertise, skills, knowledge and length of service. The Board reviews the implementation and effectiveness of the board diversity policy at least annually.

As at the date of this annual report, the Board comprises seven Directors. The Nomination Committee considered that the composition of the Board is sufficiently diverse and appropriate for the management and business development of the Company. The Board will give consideration to the objectives for the factors as set out in the Board Diversity Policy for assessing the candidacy of the Board members in the future, and will ensure that any successors to the Board shall follow the Board Diversity Policy and that gender diversity will be achieved in respect of the Board. As at 31 December 2025, the male to female ratio in the workforce of the Group (including the senior management) was approximately 7:1. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. The Group considers a number of factor when hiring employees including gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service. The Company considered the gender ratio of the workforce is appropriate and balanced taking into account the nature of the industry.

The current Board consists of a diverse mix of Board members who match the requirement of the business of the Company.

## **Chairman, Co-Chief Executive Officer and Deputy Chief Executive Officers**

The positions of the Chairman, Co-Chief Executive Officer and Deputy Chief Executive Officer of the Company are separately held by Mr. Lu Jianzhong, Mr. Wong Kwok Tung Gordon Allan and Mr. Wang Yong respectively.

The major roles of the Chairman are to provide leadership to the Board and spearhead overall corporate development and strategic planning whilst the Co-Chief Executive Officer, together with the Deputy Chief Executive Officers, are responsible for execution of the decisions and strategies approved by the Board, focusing on business development and managing day-to-day operations of the Company and its subsidiaries (the "Group") with the support of Executive Directors and senior management team.

## **Independent Non-executive Directors**

The Independent Non-executive Directors play a significant role in the Board by providing their independent judgment and their views on the strategic decisions, directions, and financial and risk management of the Company. They also provide independent and objective opinions to the Board, give adequate checks and balances to protect the overall interests of the Shareholders and the Group.

The Company has received annual confirmation of independence from each of the Independent Non-executive Directors of the Company pursuant to rule 3.13 of the Listing Rules. Based on the contents of such confirmation, the Company considers that all of the Independent Non-executive Directors are independent.

# Corporate Governance Report

## **Directors' Appointment and Re-election**

Each of the Executive Directors and Independent Non-executive Directors is appointed for a specific term and is subject to retirement by rotation once every three years. The Company has issued formal letters of appointment to all Directors setting out the key terms of their appointments as required under the Listing Rules.

In accordance with bye-law 99(A) of the Bye-Laws, Mr. Huang Dahai will retire from office by rotation and, being eligible, offer themselves for re-election at the 2026 AGM. In accordance with bye-law 102(B) of the Bye-laws, Mr. Lin Xiaoling and Mr. Choi Victor Wang Tao will retire from office and be eligible and offer themselves for re-election and they will be elected individually at the 2026 AGM.

## **Responsibilities, Accountabilities and Contributions of the Board and Management**

The Board is responsible for leadership and control of the Company and oversees the Company's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors take decisions objectively in the interests of the Group.

All Directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the relevant information of the Company as well as the services and advice from the Company Secretary and other senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for performing their duties to the Company.

The Directors should disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company. All Directors have confirmed that they have given sufficient time and attention to the affairs of the Company.

The Board reserves for its decision on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

## **Directors' Induction and Continuous Professional Development**

Every newly appointed Director will receive necessary induction and information to ensure appropriate understanding of the business and operations of the Company and full awareness of his responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Pursuant to the CG Code, all Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be issued to Directors where appropriate. During the financial year, all Directors have participated in appropriate continuous professional trainings and/or reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

## **BOARD COMMITTEES**

The Board has proper delegation of its powers and has established four board committees, namely Audit Committee, Remuneration Committee, Nomination Committee and Investment Committee (collectively, "Board Committees"), for overseeing particular aspects of the Company's affairs. Board Committees are established with defined written terms of reference which deal clearly with their authorities and duties and are published on the websites of the Company and the Stock Exchange.

# Corporate Governance Report

The Company has established mechanisms to ensure that the Board has access to independent views and opinions. The Company also engaged external experts to assist the Directors to perform their duties. The Company has annually reviewed the implementation and effectiveness of such mechanisms and believes that the aforesaid mechanisms can ensure the independent views and opinions of the Board.

The Board has reviewed the implementation and effectiveness of the mechanisms and considered them to be effective for the year ended 31 December 2025.

## **Audit Committee**

The Audit Committee has been established by the Board and comprises two members who are all Independent Non-executive Directors. Mr. Choi Victor Wang Tao is the chairman and Ms. Hau Amy Wing Gee is a member.

The Board has revised and adopted the terms of reference of the Audit Committee which are in line with the Code as set out in the CG Code. The role and function of the Audit Committee are set out in its revised terms of reference which are posted on the websites of the Company and the Stock Exchange. The Audit Committee is responsible for reviewing and supervision of the Group's financial reporting system, risk management and internal control systems, the scope and nature of the external audit and matters concerning the engagement of external auditor.

The Audit Committee held two meetings during the financial year. The Audit Committee reviewed the audit plan; reviewed and considered the reports from the external auditor; reviewed the Company's audited consolidated financial statements for the year ended 31 December 2024 and the unaudited condensed consolidated financial statements for the six months ended 30 June 2025 with recommendations to the Board for approval; reviewed internal control system of the Group and discussed with the management and external auditor on any changes in accounting policies and practices which may affect the Group and financial reporting matters; reviewed the framework and policy of risk management and internal control systems.

## **Remuneration Committee**

The Remuneration Committee has been established by the Board and comprises three members with a majority of Independent Non-executive Directors. Mr. Choi Victor Wang Tao is the chairman and Mr. Huang Dahai and Mr. Dai Zhijie are the members.

The Board has adopted the terms of reference of the Remuneration Committee which are in line with the Code as set out in the CG Code. The role and function of the Remuneration Committee are set out in its terms of reference which are posted on the websites of the Company and the Stock Exchange. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Executive Director and senior management and the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee held one meeting during the financial year. The Remuneration Committee reviewed the remuneration package of the Directors, subject to approval of Shareholders at the annual general meeting, and senior management for the year with recommendations to the Board for approval; reviewed the terms of reference of the Remuneration Committee of which no revision was required; and made recommendation to the Board for the remuneration package of the newly appointed Executive Directors, Independent Non-executive Directors, and Co-Chief Executive Officer. Details of the remuneration of Directors for the financial year are set out in Note 12 to the consolidated financial statements. In addition, written resolutions were passed by all members of the Remuneration Committee and recommendations were made to the Board as and when needed.

# Corporate Governance Report

## **Nomination Committee**

The Nomination Committee has been established by the Board and comprises three members with a majority of Independent Non-executive Directors. Mr. Lu Jianzhong is the chairman and Mr. Choi Victor Wang Tao and Ms. Hau Amy Wing Gee are the members.

The Board has adopted the terms of reference of the Nomination Committee which are in line with the Code as set out in the CG Code. The role and function of the Nomination Committee are set out in its terms of reference which are posted on the websites of the Company and the Stock Exchange. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors and assessing the independence of Independent Non-executive Directors.

The Nomination Committee held one meeting during the financial year to review the structure, size and composition of the Board and the board diversity policy; to assess the independence of the Independent Non-executive Directors; and to consider the qualifications of the retiring Directors standing for election at the annual general meeting held on 6 June 2025. In addition, written resolutions were passed by all members of the Nomination Committee and recommendations were made to the Board as and when needed.

The Board has adopted the board diversity policy on 25 March 2014. Composition of the Board will be based on a range of diversity perspective, including but not limited to gender, age, cultural and educational background, knowledge and skills, professional experience, length of service, independence and other qualities of the members of the Board. The Company maintains that appointments of the Board should be based on merit while having due regard to the diversity and overall effective function of the Board as a whole. The Nomination Committee shall review the candidate profile and then submit a recommendation to the Board for consideration after taking into account all the requirements set out above and all other applicable factors relevant to the Company.

The Board also adopted the director nomination policy on 13 December 2018. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

## **Investment Committee**

The Investment Committee has been established by the Board and comprises three members of executive Directors. Mr. Huang Dahai is the chairman and Mr. Yang Xingwen and Mr. Wong Kwok Tung Gordon Allan are the members.

The Board has adopted the terms of reference of the Investment Committee which are in line with the Code as set out in the CG Code. The role and function of the Investment Committee are set out in its terms of reference which are posted on the websites of the Company and the Stock Exchange. The primary functions of the Investment Committee include handling any issues or affairs related to the investment aspects of the Company; reviewing the investment performance from time to time and advise the Board on how the Company's funds are to be used to enhance the Group's investment returns; and preserving the value of the Company's funds and/or achieving capital appreciation.

The Investment Committee held one meeting during the financial year. The Investment Committee reviewed investment performance and advised the Board how the Company how to enhance its investment returns. In addition, written resolutions were passed by all members of the Investment Committee and recommendations were made to the Board as and when needed.

# Corporate Governance Report

## Corporate Governance Functions

The Board is responsible for performing the functions as set out in the Code A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices; training and continuous professional development of Directors and senior management; the Company's policies and practices on compliance with legal and regulatory requirements; and the compliance of the Model Code and the CG Code and disclosures in this Corporate Governance Report.

## ATTENDANCE RECORD OF DIRECTORS AND BOARD COMMITTEES MEMBERS

During the financial year, the Board held four meetings. With regards to general meetings, the Company held an annual general meeting on 6 June 2025. The attendance record of individual Director at the Board meetings, Board Committees meetings and the general meetings of the Company held during the financial year is set out in the table below:

Name of Director	Attendance/No. of meetings entitled to attend					General Meeting
	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Investment Committee Meeting	
<b>Executive Directors</b>						
Mr. Lu Jianzhong ( <i>Chairman</i> )	4/4	N/A	1/1	N/A	N/A	2/2
Mr. Yang Xingwen	4/4	N/A	N/A	N/A	1/1	2/2
Mr. Huang Dahai	4/4	N/A	N/A	1/1	N/A	2/2
Mr. Wong Kwok Tung Gordon Allan ( <i>Co-Chief Executive Officer</i> )	4/4	N/A	N/A	N/A	1/1	2/2
Mr. Lin Xiaoling	2/2	1/1	-	-	-	1/1
<b>Independent Non-executive Directors</b>						
Mr. Choi Victor Wang Tao	2/2	1/1	-	-	-	1/1
Ms. Hau Amy Wing Gee	4/4	2/2	1/1	N/A	N/A	1/1
Mr. Dai Zhijie	2/2	1/1	-	-	-	1/1
Mr. Kwok Chi Shing	4/4	1/1	1/1	1/1	-	1/1
Prof. Wang Guiguo	4/4	1/1	-	1/1	-	1/1

## COMPANY SECRETARY

The Company Secretary of the Company is responsible for facilitating the Board processes, ensuring the Board procedures are followed and Board activities are efficiently and effectively conducted, as well as ensuring good information flow among Board members with senior management and the Shareholders.

Mr. Wong Hong Tak Hagan is a full-time employee of the Group and has day-to-day knowledge of the Company's affairs. During the financial year, Mr. Wong has complied with the relevant professional training requirement under rule 3.29 of the Listing Rules. The biographical details of Mr. Wong are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 10 to 12 of this annual report.

# Corporate Governance Report

## FINANCIAL REPORTING, RISK MANAGEMENT AND INTERNAL CONTROL

The Board is accountable to the Shareholders and is committed to presenting comprehensive and timely information to the Shareholders on assessment of the Company's performance, financial position and prospects.

### Financial Reporting

The Directors acknowledge their responsibilities for preparing the financial statements of the Company, which give a true and fair view of the Group's state of affairs, results and cash flows for the year ended 31 December 2025. The Directors consider that the financial statements have been prepared in conformity with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment, and had prepared the financial statements on a going concern basis.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements is set out in the section headed "Independent Auditor's Report" on pages 37 to 42 of this annual report.

### Auditors' Remuneration

The external auditor of the Company is Forvis Mazars. The Audit Committee has been notified of the nature and the charges of non-audit services performed by Forvis Mazars during the year under review, if any, and considered that such non-audit services have no adverse effect on the independence of the external auditor.

During the year ended 31 December 2025, the fees payable to Forvis Mazars in respect of its audit and non-audit services provided to the Group respectively were as follows:

	HK\$'000
Audit services for annual financial statements	1,800
Non-audit services (Note)	80
<hr/>	
Total	1,880

Note: The non-audit services primarily included review of announcement of annual results and attendance of 2026 AGM.

### Risk Management and Internal Control

The Directors acknowledge their responsibilities to evaluate and determine the nature and the extent of risks that shall be taken in achieving the Group's strategic objectives and has the overall responsibilities for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems. The Board, through the Audit Committee, conducts reviews of the effectiveness of such systems at least annually, covering all material controls including financial, operational and compliance controls.

The Group has formulated and adopted a risk management policy in providing directions in identifying, evaluating and management significant risks. At least on an annual basis, the senior management identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritises the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

The Group has engaged an advisory firm in performing annually internal control review on internal control system of the Group. Internal control report are submitted to the Audit Committee at least once a year.

# Corporate Governance Report

During the financial year, the Board, through the Audit Committee, conducted an annual review of the effectiveness of the Group's risk management and internal control systems. After reviewing, the Board considered that the Group's risk management and internal control systems were effectively implemented for the Group as a whole during the financial year.

## **Anti-fraud and Whistle-blowing Policy and Procedure**

The Board has adopted an Anti-fraud and Whistle-blowing Policy and Procedure (the "Anti-fraud and Whistle-blowing Policy and Procedure"), which is posted on the Company's website and is to: i) achieve the high standards of integrity and ethical behaviour in conducting business; ii) encourage the reporting of suspected fraud, corruption, malpractice and misconduct; iii) provides a reporting channels and guidance on whistleblowing to Employees or third parties to raise the concern rather than neglecting it. The nature, status and the results of the complaints received under the Anti-fraud and Whistle-blowing Policy and Procedure are reported to the Audit Committee of the Group. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations has been discovered.

It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. The Anti-fraud and Whistle-blowing Policy and Procedure is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

## **COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS**

The Company places a great deal of importance on timely, accurate and transparent communication with the Shareholders and the investment community. The Board has adopted a shareholders communication policy which is reviewed annually and posted on the Company's website and provides a framework to maintain direct, open and timely communication with the Shareholders. The Company shall ensure effective and timely dissemination of relevant information at all times.

The Company considers that effective communication with the Shareholders and the investment community in a fair and timely basis is essential so as to keep them abreast of Company's business strategy and development. The Company endeavors to maintain an on-going dialogue with the Shareholders and, in particular, through annual general meeting and other general meetings. At the general meetings, Directors (or their delegates as appropriate) are available to meet the Shareholders and answer their enquiries.

In addition, the Company maintains a website at [www.dtxs.com](http://www.dtxs.com) as a communication platform with the Shareholders and investors, where the Group's financial reports (interim and annual reports), notices of general meetings, circulars, announcements, press releases and other business information are available for public access.

## **SHAREHOLDERS' RIGHTS**

### **Right to put enquiries to the Board**

The Company encourages the Shareholders to attend general meetings which provide an opportunity for communications between the Shareholders and the Board. Other than communications at the general meetings, Shareholders may put forward any enquiries to the Board by sending written enquiries by post to the Company's principal place of business in Hong Kong for the attention of the Company Secretary. The Company will not normally deal with verbal or anonymous enquiries.

# Corporate Governance Report

## **Right to put forward proposals at general meetings**

Shareholders can submit a requisition to move a resolution at a general meeting pursuant to section 79 of the Companies Act 1981 of Bermuda (the "Act"). The number of Shareholders necessary for a requisition shall be any number of Shareholders representing not less than one-twentieth of the total voting rights of all Shareholders having at the date of the requisition a right to vote at the meeting; or not less than 100 Shareholders.

The written requisition must state the resolution, with a statement not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the meeting; be signed by the requisitionist(s) (may consist of one or several documents in like form each signed by one or more requisitionist(s)); be deposited at the Company's principal place of business in Hong Kong for the attention of the Company Secretary not less than six weeks before the meeting in case of a requisition requiring notice of a resolution and not less than one week before the meeting in case of any other requisition; and be deposited with a sum reasonably sufficient to meet the Company's expenses in giving notice of the resolution and circulating the statements of the proposed resolution to all Shareholders in accordance with the requirements under the applicable laws and rules.

## **Right to propose a person for election as a Director**

A Shareholder can submit a notice to propose a person (other than a retiring Director) for election as a Director at any general meeting pursuant to bye-law 103 of the Bye-Laws. The Shareholder should deposit a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected and the information as required to be disclosed under the relevant rules of the Listing Rules and the Bye-Laws as prevailing from time-to-time at the Company's principal place of business in Hong Kong for the attention of the Company Secretary at least seven days before the date of the general meeting.

## **Right to convene a special general meeting**

Shareholders can submit a requisition to convene a special general meeting ("SGM") pursuant to section 74 of the Act. The number of Shareholders necessary for a requisition shall be representing not less than one-tenth of the Company's paid-up capital as at the date of the deposit of the requisition having the right to vote at general meeting of the Company.

The written requisition must state the purpose of the SGM; be signed by the requisitionist(s) (may consist of one or several documents in like form each signed by one or more requisitionist(s)); and be deposited at the Company's principal place of business in Hong Kong for the attention of the Company Secretary.

If the requisition is in order, the Company Secretary will request the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered Shareholders. On the contrary, if the request has been verified invalid, the requisitionist(s) will be advised of this outcome and accordingly, a SGM will not be convened as requested.

If within 21 days from the date of the deposit of the proper and orderly requisition which the Board fails to proceed to convene such SGM, the requisitionist(s) may themselves convene a SGM in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s), but any meeting so convened shall not be held after the expiration of three months from the said date.

# Corporate Governance Report

## CONSTITUTIONAL DOCUMENTS

At the annual general meeting held on 30 May 2023, amended and restated bye-laws of the Company was adopted by a special resolution. Save as disclosed above, during the financial year, there was no change to the Company's constitutional documents. An up-to-date version of the Company's memorandum of association and the Bye-Laws is available on the websites of the Company and the Stock Exchange.

## COMPLIANCE WITH THE CODE

Upon the resignation of Prof. Wang Guiguo as an Independent Non-executive Director of the Company with effect from 1 June 2025, the Company was not in compliance with (i) Rule 3.10(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), which stipulates that the Board must include at least three independent non-executive directors; (ii) Rule 3.21 of the Listing Rules, which stipulates that the audit committee must comprise a minimum of three members; and (iii) Rule 3.25 of the Listing Rules, which stipulates that the remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors.

Following the appointment of Mr. Dai Zhijie on 8 August 2025. The Company was in compliance with Rules 3.10(1), 3.21 and 3.25 of the Listing Rules.

Save as disclosed above, throughout the year under review, the Company has complied with the Code of the CG Code as set out in Appendix C1 of the Listing Rules.

# Independent Auditor's Report

**Forvis Mazars CPA Limited**  
**富睿瑪澤會計師事務所有限公司**

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**forvis**  
**mazars**

## Opinion

We have audited the consolidated financial statements of DTXS Silk Road Investment Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 123, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements. During the year ended 31 December 2025, the Group incurred a net loss of approximately HK\$81,822,000, while as at 31 December 2025, the Group had total interest-bearing borrowings of approximately HK\$1,456,940,000 of which the current interest-bearing borrowings amounted to approximately HK\$791,477,000, while cash and cash equivalents of only approximately HK\$11,607,000. As at and subsequent to 31 December 2025, the Group is subject to a number of legal actions related to its business as detailed in Note 36 to the consolidated financial statements. As stated in Note 2 to the consolidated financial statements, these conditions indicate that material uncertainty exists that cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the outcome of various financial plans and measures implemented by the Group. Our opinion is not modified in respect of this matter.

# Independent Auditor's Report

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Key audit matter

### How our audit addressed the key audit matter

#### ***Valuation of properties under development and completed properties held for sale***

*Refer to Note 24 to the consolidated financial statements*

At 31 December 2025, the Group had various properties under development and completed properties held for sale (the "Properties") located in Chinese Mainland of the People's Republic of China with carrying amounts of approximately HK\$1,837,007,000 and HK\$1,124,489,000, respectively.

The Properties are stated at the lower of cost and net realisable value on an individual property basis. Net realisable value is estimated at the actual or estimated selling price less estimated costs to completion and the estimated costs necessary to make the sale. The net realisable value was determined by the management with reference to the valuation performed by an independent valuer engaged by the Group (the "Management Valuer").

We have identified the above matter as a key audit matter because of the significance of carrying amount of the Properties and the estimation of net realisable value of the Properties involved significant judgements and estimations.

Our key procedures, among others, included:

- reviewing the valuation report from the Management Valuer and holding discussions with the management and the Management Valuer to understand and evaluate the valuation basis, methodology used, and the underlying assumptions applied;
- engaging an independent professional valuer as our expert (the "Auditor Expert") to assist on the assessment of valuation methodology and underlying assumptions applied and compare such underlying assumptions with market information;
- evaluating the objectivity, capabilities and competence of the Management Valuer and the Auditor Expert;
- assessing, on a sampling basis, the reasonableness of the construction and other costs budgets of the Properties by comparing them to actual construction and other costs incurred for similar properties developed by the Group; and
- assessing, on a sample basis, the appropriateness of the underlying data including comparable market transactions being used.

# Independent Auditor's Report

## Key Audit Matters (Continued)

### Key audit matter

### How our audit addressed the key audit matter

#### ***Impairment assessment of advances to consignors and related interest receivables***

*Refer to Notes 26 and 43 to the consolidated financial statements*

At 31 December 2025, the Group had advances to consignors of works of art (the "Advances to Consignors") and related interest receivables, net of loss allowances, of approximately HK\$378,252,000 and HK\$185,173,000, respectively.

The Group provides certain consignors of works of art with advances secured by the works of art which are held by the Group as collateral. The initial advances granted to consignors generally do not exceed 40% of the collateral's market value estimated by the Group's internal art experts. If the work of art is sold in auction, the proceeds received from the buyer, after deducting commission, advances, interest and relevant taxes, will be paid to the consignor. If the work of art remains unsold, the consignor will be required to repay the advance together with interest before the work of art is returned to the consignor.

We have identified the impairment assessment of the Advances to Consignors and related interest receivables as a key audit matter because the significant amounts involved and significant judgements and estimations were made by management in determining the loss allowances for such advances and related interest receivables, which involve the estimation of the market value of works of art. The Group engaged the Management Valuer and external art experts (the "Management Art Experts") to perform expected credit loss assessment and valuations of works of art which were held by the Group as collateral at the end of the reporting period.

Our key procedures, among others, included:

- understanding the design and implementation of key internal controls over the approval, monitoring and collection of the Advances to Consignors and related interest receivables;
- reviewing the expected credit loss assessment prepared by the Management Valuer;
- engaging the Auditor Expert to assist on the assessment of valuation methodology and underlying assumptions applied, including but not limited to, the discount rate, loss given default rate, probability of default and value of collateral;
- engaging an independent art expert (the "Auditor Art Expert") in evaluating, on a sampling basis, management's assessment of the value of collateral held by the Group as derived from the valuation reports from the Management Art Experts;
- comparing, on a sampling basis, the carrying value of the Advances to Consignors with the value of collateral, and reviewing historical auction prices of collateral sold;
- assessing the competence, objectivity and capabilities of the Management Valuer, the Management Art Experts, the Auditor Expert and the Auditor Art Expert; and
- in respect of the Advances to Consignors and related interest receivables, assessing, on a sampling basis, the internal and external evidence obtained, and testing the historical settlement pattern, subsequent settlement and forward-looking factors specific to the consignors for the recognition and disclosure of impairment loss.

# Independent Auditor's Report

## **Other Information included in the Annual Report**

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2025 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

# Independent Auditor's Report

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements** *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

# Independent Auditor's Report

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements** *(Continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Forvis Mazars CPA Limited**

*Certified Public Accountants*

Hong Kong, 30 April 2026

The engagement director on the audit resulting in this independent auditor's report is:

### **She Shing Pang**

Practising Certificate number: P05510

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>REVENUE</b>			
Revenue from contracts with customers	7	17,443	8,459
Interest income from advances to consignors	7	31,745	32,752
Gross rental income	7	–	1,221
		<b>49,188</b>	42,432
Other income	8	16,313	14,008
Costs of inventories and properties sold		(12,378)	(1,662)
Staff costs	9(a)	(17,686)	(19,921)
Depreciation expenses	9(b)	(2,963)	(3,745)
Other operating expenses		(42,104)	(36,155)
Other gains (losses), net	10	5,085	(4,186)
Provision of impairment of trade and other receivables	26(a), 26(b)	(11,785)	(13,892)
Impairment loss on inventories		–	(660)
Impairment loss on property, plant and equipment	18	(1,318)	(5,210)
Write off of advances to consignors and related interest receivables from art financing business	26(b)(i)	(4,156)	(474)
Write down of properties under development and completed properties held for sale		(56,349)	–
Finance costs	11	(42)	(49)
		<b>LOSS BEFORE TAX</b>	(78,195)
Income tax expenses	9 14	(3,627)	(29,514) (3,573)
		<b>LOSS FOR THE YEAR</b>	(81,822)
<b>OTHER COMPREHENSIVE INCOME (EXPENSES)</b>			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Reclassification of exchange reserve upon disposal of a subsidiary		(343)	–
Exchange differences on translation of foreign operations		13,544	(12,988)
		<b>OTHER COMPREHENSIVE INCOME (EXPENSES) FOR THE YEAR, NET OF TAX</b>	13,201
		<b>TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR</b>	(68,621)
<b>Loss for the year attributable to:</b>			
Equity holders of the Company		(63,385)	(23,731)
Non-controlling interests	17	(18,437)	(9,356)
		<b>(81,822)</b>	<b>(33,087)</b>

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Total comprehensive expenses for the year attributable to:</b>			
Equity holders of the Company		<b>(53,201)</b>	(33,979)
Non-controlling interests	17	<b>(15,420)</b>	(12,096)
		<b>(68,621)</b>	(46,075)
<b>LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
	16		
Basic		<b>HK(8.86) cents</b>	HK(3.56) cents
Diluted		<b>HK(8.86) cents</b>	HK(3.56) cents

# Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	18	45,384	47,203
Investment properties	19	29,717	29,770
Intangible assets	21	–	–
Goodwill	22	–	–
Financial assets at fair value through profit or loss	23	7,012	6,698
Deferred tax assets	32	44,556	42,309
Properties under development	24	–	9,981
		<b>126,669</b>	<b>135,961</b>
<b>CURRENT ASSETS</b>			
Properties under development	24	1,837,007	1,535,789
Completed properties held for sale	24	1,124,489	1,084,783
Inventories	25	18,956	27,245
Trade and other receivables	26	688,064	709,072
Loans receivables	27	–	–
Restricted bank deposits	28	3,268	3,899
Cash and cash equivalents	29	11,607	16,175
		<b>3,683,391</b>	<b>3,376,963</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	30	604,917	690,751
Interest-bearing borrowings	31	791,477	223,591
Tax liabilities		323,662	305,947
		<b>1,720,056</b>	<b>1,220,289</b>
<b>NET CURRENT ASSETS</b>		<b>1,963,335</b>	<b>2,156,674</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,090,004</b>	<b>2,292,635</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing borrowings	31	665,463	1,168,478
Other payables	30	493,853	195,936
		<b>1,159,316</b>	<b>1,364,414</b>
<b>NET ASSETS</b>		<b>930,688</b>	<b>928,221</b>

# Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>CAPITAL AND RESERVES</b>			
Share capital	33	<b>400,513</b>	333,763
Reserves		<b>470,552</b>	519,675
Equity attributable to equity holders of the Company		<b>871,065</b>	853,438
Non-controlling interests		<b>59,623</b>	74,783
<b>TOTAL EQUITY</b>		<b>930,688</b>	928,221

*These consolidated financial statements on pages 43 to 123 were approved and authorised for issue by the Board of Directors on 30 April 2026 and signed on its behalf by*

**Huang Dahai**  
Director

**Wong Kwok Tung Gordon Allan**  
Director

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to equity holders of the Company									Non-Controlling interests	Total equity	
	Share capital (Note 33) HK\$'000	Share premium (Note 35(a)) HK\$'000	Share option reserve (Note 34) HK\$'000	Capital Redemption reserve (Note 35(a)) HK\$'000	Exchange fluctuation reserve (Note 35(b)) HK\$'000	Revaluation reserve (Note 35(c)) HK\$'000	Merger reserve (Note 35(d)) HK\$'000	Other reserve (Note 35(e)) HK\$'000	Accumulated losses HK\$'000			Total HK\$'000
At 1 January 2024	333,763	1,569,891*	15,272*	1,264*	(24,706)*	2,818*	(179,433)*	6,116*	(837,568)*	887,417	87,265	974,682
Loss for the year	-	-	-	-	-	-	-	-	(23,731)	(23,731)	(9,356)	(33,087)
Other comprehensive expenses:												
Items that may be reclassified subsequently to profit or loss in subsequent periods:												
Exchange difference on translation of foreign operations	-	-	-	-	(10,248)	-	-	-	-	(10,248)	(2,740)	(12,988)
Total comprehensive expenses for the year	-	-	-	-	(10,248)	-	-	-	(23,731)	(33,979)	(12,096)	(46,075)
Transactions with owners:												
Contributions and distributions												
Disposal of subsidiaries (Note 44(b))	-	-	-	-	-	-	-	-	-	-	(386)	(386)
At 31 December 2024	333,763	1,569,891*	15,272*	1,264*	(34,954)*	2,818*	(179,433)*	6,116*	(861,299)*	853,438	74,783	928,221
At 1 January 2025	333,763	1,569,891*	15,272*	1,264*	(34,954)*	2,818*	(179,433)*	6,116*	(861,299)*	853,438	74,783	928,221
Loss for the year	-	-	-	-	-	-	-	-	(63,385)	(63,385)	(18,437)	(81,822)
Other comprehensive income (expenses):												
Items that may be reclassified subsequently to profit or loss in subsequent periods:												
Exchange difference on translation of foreign operations	-	-	-	-	10,527	-	-	-	-	10,527	3,017	13,544
Reclassification of exchange reserve upon disposal of a subsidiary (Note 44(a))	-	-	-	-	(343)	-	-	-	-	(343)	-	(343)
Total comprehensive income (expenses) for the year	-	-	-	-	10,184	-	-	-	(63,385)	(53,201)	(15,420)	(68,621)
Transactions with owners:												
Contributions and distributions												
Placing of shares (Note 33)	66,750	6,680	-	-	-	-	-	-	-	73,430	-	73,430
Transaction costs on issuance of shares upon placings (Note 33)	-	(2,602)	-	-	-	-	-	-	-	(2,602)	-	(2,602)
Disposal of a subsidiary (Note 44(a))	-	-	-	-	-	-	-	-	-	-	260	260
At 31 December 2025	400,513	1,573,969*	15,272*	1,264*	(24,770)*	2,818*	(179,433)*	6,116*	(924,684)*	871,065	59,623	930,688

\* At 31 December 2025, these reserve accounts comprise the consolidated reserves of approximately HK\$470,552,000 (2024: approximately HK\$519,675,000) in the consolidated statement of financial position.

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Loss before tax		<b>(78,195)</b>	(29,514)
Adjustments for:			
Depreciation expenses	9(b)	<b>2,963</b>	3,745
Provision of impairment of trade and other receivables, net	26(a), 26(b)	<b>11,785</b>	13,892
Write off of advances to consignors and related interest receivables	26(b)(i)	<b>4,156</b>	474
Write down of properties under development and completed properties held for sale		<b>56,349</b>	–
Impairment loss on property, plant and equipment	18	<b>1,318</b>	5,210
Impairment loss on inventories		–	660
Fair value loss on investment properties	10	<b>1,410</b>	4,330
Gain on disposal of subsidiaries	44	<b>(3,796)</b>	(2,657)
Finance costs	11	<b>42</b>	49
Bank interest income	8	<b>(8)</b>	(26)
Loss on early termination of lease	10	<b>23</b>	–
Exchange differences		<b>(6,518)</b>	9,469
<b>CASH (USED IN) GENERATED FROM OPERATIONS BEFORE MOVEMENTS IN WORKING CAPITAL</b>		<b>(10,471)</b>	5,632
Movements in working capital:			
Properties under development		<b>(176,755)</b>	(191,057)
Completed properties held for sale		<b>5,828</b>	(3,614)
Inventories		<b>100</b>	718
Trade and other receivables		<b>(63,864)</b>	(6,327)
Trade and other payables		<b>170,112</b>	105,582
<b>CASH USED IN OPERATIONS</b>		<b>(75,050)</b>	(89,066)
Bank interest received		<b>8</b>	26
Income tax paid		<b>(108)</b>	(169)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(75,150)</b>	(89,209)

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		–	(36)
Net cash (outflow) inflow from disposal of subsidiaries	44	<b>(228)</b>	4,504
Decrease (Increase) of restricted bank deposits		<b>777</b>	(1,454)
		<hr/>	<hr/>
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>549</b>	3,014
<b>FINANCING ACTIVITIES</b>			
Net proceeds from placing of shares	33	<b>70,828</b>	–
Inception of interest-bearing borrowings	38(b)	–	97,901
Repayment of interest-bearing borrowings	38(b)	<b>(319)</b>	–
Principal portion of lease payments	38(b)	<b>(637)</b>	–
Interest paid		–	(18,470)
		<hr/>	<hr/>
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>69,872</b>	79,431
		<hr/>	<hr/>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(4,729)</b>	(6,764)
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE REPORTING PERIOD</b>		<b>16,175</b>	23,079
		<hr/>	<hr/>
Effect of foreign exchange rate changes, net		<b>161</b>	(140)
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF THE REPORTING PERIOD</b>	29	<b>11,607</b>	16,175
		<hr/> <hr/>	<hr/> <hr/>

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 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 Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at Crawford House, 4th Floor, 50 Cedar Avenue, Hamilton HM11, Bermuda and its principal place of business is located at Room 3207, 32/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

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

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

In the opinion of the directors of the Company, the immediate holding company of the Company is Da Tang Xi Shi International Holdings Limited, which is established in the British Virgin Islands (the “BVI”), the ultimate holding company of the Company is 大唐西市文化產業投資集團有限公司 (Da Tang Xi Shi Investments Group Limited\*, “DTXS Investments”), which is established in Chinese Mainland of the People’s Republic of China (the “PRC”), and the ultimate controlling parties of the Company are Mr. Lu Jianzhong and Ms. Zhu Ronghua (the “Ultimate Controlling Parties”).

## 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties and unlisted equity investment, which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements except for the adoption of revised HKFRS Accounting Standard that is relevant to the Group and effective from the current period as set out in Note 3 to the consolidated financial statements.

\* For identification purpose only

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 2. BASIS OF PREPARATION (Continued)

### Going concern

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that (1) the Group incurred a net loss of approximately HK\$81,822,000 for the year ended 31 December 2025 and (2) at 31 December 2025, the Group had total interest-bearing borrowings of approximately HK\$1,456,940,000 of which the current interest-bearing borrowings amounted to approximately HK\$791,477,000, while cash and cash equivalents of only approximately HK\$11,607,000.

At and subsequent to 31 December 2025, the Group is subject to a number of legal actions related to delay or failure of settlements of trade and other payables as detailed in the Note 36 to the consolidated financial statements.

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

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

- i) the Group has been actively negotiating with the banks for renewal and further extension of interest-bearing borrowings and related interest, in which the Group had held several meetings with the banks during the year ended 31 December 2025, and obtained their consent regarding the Group's intention for delay in payment of the principal and interest of the interest-bearing borrowings for two to three years;
- ii) the Group has been actively negotiating with various financial institutions and potential lenders or investors to identify various options for financing the Group's working capital and commitments in the foreseeable future, in particular, the Group had completed two rounds of share placings to raise gross proceeds of approximately HK\$73,430,000 during the year ended 31 December 2025, and subsequent to 31 December 2025, two placings of convertible bonds in the principal amount of HK\$23,000,000 in total were issued and completed;
- iii) the Group has accelerated or will accelerate the pre-sale and sales of the properties under development and completed properties held for sale;
- iv) the Group has been actively negotiated with the consignors regarding the settlement of advance to consignors and related interest receivables; and
- v) the ultimate controlling party, Mr. Lu Jianzhong, has committed to provide continuous financial support to the Group as is necessary to enable the Group to meet its day-to-day operations and its financial obligations as they fall due.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 2. BASIS OF PREPARATION (Continued)

### Going concern (Continued)

The directors of the Company have also reviewed the Group's cash flow forecast prepared by the management which covers a period of 18 months from 31 December 2025. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors of the Company believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2025 on a going concern basis.

Should the above measures not be able to implement successfully, the Group may not have sufficient funds to operate as a going concern, in which case, adjustments might have to be made to the carrying values of the Group's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Group has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests ("NCI"), even if this results in the NCI having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 2. BASIS OF PREPARATION (Continued)

### Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any NCI, and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained, and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### Structured arrangements

Following the completion of the acquisition of China King Sing Lun Fung Company Limited ("KSLF (HK)") and the execution of certain structured arrangements, the Group commenced the auction business in Chinese Mainland of the PRC through 海南鉑珥國際拍賣有限公司 (Hainan Baier International Auction Company Limited\*, "Hainan Baier"), an indirect wholly-owned subsidiary of KSLF (HK).

The legal ownership of Hainan Baier is registered under the names of two individuals (the "Registered Shareholders") and the Group entered into a series of agreements with the Registered Shareholders to effect that the Group has control over Hainan Baier so as to obtain benefits from its activities (the "Structured Arrangements"). The Structured Arrangements with the Registered Shareholders comprise the following agreements:

- (i) Exclusive Operation and Technology Support Services Agreement;
- (ii) Exclusive Right to Purchase Agreement;
- (iii) The Voting Rights Proxy Agreement; and
- (iv) Equity Pledge Agreement.

The Structured Arrangements are irrevocable and enable the Group to:

- Exercise effective financial and operational control over Hainan Baier;
- Exercise equity holders' voting rights of Hainan Baier;
- Receive substantially all of the economic returns generated by Hainan Baier in consideration for the exclusive technical and management consultancy services;
- Obtain an irrevocable and exclusive right to purchase all or part of equity interests in Hainan Baier from the respective Registered Shareholders; and
- Obtain a pledge over the entire equity interest of Hainan Baier as collateral security under the Structured Arrangements.

The above Structured Arrangements effectively transfer the controls over the economic benefits and pass the risks associated with the business of Hainan Baier to the Group. Accordingly, Hainan Baier is accounted for as wholly-owned subsidiaries of the Group for accounting purposes.

\* For identification purpose only



# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES

### Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, investments in subsidiaries is stated at cost less accumulated impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

### Goodwill

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at the end of the reporting period. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period. Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

### Fair value measurement

The Group measures its investment properties and unlisted equity investment at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### Impairment of non-financial assets, other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (including its property, plant and equipment, intangible assets and the Company's interests in subsidiaries), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior periods. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of the holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates/estimated useful lives used for this purpose are as follows:

#### Owned assets

Buildings	3.3% to 6.3%
Leasehold improvements	Over the shorter of the lease terms and 33.3%
Plant, machinery and workshop equipment	5% to 20%
Furniture, fixtures and office equipment	20% to 33.3%
Motor vehicles	20% to 33.3%

#### Right-of-use assets

Leasehold land	Over the shorter of the lease terms and 2.6%
Buildings	2 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Investment properties

Investment properties are interests in land and building that are held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Any gains or losses on the retirement or disposal of investment properties are recognised in profit or loss in the period of the retirement or disposal.

### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are subsequently amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of the reporting period.

### Brands, customer relationship and computer software

Brands, customer relationship and computer software are stated at cost less accumulated amortisation and any impairment losses and are amortised on the straight-line basis over their estimated useful lives as follows:

Brands	20 years
Customer relationship	5 years
Computer software	3 years

### Properties under development

Properties under development are stated at the lower of cost and net realisable value, and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributed to such properties during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of total land and construction costs attributable to unsold properties. Net realisable value determined by reference to the sales proceeds of properties sold in ordinary course of business, less applicable selling expenses, or by management estimates based on prevailing market conditions.

### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as detailed in the policy under "Property, plant and equipment" above.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When a right-of-use asset meets the definition of investment properties, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "Investment properties" above.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### Group as a lessee (Continued)

##### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in trade and other payables.

##### (c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office properties and staff quarters (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

#### Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue and other income in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee other than legal title, are accounted for as finance leases.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Investments and other financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVPL”).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVPL.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group’s financial assets include unlisted equity investment, trade and other receivables, loans receivables, restricted bank deposits and cash and cash equivalents.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Investments and other financial assets (Continued)

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

#### **Financial assets at amortised cost (debt instruments)**

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables, loans receivables, restricted bank deposits and cash and cash equivalents.

#### **Financial assets at FVPL**

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on equity investments classified as financial assets at FVPL are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

The Group's financial assets at FVPL include unlisted equity investment.

#### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "passthrough" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Investments and other financial assets (Continued)

#### Impairment of financial assets

The Group recognises an allowance for expected credit losses (the "ECL") for all debt instruments not held at FVPL. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### General approach

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each reporting period, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECL except for trade receivables which apply the simplified approach as detailed below.

- |         |   |   |
|---------|---|---|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECL   |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECL |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECL                          |

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Investments and other financial assets** *(Continued)*

#### **Impairment of financial assets** *(Continued)*

##### ***Simplified approach***

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECL. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables (if any), the Group chooses as its accounting policy to adopt the simplified approach in calculating ECL with policies as described above.

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing borrowings.

##### **Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as follows:

##### ***Financial liabilities at amortised cost***

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

##### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase, is calculated using the first in, first out method. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks or other financial institution, which are not restricted as to use.

### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Income tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred taxes assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### Revenue recognition

#### Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group transfers control of goods or services over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Revenue recognition (Continued)

#### Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

#### (a) Sale of merchandises, wines and properties

Revenue from the sale of merchandises, wines and properties are recognised at the point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

#### (b) Provision of auction and related services

Revenue from the provision of auction services mainly includes commission from auction services. Commission from auction services includes buyer's and seller's commission, the services provided to each of which is regarded as a distinct performance obligation satisfied at a point in time when the full payment of auction items is settled by the buyer and the transaction price of which is based on a percentage of the hammer price of the auction sales.

### Revenue from other sources

#### Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

#### Interest income

Interest income is recognised on an accrual basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

### Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using an appropriate valuation model.

The cost of equity-settled transactions is recognised as employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits/losses. When the share options are forfeited before the vesting date, the amount previously recognised in share options reserve will be reclassified to profit or loss.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (if applicable).

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Other employee benefits

#### Pension schemes

The Group participates in a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its Hong Kong employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries which operated in Chinese Mainland of the PRC are required to participate in a central pension scheme operated by the local municipal government. Those subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

#### Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the consolidated financial statements.

Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 4. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Foreign currencies

The consolidated financial statements are presented in HK\$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the HK\$. At the end of the reporting period, the assets and liabilities of these entities are translated into HK\$ at the exchange rates prevailing at the end of the reporting period and their profit or loss is translated into HK\$ at the weighted average exchange rates for the period.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into HK\$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the period are translated into HK\$ at the weighted average exchange rates for the period.

### Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 5. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

### Identification of leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on the requirements of HKFRS 16 and all the relevant facts and circumstances. In particular, the Group assesses whether the contract involves the use of an identified asset by applying the concept of substantive substitution right. Also, the Group assesses whether the Group or the customer has the right to direct the use of the identified asset with reference to determination of which party has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where such decisions are predetermined, the right to operate the asset or the incorporation of such decisions by means of designing the asset are considered.

### Estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainties at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below:

### Useful lives of property, plant and equipment

The management determines the estimated useful lives of the Group's property, plant and equipment based on the experience of actual useful lives of assets of similar nature and functions or expected useful lives of assets, after taking into account of estimated technology life cycle. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation and amortisation charges included in profit or loss.

### Impairment of property, plant and equipment and intangible assets

The management determines whether the Group's property, plant and equipment and intangible assets are impaired when an indication of impairment exists or when annual impairment testing is required. This requires an estimation of the recoverable amount of the property, plant and equipment and intangible assets, which is equal to the higher of fair value less costs of disposal or the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment and intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any provision or reversal of impairment will be charged or credited to profit or loss.

### Estimation of fair value of investment properties

The Group's investment properties are stated at fair value based on the appraised market value provided by an independent professional valuer. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each revaluation date. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

*(Continued)*

### **Estimation uncertainties** *(Continued)*

#### **Estimation of net realisable value of properties under development and completed properties held for sale**

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices. The Group determines the net realisable value with reference to the valuation performed by an independent professional valuer.

#### **Estimation of total budgeted costs and costs to completion for properties under development**

Total budgeted costs for properties under development comprise (i) prepaid land lease payments; (ii) building costs; and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs, management makes reference to information such as (i) current offers from contractors and suppliers; (ii) recent offers agreed with contractors and suppliers; and (iii) professional estimation on construction and material costs.

#### **Land appreciation tax**

Under the Provisional Regulations on land appreciation tax ("PRC LAT") implemented upon the issuance of the Provisional Regulations of Chinese Mainland of the PRC on 27 January 1995, all gains arising from the transfer of real estate properties in Chinese Mainland of the PRC with effect from 1 January 1994 are subject to PRC LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in the properties development business in Chinese Mainland of the PRC are subject to PRC LAT, which has been included in income tax. However, the implementation of PRC LAT varies amongst various cities in Chinese Mainland of the PRC and the Group has not finalised certain of its PRC LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and provisions of PRC LAT in the period in which such determination is made.

#### **Impairment assessment of advances to consignors and related interest receivables**

The Group provides certain consignors with advances secured by auction items (works of art) as collateral (the "Collateral"). The provision for ECL is measured at the difference between the Collateral's carrying amount and the present value of estimated future cash flows, which included the consideration of cash flows from sale of the Collateral for each advance to a consignor. Therefore, the impairment assessment for these advances together with the related interest receivables requires the estimation of the fair value of the Collateral at the end of the reporting period. Management relies on the valuation opinion of art experts who consider a number of factors including recent transactions for comparable works of art, supply and demand and the current economic environment. Due to the subjectivity involved in estimating the realisable value, if the artwork market deteriorates and the overall economic condition was to deteriorate, actual credit losses would be higher than estimated. If the artwork market was to deteriorate, actual impairment losses on advances to consignors for art financing business and related interest receivables would be higher than estimated.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

*(Continued)*

**Estimation uncertainties** *(Continued)*

### Loss allowance for ECL

The Group's management estimates the loss allowance for trade and other receivables, other than advances to consignors and related interest receivables, by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables.

### Deferred tax assets

The recognition of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss in the period in which such a reversal takes place.

## 6. 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.

Based on risks and returns and the Group's internal financial reporting, the CODM consider that the operating segments of the Group comprise:

- 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 sale of wines and merchandises (including electronic devices, cosmetics and other consumer products) and related business
- Property Development Division – mainly represents properties investment and development business

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 years ended 31 December 2025 and 2024, for performance assessment and resource allocation, the CODM focused on segment revenue and results attributable to each segment, which is measured by reference to respective segment 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 described in Note 4 to the consolidated financial statements. Segment results represent the profit/loss of each segment without allocation of central administration costs, directors' remuneration, and certain finance costs.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 6. OPERATING SEGMENT INFORMATION (Continued)

### (a) Segment results (Continued)

	Arts and Cultural Division		Winery and Trading Division		Property Development Division		Consolidated	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
<b>Segment revenue (Note 7)</b>								
Revenue from external customers								
– Revenue from contracts with customers under HKFRS 15 (Note 7(a))	-	-	359	2,118	17,084	6,341	17,443	8,459
– Interest income from advances to consignors	31,745	32,752	-	-	-	-	31,745	32,752
– Gross rental income from investment properties:								
Operating leases – with fixed lease payments	-	1,221	-	-	-	-	-	1,221
Revenue	<u>31,745</u>	<u>33,973</u>	<u>359</u>	<u>2,118</u>	<u>17,084</u>	<u>6,341</u>	<u>49,188</u>	<u>42,432</u>
<b>Segment results*</b>	<u>23,697</u>	<u>6,226</u>	<u>4,960</u>	<u>4,106</u>	<u>(96,577)</u>	<u>(30,699)</u>	<u>(67,920)</u>	<u>(20,367)</u>
<i>Reconciliation:</i>								
Unallocated other gains and losses							(23)	2,716
Unallocated corporate and other expenses							(10,252)	(11,863)
Loss before tax for the year							<u>(78,195)</u>	<u>(29,514)</u>
<b>Other segment information:</b>								
Depreciation	2,401	2,396	-	-	1	6	2,402	2,402
Unallocated							561	1,343
							<u>2,963</u>	<u>3,745</u>
Capital expenditure#	-	-	-	-	-	36	-	36
Provision of impairment of trade and other receivables, net	3,265	9,616	-	-	8,520	4,276	11,785	13,892
Impairment loss on property, plant and equipment	1,318	5,210	-	-	-	-	1,318	5,210
Impairment loss on inventories	-	660	-	-	-	-	-	660
Write off of advances to consignors and related interest receivables	4,156	474	-	-	-	-	4,156	474
Write down of properties under development and completed properties held for sale	-	-	-	-	56,349	-	56,349	-
Gain on disposal of a subsidiary	-	-	3,796	2,657	-	-	3,796	2,657
Gross rental income from completed properties held for sale	-	-	-	-	12,500	11,305	12,500	11,305
Settlement charge	-	-	-	-	-	25,855	-	25,855
Fair value loss on investment properties	1,410	4,330	-	-	-	-	1,410	4,330

\* Segment results are before tax

# Capital expenditure consists of additions to property, plant and equipment

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 6. OPERATING SEGMENT INFORMATION (Continued)

### (b) Geographical information

The Group's operations are located in Hong Kong and Chinese Mainland of the PRC. The following table sets out information about the geographical locations of (i) the Group's revenue from external customers for the years ended 31 December 2025 and 2024; and (ii) the Group's property, plant and equipment, investment properties and properties under development ("Specified Non-Current Assets") at 31 December 2025 and 2024. The geographical location of customers is based on the location at which services were provided and goods were delivered and title has been passed. The geographical location of property, plant and equipment, investment properties and properties under development is based on the physical location of the assets.

	Revenue from external customers		Specified Non-Current Assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong	21,485	27,997	1,384	1,001
Chinese Mainland of the PRC	27,703	14,435	73,717	85,953
	<b>49,188</b>	<b>42,432</b>	<b>75,101</b>	<b>86,954</b>

### (c) Information about major customers

Revenue from external customer contributing 10% or more of the total revenue is as follow:

	2025 HK\$'000	2024 HK\$'000
Customer A from Property Development Division	<b>17,084</b>	Nil

During the year ended 31 December 2024, none of the customers of the Group individually contributed to more than 10% of the total revenue of the Group.

## 7. REVENUE

	Note	2025 HK\$'000	2024 HK\$'000
<i>Revenue from contracts with customers under HKFRS 15</i>			
Sale of merchandises and wines		359	2,118
Sale of properties		17,084	6,341
	7(a)	<b>17,443</b>	8,459
<i>Revenue from other sources</i>			
Interest income from advances to consignors		31,745	32,752
Gross rental income from investment properties:			
Operating leases – with fixed lease payments		–	1,221
		<b>31,745</b>	33,973
Total revenue		<b>49,188</b>	42,432

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 7. REVENUE (Continued)

### (a) Disaggregation of revenue information

For the year ended 31 December 2025

	Art and Cultural Division HK\$'000	Winery and Trading Division HK\$'000	Property Development Division HK\$'000	Total HK\$'000
<b>Types of goods or services</b>				
Sale of merchandises and wines	–	359	–	359
Sale of properties	–	–	17,084	17,084
Total revenue from contracts with customers under HKFRS 15	–	359	17,084	17,443
<b>Geographical markets</b>				
Chinese Mainland of the PRC	–	43	17,084	17,127
Hong Kong	–	316	–	316
Total revenue from contracts with customers under HKFRS 15	–	359	17,084	17,443

For the year ended 31 December 2024

	Art and Cultural Division HK\$'000	Winery and Trading Division HK\$'000	Property Development Division HK\$'000	Total HK\$'000
<b>Types of goods or services</b>				
Sale of merchandises and wines	–	2,118	–	2,118
Sale of properties	–	–	6,341	6,341
Total revenue from contracts with customers under HKFRS 15	–	2,118	6,341	8,459
<b>Geographical markets</b>				
Chinese Mainland of the PRC	–	1,744	6,341	8,085
Hong Kong	–	374	–	374
Total revenue from contracts with customers under HKFRS 15	–	2,118	6,341	8,459

All revenue from contracts with customers is recognised at a point in time when the control of the assets is transferred or the services are provided to the customers.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 8. OTHER INCOME

		2025	2024
	<i>Note</i>	HK\$'000	HK\$'000
Bank interest income		8	26
Gross rental income from completed properties held for sale		12,500	11,305
Gain on disposal of subsidiaries	44	3,796	2,657
Sundry income		9	20
		<b>16,313</b>	<b>14,008</b>

## 9. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

		2025	2024
		HK\$'000	HK\$'000
(a) Staff costs (including the directors' remuneration)			
Salaries, bonus, allowances and other benefits in kind		16,376	17,474
Contributions to defined contribution retirement plans		1,310	2,447
		<b>17,686</b>	<b>19,921</b>
(b) Depreciation expenses			
Depreciation of owned assets		546	653
Depreciation of right-of-use assets		2,417	3,092
		<b>2,963</b>	<b>3,745</b>
(c) Other items (included in other operating expenses)			
Auditor's remuneration		1,880	1,880
Legal and professional fees		1,142	1,549
Secretarial and registration fees		816	799
Settlement charge ( <i>Note 30(c)</i> )		–	25,855
Lease payments not included in the measurement of lease liabilities		6	272
		<b>6</b>	<b>272</b>

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 10. OTHER GAINS (LOSSES), NET

	Note	2025 HK\$'000	2024 HK\$'000
Foreign exchange differences, net		6,518	144
Loss on early termination of lease		(23)	–
Fair value loss on investment properties	19	(1,410)	(4,330)
		<u>5,085</u>	<u>(4,186)</u>

## 11. FINANCE COSTS

		2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities		42	49
Interest on financing component of contract liabilities (Note 30(d))		–	(14,088)
Interest on other payables (Note 30(c))		27,648	13,788
Interest on interest-bearing borrowings		87,623	83,232
		<u>115,313</u>	<u>82,981</u>
Total borrowing costs		115,313	82,981
Less: Borrowing costs capitalised into properties under development		(115,271)	(82,932)
		<u>42</u>	<u>49</u>

The borrowing costs related to interest-bearing borrowings used for property development were capitalised, up to the date of relevant property development project was completed and available for sale. The borrowing costs have been capitalised at a rate of 5.85% – 6.00% per annum (2024: 6.00% per annum).

## 12. DIRECTORS' REMUNERATION

Directors' emoluments disclosed pursuant to the requirements of the Listing Rules and the Hong Kong Companies Ordinance are as follows:

	2025 HK\$'000	2024 HK\$'000
Fees	<u>559</u>	<u>660</u>
Other emoluments:		
Salaries, bonus, allowances and other benefits in kind	1,399	1,213
Contributions to defined contribution retirement plans	15	15
	<u>1,414</u>	<u>1,228</u>
	<u>1,973</u>	<u>1,888</u>

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 12. DIRECTORS' REMUNERATION (Continued)

	Fees HK\$'000	Salaries, allowances and other benefits in kind HK\$'000	Discretionary bonus HK\$'000	Contributions to defined contribution retirement plans HK\$'000	Total HK\$'000
<b>2025</b>					
<b>Executive directors:</b>					
Lu Jianzhong ( <i>Chairman</i> )	–	300	–	–	300
Yang Xingwen	–	300	–	–	300
Wong Kwok Tung Gordon Allan ( <i>Co-Chief Executive Officer</i> )	–	300	–	15	315
Huang Dahai	–	300	–	–	300
Lin Xiaoling ( <i>Note (v)</i> )	–	199	–	–	199
<b>Independent non-executive directors:</b>					
Kwok Chi Shing ( <i>Note (iii)</i> )	129	–	–	–	129
Wang Guiguo ( <i>Note (ii)</i> )	75	–	–	–	75
Choi Victor Wang Tao ( <i>Note (iv)</i> )	103	–	–	–	103
Dai Zhijie ( <i>Note (v)</i> )	72	–	–	–	72
Hau Amy Wing Gee	180	–	–	–	180
	<b>559</b>	<b>1,399</b>	<b>–</b>	<b>15</b>	<b>1,973</b>

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 12. DIRECTORS' REMUNERATION (Continued)

	Fees HK\$'000	Salaries, allowances and other benefits in kind HK\$'000	Discretionary bonus HK\$'000	Contributions to defined contribution retirement plans HK\$'000	Total HK\$'000
<b>2024</b>					
<b>Executive directors:</b>					
Lu Jianzhong ( <i>Chairman</i> )	–	300	–	–	300
Yang Xingwen	–	300	–	–	300
Wong Kwok Tung Gordon Allan ( <i>Co-Chief Executive Officer</i> )	–	300	–	15	315
Huang Dahai	–	300	–	–	300
Sun Liming ( <i>Co-Chief Executive officer</i> ) (Note (i))	–	13	–	–	13
<b>Independent non-executive directors:</b>					
Kwok Chi Shing	300	–	–	–	300
Wang Guiguo	180	–	–	–	180
Hau Amy Wing Gee	180	–	–	–	180
	660	1,213	–	15	1,888

Notes:

- (i) Sun Liming has resigned as an executive director of the Company with effect from 16 January 2024.
- (ii) Wang Guiguo has resigned as an independent non-executive director of the Company with effect from 1 June 2025.
- (iii) The tenure of office of Kwok Chi Shing as an independent non-executive director of the Company expired on 6 June 2025, and no renewal of the tenure of office after expiration.
- (iv) Choi Victor Wang Tao has been appointed as an independent non-executive director of the Company with effect from 6 June 2025.
- (v) Lin Xiaoling has been appointed as an executive director of the Company and Dai Zhijie has been appointed as an independent non-executive director of the Company with effect from 8 August 2025.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 12. DIRECTORS' REMUNERATION (Continued)

The remuneration of executive directors shown above was paid for their services in connection with the management of the affairs and for serving as directors of the Company and the Group, and those to non-executive directors and independent non-executive directors are for serving as directors of the Company.

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. No directors waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

## 13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2025 included one director (2024: *one director*), details of whose remuneration are set out in Note 12 to the consolidated financial statements. Details of the remuneration for the year ended 31 December 2025 of the remaining four (2024: *four*) highest paid employees who are neither directors nor chief executives of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, bonus, allowances and other benefits in kind	2,412	2,412
Contributions to defined contribution retirement plans	72	72
	<u>2,484</u>	<u>2,484</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows.

	Number of individuals	
	2025	2024
Nil to HK\$1,000,000	<u>4</u>	<u>4</u>

During the years ended 31 December 2025 and 2024, no remuneration was paid by the Group to any of these non-director and non-chief executive highest paid employees as an inducement to join or upon joining the Group, or as a compensation for loss of office. None of these non-director and non-chief executive highest paid employees waived or has agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 14. INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2025 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 (2024: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

The Group's entities established in Chinese Mainland of the PRC are subject to Enterprise Income Tax ("PRC EIT") at a statutory rate of 25% (2024: 25%) for the year ended 31 December 2025.

The PRC LAT was provided in accordance with the requirements set forth in the relevant laws and regulations in the Chinese Mainland of the PRC. PRC 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.

	2025 HK\$'000	2024 HK\$'000
Current tax		
Hong Kong Profits Tax		
Current year	3,901	2,727
PRC EIT		
Current year	–	1,196
PRC LAT	63	977
	<u>3,964</u>	4,900
Deferred tax (Note 32)	<u>(337)</u>	(1,327)
Income tax expenses	<u>3,627</u>	3,573
	2025 HK\$'000	2024 HK\$'000

### Reconciliation of income tax expenses

Loss before tax	<u>(78,195)</u>	(29,514)
Tax at the statutory tax rates of different jurisdictions	(18,659)	(7,867)
Lower tax rate enacted by local authorities	(165)	(165)
PRC LAT	63	977
PRC EIT effect of PRC LAT	(16)	(244)
Income not subject to tax	(2,435)	(1,238)
Expenses not deductible for tax	1,748	1,241
Unrecognised temporary differences	17,086	4,067
Tax losses not recognised	6,005	6,802
Income tax expenses	<u>3,627</u>	3,573

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 15. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2025 and 2024, nor has any dividend been proposed since 31 December 2025 (2024: Nil).

## 16. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share is based on the loss for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares in issue during the years ended 31 December 2025 and 2024.

For the years ended 31 December 2025 and 2024, diluted loss per share is the same as the basic loss per share as the potential new ordinary shares have an anti-dilutive effect.

The weighted average number of ordinary shares in issue for the year ended 31 December 2025 has been incorporated the effects of the placements of new shares completed in August 2025 and September 2025 as set out in Note 33 to the consolidated financial statements.

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

	2025 HK\$'000	2024 HK\$'000
<b>Loss:</b>		
Loss for the year attributable to equity holders of the Company, used in the basic and diluted loss per share calculation	<u>(63,385)</u>	<u>(23,731)</u>
	<b>Number of shares</b>	
	2025	2024
<b>Shares:</b>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>715,301,120</u>	<u>667,525,230</u>

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 17. SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued/ registered ordinary share capital	Percentage of equity interest attributable to the Company <sup>Ⓢ</sup>		Principal activities
			Direct	Indirect	
Hainan Baier <sup>#</sup>	Chinese Mainland of the PRC	RMB10,000,000	–	100%	Auction business
KSLF (HK)	Hong Kong	HK\$1	–	100%	Auction business
DTXS Silk Road Investment (Hong Kong) Limited	Hong Kong	HK\$1,000,000	–	100%	Provision of management services to group companies
DTXS International Wine & Spirits Trade (HK) Company Limited ("DTXS W&S (HK)")	Hong Kong	HK\$1	–	95%	Trading business
DTXS International Wine & Spirits Trade (SZ) Company Limited* ("DTXS W&S (SZ)") 大唐西市酒業國際貿易(深圳) 有限公司 <sup>##</sup>	Chinese Mainland of the PRC	RMB5,000,000	–	– (2024: 95%) (Note 44(a))	Trading business
Xian Silk Road Commercial Consultancy Company Limited* 西安絲綢之路商務信息諮詢 有限公司 <sup>##</sup>	Chinese Mainland of the PRC	RMB40,000,000	–	100%	Properties investment
Xian Da Tang Xi Shi Enterprise Limited* ("DTXS Enterprise") 西安大唐西市實業有限公司	Chinese Mainland of the PRC	RMB166,500,000	–	70%	Properties development
DTXS Art & Culture CBD Company Limited	BVI	United States Dollar 1	–	100%	Investment holding

\* For identification purpose only.

<sup>#</sup> Registered as a domestic limited liability company under the PRC law and controlled by the Group through certain structured agreements as detailed in Note 2 to the consolidated financial statements.

<sup>##</sup> Registered as a wholly-foreign-owned enterprise under the PRC law.

<sup>Ⓢ</sup> Unless otherwise stated, the percentage of equity interested stated represented the Company's effective interest at 31 December 2025 and 2024.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or formed a substantial portion of the net assets of the Group for the years ended and at 31 December 2025 and 2024. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 17. SUBSIDIARIES (Continued)

### Financial information of subsidiaries with individually material NCI

The following table shows the information relating to the non-wholly owned subsidiary that has material NCI. The summarised financial information represents amounts before inter-company eliminations.

	<b>DTXS Enterprise</b>	
	<b>2025</b>	<b>2024</b>
Proportion of NCI's ownership interests	<b>30%</b>	<b>30%</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current assets	<b>3,077,346</b>	2,818,790
Non-current assets	<b>40,102</b>	48,307
Current liabilities	<b>(1,758,502)</b>	(1,251,507)
Non-current liabilities	<b>(1,158,621)</b>	(1,363,984)
Net assets	<b>200,325</b>	251,606
Carrying amount of NCI	<b>60,098</b>	75,482
Revenue/Income	<b>29,592</b>	17,689
Expenses	<b>(91,049)</b>	(49,120)
Loss for the year	<b>(61,457)</b>	(31,431)
Other comprehensive income (expenses)	<b>10,176</b>	(8,951)
Total comprehensive expenses	<b>(51,281)</b>	(40,382)
Loss for the year attributable to NCI	<b>(18,437)</b>	(9,429)
Total comprehensive expenses attributable to NCI	<b>(15,384)</b>	(12,115)
Dividends paid to NCI	-	-
Net cash flows (used in) from:		
Operating activities	<b>(8,306)</b>	(101,797)
Investing activities	<b>777</b>	(1,454)
Financing activities	<b>(319)</b>	79,432
Total cash outflows, net	<b>(7,848)</b>	(23,819)

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 18. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets			Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Owned assets			Total HK\$'000	
	Leasehold land HK\$'000	Buildings HK\$'000	Sub-total HK\$'000			Plant, machinery and workshop equipment HK\$'000	Motor vehicles HK\$'000	Buildings HK\$'000		Sub-total HK\$'000
<b>31 December 2025</b>										
At 1 January 2025, cost net of accumulated depreciation and accumulated impairment loss	31,842	1,003	32,845	-	54	15	169	14,120	14,358	47,203
Additions	-	1,409	1,409	-	-	-	-	-	-	1,409
Depreciation	(1,856)	(561)	(2,417)	-	(3)	(2)	-	(541)	(546)	(2,963)
Impairment losses	(1,318)	-	(1,318)	-	-	-	-	-	-	(1,318)
Early termination of lease	-	(466)	(466)	-	-	-	-	-	-	(466)
Exchange realignment	860	-	860	-	2	1	8	648	659	1,519
	<b>29,528</b>	<b>1,385</b>	<b>30,913</b>	<b>-</b>	<b>53</b>	<b>14</b>	<b>177</b>	<b>14,227</b>	<b>14,471</b>	<b>45,384</b>
At 31 December 2025, cost net of accumulated depreciation and accumulated impairment loss										
<b>At 31 December 2025</b>										
Cost	67,540	1,409	68,949	217	1,702	230	5,189	19,199	26,537	95,486
Accumulated depreciation and accumulated impairment loss	(38,012)	(24)	(38,036)	(217)	(1,649)	(216)	(5,012)	(4,972)	(12,066)	(50,102)
<b>Net carrying amount</b>	<b>29,528</b>	<b>1,385</b>	<b>30,913</b>	<b>-</b>	<b>53</b>	<b>14</b>	<b>177</b>	<b>14,227</b>	<b>14,471</b>	<b>45,384</b>
	Right-of-use assets			Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Owned assets			Total HK\$'000	
	Leasehold land HK\$'000	Buildings HK\$'000	Sub-total HK\$'000			Plant, machinery and workshop equipment HK\$'000	Motor vehicles HK\$'000	Buildings HK\$'000		Sub-total HK\$'000
<b>31 December 2024</b>										
At 1 January 2024, cost net of accumulated depreciation and accumulated impairment loss	39,541	1,086	40,627	100	64	19	176	15,143	15,502	56,129
Additions	-	1,157	1,157	-	36	-	-	-	36	1,193
Depreciation	(1,852)	(1,240)	(3,092)	(100)	(9)	(4)	-	(540)	(653)	(3,745)
Impairment losses	(5,210)	-	(5,210)	-	-	-	-	-	-	(5,210)
Disposal of subsidiaries (Note 44(b))	-	-	-	-	(35)	-	-	-	(35)	(35)
Exchange realignment	(637)	-	(637)	-	(2)	-	(7)	(483)	(492)	(1,129)
	<b>31,842</b>	<b>1,003</b>	<b>32,845</b>	<b>-</b>	<b>54</b>	<b>15</b>	<b>169</b>	<b>14,120</b>	<b>14,358</b>	<b>47,203</b>
At 31 December 2024, cost net of accumulated depreciation and accumulated impairment loss										
<b>At 31 December 2024</b>										
Cost	64,514	1,157	65,671	217	1,675	219	4,988	18,340	25,439	91,110
Accumulated depreciation and accumulated impairment loss	(32,672)	(154)	(32,826)	(217)	(1,621)	(204)	(4,819)	(4,220)	(11,081)	(43,907)
<b>Net carrying amount</b>	<b>31,842</b>	<b>1,003</b>	<b>32,845</b>	<b>-</b>	<b>54</b>	<b>15</b>	<b>169</b>	<b>14,120</b>	<b>14,358</b>	<b>47,203</b>

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 19. INVESTMENT PROPERTIES

	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 January	29,770	35,168
Change in fair value recognised in profit or loss	(1,410)	(4,330)
Exchange realignments	1,357	(1,068)
	<hr/>	<hr/>
Carrying amount at 31 December	<b>29,717</b>	<b>29,770</b>

The Group's investment properties consist of commercial properties situated in Chinese Mainland of the PRC.

The Group's investment properties were revalued on 31 December 2025 based on valuation performed by Asset Appraisal Limited ("Asset Appraisal"), independent professional qualified valuer, at approximately HK\$29,717,000 (2024: approximately HK\$29,770,000). The Group's management has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed.

The investment properties are leased to a related party under an operating lease, further details of which are included in Notes 20 and 39 to the consolidated financial statements.

### Fair value hierarchy

For the years ended 31 December 2025 and 2024, the fair value measurement of investment properties of the Group was categorised within Level 3 of the fair value hierarchy.

During the years ended 31 December 2025 and 2024, there were no transfers into or out of Level 3.

Set out below is a summary of the valuation technique used and the key input to the valuation of investment properties:

Assets	Valuation technique	Unobservable inputs	Weighted average
Commercial properties	Direct comparison	Selling price (per square meter)	HK\$35,060 (2024: HK\$35,481)

A significant increase (decrease) in the selling price per square meter in isolation would result in a significant higher (lower) fair value of the investment properties.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 20. LEASES

### The Group as a lessee

The Group has lease contracts for buildings used in its operations. Certain purchased buildings were developed on leased land and lump sum payments were made upfront to acquire the buildings with the land use rights with initial lease periods of 50 years and no ongoing payments will be made under the terms of these land leases. Leases of other buildings generally have initial lease terms of 2 years.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets (included in property, plant and equipment) and the movements are included in Note 18 to the consolidated financial statements.

During the years ended 31 December 2025 and 2024, the property market and economy in Chinese Mainland of the PRC are in downturn, there is an impairment indicator of the leasehold land located in Chinese Mainland of the PRC. The Group has engaged Asset Appraisal to perform valuation of the recoverable amount of the leasehold land at 31 December 2025 and 2024.

The recoverable amount of the leasehold land included in the right-of-use assets held by the Group is approximately HK\$29,528,000 (2024: approximately HK\$31,842,000) at 31 December 2025, which is lower than the carrying amount of approximately HK\$30,846,000 (2024: approximately HK\$37,052,000). As the result, the Group had provided impairment loss on property, plant and equipment of approximately HK\$1,318,000 (2024: approximately HK\$5,210,000) for the year ended 31 December 2025.

The recoverable amount was determined based on the fair value less costs of disposal, using a market approach, which took into account current prices of these leasehold land of similar locations and conditions and such fair value measurement was categorised within Level 3 of the fair value hierarchy.

#### Fair value hierarchy

For the years ended 31 December 2025 and 2024, the fair value measurement of leasehold land and buildings of the Group classified as right-of-use assets are categorised within Level 3 of the fair value hierarchy.

During the years ended 31 December 2025 and 2024, there were no transfers into or out of Level 3.

Set out below is a summary of the valuation technique used and the key input to the valuation of leasehold land:

Assets	Valuation technique	Unobservable inputs	Weighted average
Commercial properties	Direct comparison	Selling price (per square meter)	HK\$10,574 – HK\$35,060 (2024: HK\$12,217 – HK\$35,481)

A significant increase (decrease) in the selling price per square meter in isolation would result in a significant higher (lower) recoverable amount of the leasehold land.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 20. LEASES (Continued)

### The Group as a lessee (Continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities (included in trade and other payables) and the movements during the years are as follows:

	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 January	1,011	1,268
New leases	1,409	1,157
Accretion of interest	42	49
Payments	(637)	–
Early termination of lease	(443)	–
Transfer to other payables	–	(1,463)
	<u>1,382</u>	<u>1,011</u>
Carrying amount at 31 December (Note 30)	<u>1,382</u>	<u>1,011</u>
Analysed into:		
– Current portion	688	581
– Non-current portion	694	430
	<u>1,382</u>	<u>1,011</u>

The maturity analysis of lease liabilities is disclosed in Note 43 to the consolidated financial statements.

#### (c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	42	49
Depreciation charge of right-of-use assets	2,417	3,092
Expenses relating to short-term leases	6	272
	<u>2,465</u>	<u>3,413</u>
Total amount recognised in profit or loss	<u>2,465</u>	<u>3,413</u>

#### (d) The total cash outflow for leases is disclosed in Note 38(c) to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 20. LEASES (Continued)

### The Group as a lessee (Continued)

#### (e) Commitments under short-term leases

At 31 December 2025, the Group had no commitment (2024: committed for approximately HK\$4,000) for short-term leases.

### The Group as a lessor

The Group leases its completed properties held for sale (2024: investment properties and completed properties held for sale), consisting of commercial properties in Chinese Mainland of the PRC, under operating lease arrangements. The terms of the lease require the tenants to pay security deposits. Rental income recognised by the Group during the year ended 31 December 2025 was approximately HK\$12,500,000 (2024: approximately HK\$12,526,000) as disclosed in Notes 7 and 8 to the consolidated financial statements.

The assets subject to operating leases are exposed to residual value risk. The lease contracts, as a result, include a provision on redemption of costs on any damage to the underlying assets at the end of the leases.

On 21 June 2024, the only lease contract related to the investment properties was early terminated according to termination clause in the agreement and the investment properties have been left vacant since then.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under the non-cancellable operating lease with its tenants are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	<u>2,139</u>	<u>2,324</u>

## 21. INTANGIBLE ASSETS

	License HK\$'000	Brands HK\$'000	Customer relationship HK\$'000	Computer software HK\$'000	Total HK\$'000
At 31 December 2024:					
Cost	434	87,988	12,578	500	101,500
Accumulated amortisation and impairment loss	(434)	(87,988)	(12,578)	(500)	(101,500)
Net carrying amount	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2025					
Cost	454	92,109	13,167	500	106,230
Accumulated amortisation and impairment loss	(454)	(92,109)	(13,167)	(500)	(106,230)
Net carrying amount	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 21. INTANGIBLE ASSETS (Continued)

The Group originally planned to hold auctions during the year ended 31 December 2023. However, the Group noticed that the economy in Chinese Mainland of the PRC still not yet recovered and expected that the results from auction would not be profitable to the Group, and thus cancelled the plan of auctions during the year ended 31 December 2023.

At 31 December 2023, the Group expected that the economy in Chinese Mainland of the PRC would not be recovered in short term and there are uncertainties in having auctions in coming years. Therefore, the Group had provided impairment loss in full on goodwill (Note 22) and intangible assets from auction business CGU during the year ended 31 December 2023.

During the years ended 31 December 2025 and 2024, the Group has not held any auctions and there are uncertainties in having auctions in coming years. It is expected that there is no significant improvement of auction business and therefore no reversal of impairment loss in intangible assets from auction business CGU is considered.

## 22. GOODWILL

	<b>Auction business</b> HK\$'000
At 31 December 2024	
Cost	163,512
Accumulated impairment	<u>(163,512)</u>
Net carrying amount	<u><u>–</u></u>
<b>At 31 December 2025</b>	
Cost	<b>163,512</b>
Accumulated impairment	<b><u>(163,512)</u></b>
Net carrying amount	<b><u><u>–</u></u></b>

### Impairment testing of goodwill

#### Auction business CGU

In view of the uncertainties on the Group's auction business as set out in Note 21 to the consolidated financial statements, the Group had provided impairment loss in full on the goodwill and intangible assets (Note 21) from auction business CGU during the year ended 31 December 2023.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 23. FINANCIAL ASSETS AT FVPL

	2025 HK\$'000	2024 HK\$'000
Non-current portion:		
– Unlisted equity investment	<u>7,012</u>	<u>6,698</u>

During the year ended 31 December 2020, loans receivable of RMB6,300,000 was made to an independent third party, which was repayable in 6 months. Upon the expiration of the loans receivable, the independent third party was unable to settle the loans receivable.

On 20 September 2023, the Group signed an agreement with the independent third party and agreed to settle the loans receivable by 5.1% paid-up equity interest of a company established in Chinese Mainland of the PRC owned by the independent third party (the “PRC Entity”).

The Group intends to hold the unlisted equity interest in the PRC Entity for long-term and not for trading. The Group had elected to measure such equity interest at fair value through profit or loss. Remaining registered and unpaid share capital to be paid by the Group in respect of the PRC Entity amounted to RMB14,700,000 (equivalent to approximately HK\$16,361,000) (2024: RMB14,700,000 (equivalent to approximately HK\$16,263,000)), which is not part of the loan settlement mentioned above.

The unlisted equity investment was evaluated at 31 December 2025 and 2024 based on the amount of the net asset value of the PRC Entity with proportionate to the shareholding owned by the Group.

Details of fair value measurement are disclosed in Note 42 to the consolidated financial statements.

## 24. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	2025 HK\$'000	2024 HK\$'000
Properties under development		
– Current portion	1,837,007	1,535,789
– Non-current portion	–	9,981
	<u>1,837,007</u>	<u>1,545,770</u>
Completed properties held for sale		
– Current portion	1,124,489	1,084,783
	<u>2,961,496</u>	<u>2,630,553</u>
<b>Properties under development</b>		
Properties under development expected to be completed within normal operating cycle and recovered:		
After one year	<u>1,837,007</u>	<u>1,535,789</u>

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 24. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE (Continued)

The Group's properties under development and completed properties held for sale situated in Chinese Mainland of the PRC are stated at lower of cost and net realisable value and held on leases with initial lease terms between 40 and 70 years.

At 31 December 2025, the Group's properties under development, including the relevant land use rights, of approximately HK\$1,837,007,000 (2024: approximately HK\$1,535,789,000) and completed properties held for sale of approximately HK\$1,067,559,000 (2024: approximately HK\$1,021,255,000) were pledged to banks to secure certain interest-bearing borrowings granted to the Group, which is set out in Note 31 to the consolidated financial statements.

## 25. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Wines	778	9,215
Merchandises and artworks for sales	18,178	18,030
	<u>18,956</u>	<u>27,245</u>

## 26. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables		
– Receivables from customers	7,987	10,820
– Interest receivables	197,538	166,208
Loss allowances	(15,491)	(14,904)
	<u>190,034</u>	<u>162,124</u>
Other receivables	534,782	574,252
Loss allowances	(36,752)	(27,304)
	<u>498,030</u>	<u>546,948</u>
	<u>688,064</u>	<u>709,072</u>

### (a) Trade receivables

The Group's trade receivables include interest receivables from art financing business, rental receivables from the leasing of investment properties and receivables from the sales of merchandises, wines and properties.

The interest receivables derived from the art financing business are secured by pledged auction items provided by consignors as disclosed in Note 26(b)(i) below. The Group generally requires consignors to settle the interest receivables in accordance with respective contracted terms, normally due monthly or due together with the advances to consignors upon successfully auction out of item for the art financing business.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 26. TRADE AND OTHER RECEIVABLES (Continued)

### (a) Trade receivables (Continued)

For the sales of merchandises and wines, the Group generally grants credit periods of 30 days upon delivery of goods to customers.

The trade receivables from the sales of properties are normally due when the properties were delivered to the customer or in accordance with the terms of the sales and purchase agreement.

The rental receivable is normally billed in advance and due within the billing period.

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest-bearing. Except for the pledged auction items related to interest receivables aforementioned, the Group does not hold any collateral or other credit enhancements over its trade receivables.

At 31 December 2025, included in the Group's trade receivables are balance due from a related party amounting to HK\$4,702,000 (2024: approximately HK\$4,492,000).

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:

	2025 HK\$'000	2024 HK\$'000
Unbilled (Note)	12,960	7,127
0-30 days	15,931	21,158
31-90 days	252	252
91-180 days	3,974	6,445
181-360 days	9,728	34,634
Over 360 days	147,189	92,508
	<b>190,034</b>	<b>162,124</b>

Note:

The unbilled trade receivables balance at 31 December 2025 and 2024 represented the interest income derived from art financing business.

The movements in the loss allowances for trade receivables are as follows:

	Note	2025 HK\$'000	2024 HK\$'000
At the beginning of the reporting period		14,904	10,991
Provision of impairment loss	43	3,458	6,467
Reversal of impairment loss	43	–	(836)
Disposal of subsidiaries		(3,079)	(1,661)
Exchange realignments		208	(57)
At the end of the reporting period		<b>15,491</b>	<b>14,904</b>

Details of ECL assessment are disclosed in Note 43 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 26. TRADE AND OTHER RECEIVABLES (Continued)

### (b) Other receivables

	Notes	2025 HK\$'000	2024 HK\$'000
Advances to consignors for art financing business	26(b)(i)	385,290	386,658
Interest receivables		7,095	6,777
Other receivables		26,224	20,045
Deposits		1,672	1,549
Prepayments	26(b)(ii)	114,501	159,223
Loss allowances	26(b)(iii)	(36,752)	(27,304)
		<b>498,030</b>	<b>546,948</b>

Notes:

- (i) The balance and related interest receivables included in trade receivables are 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 (2024: 8% to 15%). These advances to consignors for art financing business are generally repayable within a period of 1 year from the draw-down date or 60 days after the pledged auction items are listed in auction.

If pledged auction items are sold in auction, the proceeds received from the buyer, after deducting commission, advances to consignors, related interest and relevant taxes, will be paid to the consignors. If the pledged auction items remain unsold upon the expiration of advances to consignors, the consignors will be required to repay the advances and related interest before the pledged auction items are returned to the consignors. In the event of default as defined in the relevant contracts, the Group has the right to dispose of the pledged auction items. The risk of unrecoverable principal and interest is compensated by the realisable value of these pledged auction items.

During the year ended 31 December 2025, upon the settlement plans negotiated with certain consignors regarding their outstanding balances, in consideration of insolvency of these consignors after settlements of the advance to consignors balances, interest receivables of approximately HK\$4,156,000 (2024: approximately HK\$474,000) was written off.

At 31 December 2025 and 2024, the net realisable value of the pledged auction items from the consignors, except for those related to the balances with allowance provided as mentioned in Note 43 to the consolidated financial statements, was higher than the carrying amount of the outstanding balances, including interest receivables.

Saved as mentioned above, at 31 December 2025, based on the due dates of the respective receivables, approximately nil, nil, nil and 100% (2024: nil, nil, 7% and 93%) of the advances were not yet due, aged over-due 0-180 days, over-due 180 days and over-due one year, respectively.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 26. TRADE AND OTHER RECEIVABLES (Continued)

### (b) Other receivables (Continued)

Notes: (Continued)

- (ii) At 31 December 2025, the balance mainly represents prepayments of construction costs for property development of approximately HK\$3,458,000 (2024: approximately HK\$80,853,000) related to the major construction works commenced in Chinese Mainland of the PRC, prepaid other taxes related to construction cost for completed properties held for sale and properties under development in Chinese Mainland of the PRC of approximately HK\$79,784,000 (2024: approximately HK\$75,511,000), and prepaid marketing expenses of approximately HK\$30,800,000 (2024: nil) related to the feasibility study, market positioning study, potential tenant research and other promotional events organised in Chinese Mainland of the PRC for the shopping mall included in properties under development.
- (iii) The movements in the loss allowances for other receivables are as follows:

	Note	2025 HK\$'000	2024 HK\$'000
At the beginning of the reporting period		27,304	19,598
Provision of impairment loss	43	8,327	8,260
Exchange realignments		1,121	(554)
		<u>36,752</u>	<u>27,304</u>
At the end of the reporting period		<u>36,752</u>	<u>27,304</u>

Details of ECL assessment are disclosed in Note 43 to the consolidated financial statements.

## 27. LOANS RECEIVABLES

	Note	2025 HK\$'000	2024 HK\$'000
Unsecured loan			
Loans bear fixed interest rate of 12% per annum, denominated in HK\$	27(a)	13,000	13,000
Loss allowances		(13,000)	(13,000)
		<u>-</u>	<u>-</u>

Note:

- (a) At 31 December 2021, loans receivable of HK\$13,000,000 had been made to an independent third party, which was unsecured, repayable with a term of 1 year and carried interest at a fixed interest rate of 12% per annum, while it was further extended for 1 year since the original maturity date with other terms remained unchanged. The Group considered the credit risk of the loan receivables was significantly increased due to the long overdue, and therefore provided full impairment losses of approximately HK\$13,000,000 in previous years.

Details of ECL assessment are disclosed in Note 43 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 28. RESTRICTED BANK DEPOSITS

According to the relevant mortgage facility agreements entered by DTXS Enterprise and the relevant property purchasers with certain banks, DTXS Enterprise is required to place at designated bank accounts certain amounts as deposits for potential default of mortgage loans advanced to property purchasers. These guarantee deposits will be released after the property ownership certificates of the relevant properties are passed to the banks.

## 29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated at the following currencies:

	2025 HK\$'000	2024 HK\$'000
HK\$	168	163
RMB	11,439	16,012
Cash and bank balances	<u>11,607</u>	<u>16,175</u>

At 31 December 2025, the Group had balances amounted to approximately HK\$11,439,000 (2024: approximately HK\$16,012,000) that were placed with banks in Chinese Mainland of the PRC. Remittance of funds out of Chinese Mainland of the PRC is subject to the exchange controls imposed by the PRC government.

## 30. TRADE AND OTHER PAYABLES

	Notes	2025 HK\$'000	2024 HK\$'000
Trade payables	30(a)	217,658	119,650
Accruals		37,613	32,200
Lease liabilities	20(b)	1,382	1,011
Interest payables	30(b)	205,422	112,528
Other payables	30(c)	623,981	608,448
Deposits received		5,364	5,063
Contract liabilities	30(d)	6,632	6,406
Receipts in advance		718	1,381
		<u>1,098,770</u>	<u>886,687</u>
Analysed into:			
– Current portion		604,917	690,751
– Non-current portion		493,853	195,936
		<u>1,098,770</u>	<u>886,687</u>

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 30. TRADE AND OTHER PAYABLES (Continued)

Notes:

- (a) The trade payables are unsecured, interest-free and repayable within normal operating cycles or on demand. The ageing analysis of trade payables at the end of the reporting period, based on the invoice date, is as follows:

	2025 HK\$'000	2024 HK\$'000
0-30 days	–	–
31-90 days	820	–
91-180 days	16,202	154
181-360 days	77,622	4,529
Over 360 days	123,014	114,967
	<b>217,658</b>	<b>119,650</b>

- (b) During the years ended 31 December 2025 and 2024, the Group had agreed with the bank to defer the settlement on certain loan interests of secured bank loans as set out in Note 31 to the consolidated financial statements.

At 31 December 2025 and 2024, the balance represents the bank loan interest payable for the interest-bearing borrowings drawn down from banks and interest payable derived from other payables as set out in Note 30(c) to the consolidated financial statements.

- (c) At 31 December 2025, other payables included other taxes payable incurred from the Group's operations in Chinese Mainland of the PRC and the funds received by the Group from third parties for constructing a replacement area of the construction projects, which would be utilised to net off the construction cost of properties under development when the project is completed, with carrying amount of approximately HK\$108,055,000 (2024: approximately HK\$118,433,000) and nil (2024: approximately HK\$25,623,000), respectively.

### Termination of sales contract

During the year ended 31 December 2023, the Group had entered into a contract of pre-sale of properties and received the receipt in advance of approximately RMB395,000,000 (equivalent to approximately HK\$419,964,000) at the date of inception of contract, which was classified as contract liabilities in Note 30(d) to the consolidated financial statements. During the year ended 31 December 2024, the Group had agreed with the customer on termination of the pre-sale of properties and entered into a settlement agreement regarding the repayment schedule of the receipt in advance to the customer. The contract liabilities of approximately HK\$419,964,000 have been reclassified as other payables since then.

Under the settlement agreement, the other payable is secured by (1) 6.22% of shares of DTXS Enterprise held by DTXS Investments and (2) entire shares of a subsidiary of Xi'an Da Tang Xi Shi Property Limited ("DTXS Property"), a company controlled by Mr. Lu Jianzhong, one of the ultimate controlling parties of the Group, and is guaranteed by (1) corporate financial guarantee of approximately RMB418,884,000 provided by DTXS Investments and (2) personal financial guarantee of approximately RMB418,884,000 provided by Mr. Lu Jianzhong. In addition, a settlement charge of approximately RMB23,884,000 (equivalent to approximately HK\$25,855,000) should be accrued in accordance with the settlement agreement, together with an interest of 6% per annum since 1 July 2024 if the total outstanding balance was not yet settled at that date.

In accordance with the settlement agreement, the first instalment of the other payables of RMB10,000,000 should be made on 20 July 2024. The Group has further negotiated with the customer and agreed to delay the repayment and entered into a supplementary agreement to revise the repayment schedule, in which the revised first instalment of the other payables of RMB5,000,000 should be made on 20 December 2024. The Group had further negotiated with the customer and made settlement of approximately RMB2,000,000 and RMB3,000,000 to the customer on 27 December 2024 and 26 January 2025, respectively.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 30. TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

(c) (Continued)

### Termination of sales contract (Continued)

During the year ended 31 December 2025, the Group had further negotiated with the customer and agreed to delay the repayment and entered into a supplementary agreement, in which additional 8% of shares of DTXS Enterprise held by DTXS Investments were pledged as security to the outstanding balances, and revised repayment schedule was agreed that the revised first instalment of the outstanding balances of approximately RMB7,973,000 (equivalent to approximately HK\$8,874,000) should be made on 31 December 2026 while remaining instalments of approximately RMB169,791,000 (equivalent to approximately HK\$188,978,000) and RMB273,298,000 (equivalent to approximately HK\$304,181,000) should be made on 31 December 2027 and 2028, respectively.

During the year ended 31 December 2025, the interest of approximately HK\$27,648,000 (2024: approximately HK\$13,788,000) was recognised and capitalised as cost of properties under development because the relevant fund was utilised by the Group in the construction works of properties under development.

At 31 December 2025, the outstanding balances related to the termination of sales contract are as follows:

	2025 HK\$'000	2024 HK\$'000
Other payable	433,848	417,838
Related settlement charge payable	26,583	25,394
Related interest payable	41,602	13,542
	<b>502,033</b>	<b>456,774</b>

(d) Details of contract liabilities are as follows:

At 31 December 2025 and 2024, contract liabilities are incurred from sales of properties, represented sale proceeds received from customers in connection with the Group's pre-sale of properties. The Group received advances from customers based on billing schedules as established in the sales of properties. Payments are usually received in advance of the performance under the contracts. The contract liabilities will be transferred to profit or loss when the Group's revenue recognition criteria are met.

The movements (excluding those arising from increases and decreases both occurred within the same period) of contract liabilities from contracts with customers within HKFRS 15 during the reporting period are as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the reporting period	6,406	455,005
Recognised as revenue	(271)	(844)
Reversal of interest expenses on financing component of receipt in advance (Remark)	–	(14,088)
Termination of a contract (Note 30(c))	–	(419,964)
Exchange realignments	497	(13,703)
	<b>6,632</b>	<b>6,406</b>

Remark:

Resulted from the termination of pre-sale contract as detailed in Note 30(c) to the consolidated financial statements, the provision of interest expenses recognised since the receipt in advance received were reversed at the date of termination during the year ended 31 December 2024.

At 31 December 2025, the aggregate amount of transaction price allocated to unsatisfied performance obligations is approximately HK\$6,632,000 (2024: approximately HK\$6,475,000). The Group expects no transaction price allocated to the unsatisfied performance obligations will be recognised as revenue over one year, and the remaining transaction price amounted to HK\$6,632,000 (2024: approximately HK\$6,475,000) will be recognised as revenue within one year or less.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 31. INTEREST-BEARING BORROWINGS

	Notes	2025 HK\$'000	2024 HK\$'000
Secured bank loans			
– Bank loans bear variable interest rate of 6.00% per annum (“Bank Loans I”)	(a), (d)	623,258	595,371
– Bank loans bear variable interest rate of 5.85% per annum (“Bank Loans II”)	(b), (d)	666,242	636,750
– Bank loans bear variable interest rate of 6.00% per annum (“Bank Loans III”)	(c), (d)	167,440	159,948
		<b>1,456,940</b>	<b>1,392,069</b>
Analysed into:			
– Current portion		791,477	223,591
– Non-current portion		665,463	1,168,478
		<b>1,456,940</b>	<b>1,392,069</b>

### Notes:

- (a) Bank Loans I bears effective variable interest rate of 6.00% (2024: 6.00%) per annum, which was the loan prime rate published by the People’s Bank of China (the “PBC”) plus 2.55% (2024: 2.55%), repayable within one year at 31 December 2025 (2024: repayable within two year) and is secured by:
- (i) properties under development held by the Group with a carrying amount of approximately HK\$1,837,007,000 (2024: approximately HK\$1,535,789,000) at 31 December 2025;
  - (ii) completed properties held by the Group with a carrying amount of approximately HK\$19,107,000 (2024: approximately HK\$18,219,000) at 31 December 2025;
  - (iii) properties held by DTXS Property with estimated value of approximately HK\$1,194,683,000 on the date of inception of Bank Loans I;
  - (iv) corporate guarantee given by DTXS Property; and
  - (v) personal guarantee given by an executive director, Mr. Lu Jianzhong.

There are no unutilised banking facilities of Bank Loans I at 31 December 2025 and 2024.

- (b) Bank Loans II bears effective variable interest rate of 5.85% (2024: 5.85%) per annum, which was the lending rate quoted by the PBC plus 1.65% (2024: 1.65%), repayable within two years (2024: repayable within three years) at 31 December 2025 and is secured by completed properties held by the Group with a carrying amount of approximately HK\$834,715,000 (2024: approximately HK\$799,232,000) at 31 December 2025.

There are no unutilised banking facilities of Bank Loans II at 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 31. INTEREST-BEARING BORROWINGS (Continued)

Notes: (Continued)

- (c) Bank Loans III bears effective variable interest rate of 6% (2024: 6.00%) per annum, which was the loan prime rate published by PBC plus 2.55% (2024: 2.55%), repayable within one year (2024: repayable within two year) at 31 December 2025. The relevant banking facilities of Bank Loans III granted to the Group is RMB160,000,000 (equivalent to approximately HK\$178,080,000) (2024: approximately RMB160,000,000 (equivalent to approximately HK\$170,112,000)), the unutilised banking facilities of Bank Loans III at 31 December 2025 is RMB9,560,000 (equivalent to approximately HK\$10,640,000) (2024: approximately RMB9,560,000 (equivalent to approximately HK\$10,164,000)). The banking facilities is secured by:
- (i) completed properties held by the Group with a carrying amount of approximately HK\$213,737,000 (2024: approximately HK\$203,804,000) at 31 December 2025;
  - (ii) properties held by DTXS Property;
  - (iii) corporate guarantee given by DTXS Property;
  - (iv) corporate guarantee given by DTXS Investments; and
  - (v) personal guarantees given by executive directors, Mr. Lu Jianzhong and Mr. Yang Xingwen and his spouse, and director of DTXS Enterprise and his spouse.
- (d) The secured bank loans are denominated in RMB.
- (e) During the year ended 31 December 2025, the Group had held several meetings with the banks, and obtained their consent regarding the Group's intention for delay in payment of the principal and interest of the interest-bearing borrowings for two to three years.

## 32. DEFERRED TAXATION

The movements in deferred tax assets during the years are as follows:

	PRC HK\$'000	LAT HK\$'000	Revaluation of investment properties HK\$'000	Total HK\$'000
At 1 January 2024	39,175		3,212	42,387
Deferred tax credited to profit or loss	244		1,083	1,327
Exchange realignments	(1,281)		(124)	(1,405)
<b>At 31 December 2024 and 1 January 2025</b>	<b>38,138</b>		<b>4,171</b>	<b>42,309</b>
Deferred tax credited to profit or loss	16		353	337
Exchange realignments	1,755		123	1,910
<b>At 31 December 2025</b>	<b>39,909</b>		<b>4,647</b>	<b>44,556</b>
			<b>2025</b>	<b>2024</b>
			<b>HK\$'000</b>	<b>HK\$'000</b>
Analysed into:				
Deferred tax assets			<b>44,556</b>	<b>42,309</b>

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 32. DEFERRED TAXATION (Continued)

### Deferred tax assets not recognised

#### Tax losses

The Group has tax losses arising in Hong Kong of approximately HK\$169,422,000 (2024: approximately HK\$161,330,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. These tax losses are subject to approval of the Hong Kong Inland Revenue Department. There are no tax losses arising from overseas operations, subject to approval of the relevant tax bureaus, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Chinese Mainland of the PRC in respect of PRC EIT of approximately HK\$231,169,000 (2024: approximately HK\$236,889,000) that will expire in one to five years for offsetting against future taxable profits.

The Group had not recognised deferred tax assets in respect of the tax losses of approximately HK\$400,591,000 (2024: approximately HK\$398,219,000) at 31 December 2025, as it is not considered probable that there would be sufficient future taxable profits to utilise such amount.

#### Other temporary differences

The Group also had not recognised the deferred tax assets in respect of write-down of completed properties held for sale and properties under development in certain subsidiary of approximately HK\$237,434,000 (2024: approximately HK\$171,576,000) and loss allowance on trade and other receivables of approximately HK\$52,243,000 (2024: approximately HK\$42,208,000) at 31 December 2025, as it was not probable that those subsidiaries would have sufficient taxable profits in foreseeable future to utilise the tax deduction resulted from the write-down.

## 33. SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Authorised share capital: 5,000,000,000 (2024: 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:		
At the beginning of the reporting period 667,525,230 ordinary shares of HK\$0.5 each	333,763	333,763
Placing new shares of 133,500,000 ordinary shares of HK\$0.5 each (Note)	<u>66,750</u>	–
At the end of the reporting period 801,025,230 ordinary shares of HK\$0.5 each	<u>400,513</u>	<u>333,763</u>

#### Note:

The Company placed 66,700,000 shares at HK\$0.5 per share in August 2025 (the "August 2025 Placing") and 66,800,000 shares at HK\$0.6 per share in September 2025 (the "September 2025 Placing"), respectively. The cash proceeds received from the August 2025 Placing and the September 2025 Placing were HK\$33,350,000 and HK\$40,080,000, respectively. The expenses incurred for the August 2025 Placing and the September 2025 Placing were approximately HK\$1,197,000 and HK\$1,405,000, respectively. Details of the placing are set out in the Company's announcement dated 6 August 2025 and 25 September 2025.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants to the Scheme include the Company's directors, including independent non-executive directors, and other employees of the Group. The Scheme became effective on 6 December 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. On 6 December 2022, the Scheme had expired and the granted share options are still effective until they were forfeited, exercised or expired.

On 12 December 2025, the shareholders of the Company approved the adoption of a new share option scheme (the "New Scheme"), in which the terms of the New Scheme is substantially consistent with the Scheme. The New Scheme became effective on 12 December 2025 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options permitted to be granted under the Scheme and the New Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme and the New Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to directors, chief executive officers or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a vesting period of one to four years and ends on a date which is not later than ten years from the date of grant of the share options.

The exercise price of share options is determinable by the directors of the Company, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholder's meetings.

On 28 January 2016, 15,500,000 share options were granted to eligible participants with a valid period of 10 years from the grant date. 40% of these share options vest on the first anniversary of the grant date and each of the remaining 30% of these share options vest on the second and third anniversary of the grant date respectively. The exercise price is HK\$3.000 per share, which is the closing price of the ordinary shares of the Company on the grant date.

The following share options were outstanding under the Scheme during the years:

	2025		2024	
	Weighted average exercise price HK\$ per share	No. of options '000	Weighted average exercise price HK\$ per share	No. of options '000
At 1 January and 31 December	3.000	10,250	3.000	10,250

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

The exercise prices and exercisable periods of the share options outstanding at the end of the reporting period are as follows:

### 2025

Number of options '000	Exercise price HK\$	Exercise period
10,250	3.000	28 January 2017 – 27 January 2026

### 2024

Number of options '000	Exercise price HK\$	Exercise period
10,250	3.000	28 January 2017 – 27 January 2026

The fair value of equity-settled share options granted under the 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	28 January 2016
Dividend yield (%)	0
Expected volatility (%)	43.56
Risk-free interest rate (%)	1.69
Exit rates of the grantees (%)	0
Fair value at measurement date (HK\$'000)	22,750
Exercise price (HK\$)	3.000

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.

At 31 December 2025, the Company had 10,250,000 share options (2024: 10,250,000) outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 10,250,000 additional ordinary shares (2024: 10,250,000) of the Company and additional share capital of approximately HK\$5,125,000 (2024: approximately HK\$5,125,000) and share premium of approximately HK\$40,899,000 (2024: approximately HK\$40,899,000) (before issue expenses).

On 28 January 2026, the outstanding 10,250,000 share options were expired. At the date of approval of the consolidated financial statements, there is no share options outstanding under the Scheme and the New Scheme.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 35. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

- (a) The application of the share premium account and the capital redemption reserve is governed by Section 40 of the Companies Act 1981 of Bermuda.
- (b) The exchange fluctuation reserve arose from translation of foreign operations, which representing the accumulated difference of translating functional currency of the profit or loss for the reporting period by weighted average exchange rate and the assets and liabilities by exchange rates prevailing at the end of reporting period.
- (c) The revaluation reserve arose from the revaluation of owner-occupied properties, classified under "property, plant and equipment", when they were transferred to investment properties. Upon disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to accumulated losses as a movement in reserves.
- (d) The merger reserve arose from the acquisition of subsidiaries account for the common control combination using the pooling-of-interest method. Such reserve represented the difference between the cash consideration and the carrying amount of the net assets of subsidiaries, excluding NCI, at the completion date.
- (e) The other reserve arose from the acquisition of equity interest, which represented the NCI of non-wholly owned subsidiaries. The difference between the consideration and the carrying amount of NCI by reference to the net assets of subsidiaries at the acquisition date is recognised in other reserve.

## 36. CONTINGENT LIABILITIES

The Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the normal course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the directors of the Company believe that any resulting liabilities will not have a material adverse impact on the financial position, liquidity, or operating results of the Group.

At 31 December 2025 and 2024 and up to the date of approving the consolidated financial statements, the Group is subjected to a number of legal proceedings which mainly in relation to disputes under construction contracts in respect of its property development projects, which arose during the normal course of business.

In the opinion of the directors of the Company, based on the best estimation on the possible outcomes of the disputes by the management in consideration of the development of negotiations with the creditors and advice sought from the independent legal advisors and internal legal counsel, the possible further obligations (other than those liabilities/provisions have been recognised in the consolidated financial statements) arose from litigations is immaterial to the consolidated financial statements of the Group.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 37. FINANCIAL GUARANTEES

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

	Notes	2025 HK\$'000	2024 HK\$'000
Guarantees in respect of mortgage facilities provided for certain purchasers of DTXS Enterprise's properties	(a)	30,987	29,624
Guarantee in respect of loan facility provided for a related party	(b)	326,666	313,538
		<b>357,653</b>	<b>343,162</b>

Notes:

- (a) DTXS Enterprise provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of DTXS Enterprise'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 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 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's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers.

- (b) DTXS Enterprise provided a financial guarantee for a bank loan with a principal of RMB300,000,000 (equivalent to HK\$333,900,000) obtained by DTXS Property, while the relevant balance of bank loan at 31 December 2025 was RMB293,500,000 (equivalent to HK\$326,666,000) (2024: RMB294,900,000 (equivalent to HK\$313,538,000)). At the same time, DTXS Investments provided a counter financial guarantee in favour of DTXS Enterprise 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 of the Company do not consider it is probable that a claim will be made against the Group under these guarantees and no provision for any potential obligations has been recognised.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transaction

- i. During the year ended 31 December 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of approximately HK\$1,409,000 and HK\$1,409,000 (2024: approximately HK\$1,157,000 and HK\$1,157,000), respectively, in respect of lease arrangements for buildings included in property, plant and equipment.
- ii. During the year ended 31 December 2025, the Group had capitalised prepayments of construction costs of approximately HK\$84,855,000 (2024: approximately HK\$63,180,000) into properties under development.
- iii. During the year ended 31 December 2025, the Group had non-cash early termination of lease to right-of-use assets and lease liabilities of approximately HK\$466,000 and HK\$443,000 (2024: Nil and Nil), respectively.
- iv. During the year ended 31 December 2024, a lease contract has been completed and the related right-of-use asset with nil carrying amount was written off, while the outstanding lease liabilities of approximately HK\$1,463,000 were transferred to other payables.

### (b) Changes in liabilities arising from financing activities

	Bond payables HK\$'000	Interest- bearing borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
<b>2025</b>				
At 1 January 2025	–	1,392,069	1,011	1,393,080
New leases	–	–	1,409	1,409
Changes from financing cash flows	–	(319)	(637)	(956)
Foreign exchange movement	–	65,190	–	65,190
Interest expenses	–	–	42	42
Early termination of lease	–	–	(443)	(443)
<b>At 31 December 2025</b>	<b>–</b>	<b>1,456,940</b>	<b>1,382</b>	<b>1,458,322</b>
<b>2024</b>				
At 1 January 2024	–	1,339,549	1,268	1,340,817
New leases	–	–	1,157	1,157
Inception of interest-bearing borrowings	–	97,901	–	97,901
Foreign exchange movement	–	(45,381)	–	(45,381)
Interest expenses	–	–	49	49
Transfer to other payables	–	–	(1,463)	(1,463)
<b>At 31 December 2024</b>	<b>–</b>	<b>1,392,069</b>	<b>1,011</b>	<b>1,393,080</b>

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

### (c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 HK\$'000	2024 HK\$'000
Within operating activities	6	247
Within financing activities	637	–
	<u>643</u>	<u>247</u>

## 39. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties:

### (a) Transactions with related parties:

- (i) During the year ended 31 December 2024, rental income of approximately HK\$1,221,000 was generated from the investment properties leased to a related company controlled by DTXS Investments, at a rate of approximately HK\$255 per square metre. There was no such rental income generated during the year ended 31 December 2025.
- (ii) During the year ended 31 December 2025, the Group had transferred other receivables of approximately HK\$19,570,000 (2024: an amount due from DTXS Property and other payables of approximately HK\$7,193,000 and HK\$13,337,000, respectively) to amount due to DTXS Investments.

### (b) Outstanding balances with related parties:

- (i) Included in trade and other receivables, approximately HK\$4,702,000 (2024: approximately HK\$4,492,000) and HK\$3,950,000 (2024: nil) were the rental receivables and other receivables, respectively, due from related companies controlled by DTXS Investments at 31 December 2025.
- (ii) Included in other payables, approximately HK\$2,025,000 (2024: approximately HK\$3,546,000) and HK\$10,128,000 (2024: HK\$10,604,000) were the amounts due to related companies controlled by DTXS Investments and DTXS Investments, respectively, at 31 December 2025.

The above mentioned related companies were ultimately controlled by a director, Mr. Lu Jianzhong. The balances were unsecured, interest-free and repayable on demand. During the year ended 31 December 2025, the maximum outstanding balance of (i) was approximately HK\$8,652,000 (2024: approximately HK\$4,492,000).

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 39. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel of the Group

Remuneration for key management personnel, including amounts paid to the directors of the Company is as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, bonus, allowances and other benefits in kind	1,958	1,873
Contributions to defined contribution retirement plans	15	15
	<u>1,973</u>	<u>1,888</u>

Further details of directors' and the chief executive officers' remuneration are included in Note 12 to the consolidated financial statements.

## 40. CAPITAL COMMITMENTS

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

	2025 HK\$'000	2024 HK\$'000
Construction contracts for properties under development	765,131	611,320
Capital injection to unlisted equity investment (Note 23)	16,361	16,263
	<u>781,492</u>	<u>627,583</u>

## 41. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Group at 31 December 2025 and 2024 were financial assets and financial liabilities stated at amortised cost, except for the unlisted equity investment was financial asset stated at FVPL.

## 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the consolidated financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 (lowest level): unobservable inputs for the asset or liability.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

### (a) Fair value of investment properties that are measured at fair value

The details of the fair value measurement and hierarchy are included in Note 19 to the consolidated financial statements.

### (b) Fair value of other financial assets that are measured at fair value

Financial assets	Fair value at 31 December		Fair value hierarchy	Valuation techniques and key inputs	Relationship of unobservable inputs to fair value
	2025 HK\$'000	2024 HK\$'000			
<b>Financial assets at FVPL</b>					
Unlisted equity investment	7,012	6,698	Level 3	Asset-based approach: By reference to net asset value of the investment	The higher the net asset value, the higher the fair value

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements in both years. The details of the movements of the recurring fair value measurements categorised as Level 3 of the fair value hierarchy are as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets at FVPL – Unlisted equity investment</b>		
At the beginning of the reporting period	6,698	6,924
Exchange realignments	314	(226)
	7,012	6,698

### (c) Fair value of financial assets and financial liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments measured at amortised cost reasonably approximate to their fair values at the end of the reporting period.

Management has assessed that the fair values of restricted bank deposits, cash and cash equivalents, financial assets included in trade and other receivables, loans receivables, financial liabilities included in trade and other payables and interest-bearing borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise financial assets at FVPL, loans receivables, interest-bearing borrowings, restricted bank deposits and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to financial instruments are set out in Note 4 to the consolidated financial statements.

### Foreign currency risk

The Group's business operations are principally in Hong Kong and Mainland China of the PRC. The majority of the business transactions were denominated in respective local currencies and there were only insignificant balances of financial assets and liabilities that were denominated in foreign currencies at the end of the reporting period. Hence, the Group is not exposed to significant foreign exchange risk.

The Group has not used any financial instruments to hedge against currency risk. However, management constantly reviews the economic situation and its foreign currency risk profile and monitors its foreign exchange exposure, and will implement appropriate hedging measures in future on significant foreign currency exposure should the need arise.

### Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to interest-bearing borrowings carried at variable rates. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk.

### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were outstanding for the whole year, and assumed the interest expenses are eligible to be capitalised as cost of properties under development.

If interest rates had been 0.5% (2024: 0.5%) higher/lower and all other variables were held constant, the Group's properties under development would increase/decrease by approximately HK\$7,285,000 (2024: approximately HK\$6,960,000) due to the capitalisation of finance costs. This was mainly attributable to the exposure to interest rates on its variable-rate interest-bearing borrowings of the Group.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

*(Continued)*

### **Credit risk**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade with credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

At the end of the reporting period, the Group's maximum exposure to credit risk is limited to the carrying amounts of the Group's financial assets. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with advances to consignors and related interest receivables for the art financing business are mitigated because they are secured by the pledged auction items as discussed below.

The Group's exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate. At the end of the reporting period, the Group has a concentration of credit risk arising from trade receivables as approximately 11% (2024: 10%) of the total trade receivables were due from the Group's largest customer and approximately 45% (2024: 44%) of the total trade receivables were due from the Group's five largest customers.

### **Impairment assessment of trade and other receivables**

#### ***Trade receivables – receivables from customers***

In respect of the receivables from customers included in trade receivables, an impairment analysis is performed at the end of each reporting period using a provision matrix to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, related trade receivables are written off if past due for more than one year and are subject to enforcement activity.

During the year ended 31 December 2024, the trade receivables derived from the Property Development Division which already provided with full provision of ECL was recovered by receiving the settlement of approximately HK\$836,000 and reversal of impairment loss of approximately HK\$836,000 was recognised in the profit or loss.

During the year ended 31 December 2025, the trade receivables derived from the Property Development Division was provided with full provision of ECL and an impairment loss of approximately HK\$1,374,000 was further recognised in the profit or loss.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

**Credit risk** (Continued)

**Impairment assessment of trade and other receivables** (Continued)

**Trade receivables – receivables from customers** (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables that using a provision matrix:

*Winery and Trading Division*

	Current	Past due		Credit-impaired	Total
		Less than 3 months	Over 3 months		
<b>31 December 2025</b>					
ECL rate	0%	0%	0%	0%	
Gross carrying amount (HK\$'000)	23	6	130	–	159
Expect credit losses (HK\$'000)	–	–	–	–	–
31 December 2024					
ECL rate	0%	0%	0%	100%	
Gross carrying amount (HK\$'000)	19	303	35	3,079	3,436
Expect credit losses (HK\$'000)	–	–	–	3,079	3,079

*Property Development Division*

	Current	Past due		Credit-impaired	Total
		Less than 3 months	Over 3 months		
<b>31 December 2025</b>					
ECL rate	0%	0%	0%	100%	
Gross carrying amount (HK\$'000)	–	–	–	2,921	2,921
Expect credit losses (HK\$'000)	–	–	–	2,921	2,921
31 December 2024					
ECL rate	0%	0%	0%	100%	
Gross carrying amount (HK\$'000)	–	–	1,347	1,443	2,790
Expect credit losses (HK\$'000)	–	–	–	1,443	1,443

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

**Credit risk** (Continued)

**Impairment assessment of trade and other receivables** (Continued)

**Trade receivables – receivables from customers** (Continued)

Arts and Cultural Division

	Current	Past due		Credit-impaired	Total
		Less than 3 months	Over 3 months		
<b>31 December 2025</b>					
ECL rate	0%	0%	0%	100%	
Gross carrying amount (HK\$'000)	–	–	4,702	205	4,907
Expect credit losses (HK\$'000)	–	–	–	205	205
<b>31 December 2024</b>					
ECL rate	0%	0%	0%	100%	
Gross carrying amount (HK\$'000)	–	1,123	3,369	102	4,594
Expect credit losses (HK\$'000)	–	–	–	102	102

If the ECL rates on the trade receivables, other than those receivables already fully provided with ECL, had been 1% higher (lower) at the end of the reporting period, with other assumptions held constant, the loss allowance would have been approximately HK\$49,000 (2024: approximately HK\$67,000) higher (lower).

### **Advances to consignors and related interest receivables included in trade receivables**

In respect of advances to consignors for the art financing business and related interest receivables, at 31 December 2025, the balances, before provision of loss allowance, that were overdue amounted to approximately HK\$385,290,000 and HK\$184,601,000 (2024: approximately HK\$386,658,000 and HK\$159,083,000), respectively.

The balances are either repayable upon the pledged auction items dealt through auction successfully or repayable within 12 months from the date of advance in accordance with the respective agreements. As part of the Group's risk management policy, the initial amount advanced to consignors generally is less than 40% of the estimated fair value of their pledged auction items. The Group reviews the credit loss of advance balances individually and regularly. Before acceptance of the pledged auction items, the Group involves internal experts to prove the authenticity and estimate the value of the pledged auction items. As part of this review, the Group considers the fair value movement of the pledged auction items and monitors the credit risk of the consignors. In the opinion of the directors of the Company, there has been no significant deterioration in the fair value of the pledged auction items during the current or prior years. At 31 December 2025, the weighted average advances to consignors and related interest receivables accounted for approximately 25.7% (2024: approximately 28.2%) of the fair value of the pledged auction items.

An impairment analysis is performed at the end of the reporting period, which are estimated by applying the probability of default approach with reference to its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group measures the provision for credit loss equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The amount of ECL provided takes into account the fair value of the pledged auction items. The Group had engaged internal and external art experts to evaluate the fair value of the pledged auction items annually.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

*(Continued)*

**Credit risk** *(Continued)*

**Impairment assessment of trade and other receivables** *(Continued)*

**Advances to consignors and related interest receivables included in trade receivables** *(Continued)*

During the year ended 31 December 2025, the Group has provided ECL of approximately HK\$1,181,000 and HK\$2,084,000 (2024: approximately HK\$3,149,000 and HK\$6,467,000) for advances to consignors of a consignor and related interest receivables, respectively, as the outstanding advances and related interest receivables of this consignor exceed the net realisable value of the related pledged auction items. At 31 December 2025, the accumulated loss allowance for advances to consignors and related interest receivables were approximately HK\$7,038,000 and HK\$12,365,000 (2024: approximately HK\$5,857,000 and HK\$10,280,000), respectively.

**Other receivables**

In respect of other receivables other than the aforesaid, the management of the Group makes individual assessment on the recoverability of these financial assets based on credit risk assessment and historical settlement records and past experience, if any, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period. The ECL which are estimated by applying the probability of default approach with reference to the risks of default of the debtors or comparable companies and adjusted for forward-looking adjustments.

During the year ended 31 December 2025, the Group has provided ECL of approximately HK\$7,146,000 (2024: approximately HK\$5,111,000) for the debtors with significantly increased credit risk. At 31 December 2025, the accumulated loss allowance for the other receivables, other than advances to consignors, was amounted to approximately HK\$29,714,000 (2024: approximately HK\$21,447,000).

**Loans receivables**

In respect of loans receivables, the management of the Group makes individual assessment on the recoverability of these financial assets based on credit risk assessment and historical settlement records and past experience, if any, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period. The ECL which are estimated by applying the probability of default approach with reference to the risks of default of the debtors or comparable companies and adjusted for forward-looking adjustments.

In previous years, the Group had assessed the loans receivables was credit-impaired, and therefore, the Group has provided ECL in full of approximately HK\$13,000,000.

At 31 December 2025 and 2024, the Group considered that there is no changes of the status of the unsecured loan and no settlement was received up to present, no reversal of impairment losses was considered.

**Restricted bank deposits and cash and bank balances**

The credit risks on restricted bank deposits and cash and bank balances are limited because the counterparties are banks and other financial institution with high credit ratings assigned by international credit-rating agencies.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

**Credit risk** (Continued)

### Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification at 31 December.

The amounts presented are carrying amounts for financial assets.

	12-month ECL	Lifetime ECL			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
<b>At 31 December 2025</b>					
Financial assets included in trade and other receivables	<b>18,215</b>	<b>29,871</b>	<b>520,617</b>	<b>4,861</b>	<b>573,564</b>
Restricted bank deposits	<b>3,268</b>	–	–	–	<b>3,268</b>
Cash and cash equivalents	<b>11,607</b>	–	–	–	<b>11,607</b>
	<b>33,090</b>	<b>29,871</b>	<b>520,617</b>	<b>4,861</b>	<b>588,439</b>
<b>At 31 December 2024</b>					
Financial assets included in trade and other receivables	6,924	27,800	508,928	6,196	549,848
Restricted bank deposits	3,899	–	–	–	3,899
Cash and cash equivalents	16,175	–	–	–	16,175
	26,998	27,800	508,928	6,196	569,922

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

### Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within 1 year or on demand HK\$'000	In the second year HK\$'000	In the third to fifth years, inclusive HK\$'000	Total HK\$'000
<b>At 31 December 2025</b>				
Trade and other payables (including lease liabilities)	521,101	226,570	313,320	1,060,991
Interest-bearing borrowings	869,742	705,473	–	1,575,215
Financial guarantee contract (Note)	326,666	–	–	326,666
	<b>1,717,509</b>	<b>932,043</b>	<b>313,320</b>	<b>2,962,872</b>
<b>At 31 December 2024</b>				
Trade and other payables (including lease liabilities)	694,658	202,341	–	896,999
Interest-bearing borrowings	252,383	664,920	654,472	1,571,775
Financial guarantee contract (Note)	313,538	–	–	313,538
	<b>1,260,579</b>	<b>867,261</b>	<b>654,472</b>	<b>2,782,312</b>

Note: The amount included above for financial guarantee contracts are the maximum amounts of the guarantees, shown in the earliest periods in which the guarantees could be called. As set out in Note 37(b) to the consolidated financial statements, DTXS Investments provided a counter financial guarantee in favour of DTXS Enterprise for its obligation under the said financial guarantee. Based on the assessments at the end of the reporting period, the directors of the Company do not consider it probable that a claim will be made against DTXS Enterprise under these guarantees.

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital structure in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 44. DISPOSAL OF SUBSIDIARIES

- (a) On 8 December 2025, DTXS Fine Wine Holdings Limited (“DTXS Fine Wine”) entered into a sales and purchase agreement with an independent third party for disposal of entire interest in DTXS W&S (SZ), the wholly owned subsidiary of DTXS Fine Wine, and its subsidiaries at consideration HK\$1. The disposal was completed on 8 December 2025. The net liabilities of DTXS W&S (SZ) at the date of disposal was as follows:

	<b>At 8 December 2025 HK\$</b>
<b>Consideration received:</b>	
Cash received	—*
	<b>At 8 December 2025 HK\$'000</b>
<b>Analysis of assets and liabilities over which control was lost:</b>	
Inventories	9,102
Trade and other receivables	3,979
Cash and cash equivalent	228
Trade and other payables	<u>(17,022)</u>
Net liabilities disposed of	<u><b>(3,713)</b></u>
<b>Gain on disposal of a subsidiary:</b>	
Total consideration	—*
Net liabilities disposed of	3,713
Exchange reserve	343
Non-controlling interests	<u>(260)</u>
<b>Gain on disposal of a subsidiary</b>	<u><b>3,796</b></u>
<b>Net cash outflow arising on disposal</b>	<u><b>(228)</b></u>

\* Represent amount less than HK\$1,000.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 44. DISPOSAL OF SUBSIDIARIES (Continued)

- (b) On 5 March 2024, DTXS Fine Wine entered into a sales and purchase agreement with an independent third party for disposal of entire interest in Wealthy Forest Limited, the wholly owned subsidiary of DTXS Fine Wine and its subsidiaries, including Wealthy Forest SAS which owned a wine yard Chateau Puy Bardens located at Bordeaux in France, at consideration of approximately HK\$10,000,000. The disposal was completed on 5 September 2024. The net assets of Wealthy Forest Limited and its subsidiaries at the date of disposal were as follows:

	At 5 September 2024 HK\$'000
<b>Consideration received:</b>	
Cash received	4,903
Cash receivable	5,097
	<hr/>
Total consideration	<u>10,000</u>
	At 5 September 2024 HK\$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment (Note 18)	35
Inventories	4,386
Trade and other receivables	1,263
Cash and cash equivalent	399
Non-current assets held for sale	11,575
Trade and other payables	(9,929)
	<hr/>
Net assets disposed of	<u>7,729</u>
Gain on disposal of subsidiaries:	
Total consideration	10,000
Net assets disposed of	(7,729)
Non-controlling interests	386
	<hr/>
Gain on disposal of subsidiaries	<u>2,657</u>
Net cash inflow arising on disposal:	
Cash consideration	4,903
Less: Cash and cash equivalent disposed of	(399)
	<hr/>
	<u>4,504</u>

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>		
Investments in subsidiaries	872,799	850,619
<b>Current assets</b>		
Other receivables	115	23
Amounts due from related parties	3,605	–
Cash and bank balances	2	1
	3,722	24
<b>Current liabilities</b>		
Other payables	5,456	4,100
<b>Net current liabilities</b>	(1,734)	(4,076)
<b>Total assets less current liabilities</b>	871,065	846,543
<b>NET ASSETS</b>	871,065	846,543
<b>Capital and reserves</b>		
Share capital (Note 33)	400,513	333,763
Reserve (Note)	470,552	512,780
<b>TOTAL EQUITY</b>	871,065	846,543

The statement of financial position was approved and authorised for issue by the Board of Directors on 30 April 2026 and signed on its behalf by

**Huang Dahai**  
Director

**Wong Kwok Tung Gordon Allan**  
Director

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium HK\$'000 (Note 35(a))	Capital redemption reserve HK\$'000 (Note 35(a))	Contributed surplus* HK\$'000	Share option reserve HK\$'000 (Note 34)	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	1,569,891	1,264	21,689	15,272	(1,091,879)	516,237
Loss for the year	-	-	-	-	(3,457)	(3,457)
At 31 December 2024 and 1 January 2025	1,569,891	1,264	21,689	15,272	(1,095,336)	512,780
Placing of shares (Note 33)	6,680	-	-	-	-	6,680
Transaction costs on issuance of shares upon placings (Note 33)	(2,602)	-	-	-	-	(2,602)
Loss for the year	-	-	-	-	(46,306)	(46,306)
<b>At 31 December 2025</b>	<b>1,573,969</b>	<b>1,264</b>	<b>21,689</b>	<b>15,272</b>	<b>(1,141,642)</b>	<b>470,552</b>

\* The contributed surplus of the Company represents the excess of the net assets of the subsidiaries acquired pursuant to the Group Reorganisation in prior years, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain circumstances which the Company cannot currently meet.

## 46. SUBSEQUENT EVENTS

On 17 October 2025, the Company entered into the placing agreement (the "Placing Agreement") with the placing agents, pursuant to which the Company proposed to offer for subscription, and the placing agents agreed to procure subscriptions for the convertible bonds, on a best effort basis, on the terms and subject to the conditions set out in the Placing Agreement. The placing agents shall procure to subscribe for the convertible bonds in the aggregate principal amount of up to HK\$323,000,000.

On 13 March 2026, all conditions to the placing of a tranche of the convertible bonds in the principal amount of HK\$11,000,000 have been fulfilled, and the first tranche placing had been completed.

On 2 April 2026, all conditions to the placing of a tranche of the convertible bonds in the principal amount of HK\$12,000,000 have been fulfilled, and the second tranche placing had been completed.

Following completion of the second tranche placing, no further tranche of the placing will be completed. Convertible bonds in the principal amount of HK\$23,000,000 in aggregate have been placed to places. The management of the Company is assessing the fair value of the convertible bonds, and the financial impact of the issuance of convertible bonds is not able to be estimated yet.

Details of the placing of convertible bonds are set out in the Company's announcements and circulars dated 17 October 2025, 21 November 2025, 23 December 2025, 24 February 2026, 13 March 2026 and 2 April 2026.

# Five-Year Financial Summary

A summary of the results of the Group and of its assets and liabilities for the last five financial periods as extracted from the audited financial statements is set out below:

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Results</b>					
Revenue	<b>49,188</b>	42,432	44,493	1,134,264	107,404
(Loss) profit before tax	<b>(78,195)</b>	(29,514)	(371,436)	397,490	(28,520)
Income tax (expenses) credits	<b>(3,627)</b>	(3,573)	12,983	(211,071)	(5,845)
(Loss) Profit for the year	<b>(81,822)</b>	(33,087)	(358,453)	186,419	(34,365)
(Loss) Profit for the year attributable to:					
Equity holders of the Company	<b>(63,385)</b>	(23,731)	(302,064)	106,448	(33,656)
Non-controlling interests	<b>(18,437)</b>	(9,356)	(56,389)	79,971	(709)
	<b>(81,822)</b>	(33,087)	(358,453)	186,419	(34,365)
<b>At 31 December</b>					
	<b>2025 HK\$'000</b>	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Assets and liabilities</b>					
Total assets	<b>3,810,060</b>	3,512,924	3,479,032	3,561,067	3,643,075
Total liabilities	<b>(2,879,372)</b>	(2,584,703)	(2,504,350)	(2,206,471)	(2,418,848)
Net assets	<b>930,688</b>	928,221	974,682	1,354,596	1,224,227