

大唐西市

DA TANG
XI SHI

INTERIM REPORT
2017



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)

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lu Jianzhong (*Chairman*)
Mr. Yang Xingwen
Mr. Lai Kim Fung
(*Chief Executive Officer*)
Mr. Wong Kwok Tung Gordon
(*Deputy Chief Executive Officer*)

Non-executive Directors

Mr. Wang Shi
Mr. Jean-Guy Carrier
Mr. Tse Yung Hoi

Independent Non-executive Directors

Mr. Cheng Yuk Wo
Ms. Fan Chiu Fun, Fanny
Mr. Tsui Yiu Wa, Alec

AUDIT COMMITTEE

Mr. Cheng Yuk Wo (*Chairman*)
Ms. Fan Chiu Fun, Fanny
Mr. Tsui Yiu Wa, Alec

NOMINATION COMMITTEE

Mr. Lu Jianzhong (*Chairman*)
Mr. Cheng Yuk Wo
Mr. Tsui Yiu Wa, Alec

REMUNERATION COMMITTEE

Mr. Tsui Yiu Wa, Alec (*Chairman*)
Mr. Wong Kwok Tung Gordon
Mr. Cheng Yuk Wo

COMPANY SECRETARY

Mr. Hon Ping Cho Terence

REGISTERED OFFICE

Crawford House
4th Floor
50 Cedar Avenue
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2602, 26/F
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Estera Management (Bermuda) Limited
Canon's Court, 22 Victoria Street
Hamilton HM12
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

LEGAL ADVISERS

Jeffrey Mak Law Firm
DLA Piper Hong Kong
Appleby Spurling & Kempe

PRINCIPAL BANKERS

China Everbright Bank Hong Kong Branch
Bank of China (Hong Kong) Limited

WEBSITE

www.dtxs.com

STOCK CODE

620

Management Discussion and Analysis

FINANCIAL AND BUSINESS REVIEW, AND PROSPECT

The Group recorded a revenue of HK\$89.1 million (first half of 2016: HK\$18.1 million) with a loss of HK\$34.2 million (first half of 2016: HK\$35.2 million) for the six months ended 30 June 2017.

Art and Cultural Division

This division, which includes the auction business and the newly acquired Art Central Business District business (“ACBD Business”), contributed a segment revenue of HK\$11.0 million (first half of 2016: Nil), and a segment profit before taxation and amortisation of intangible assets (“Segment Profit”) of HK\$1.2 million (first half of 2016: Nil) for the six months ended 30 June 2017.

Auction Business

The acquisition of the 100% equity interests in China King Sing Lun Fung Auction Holdings Company Limited was completed on 11 July 2016. Since then, this business has been integrated into the Group. The auction business contributed Segment Profit of HK\$4.8 million for the six months ended 30 June 2017. During the period under review, it conducted two large scale auctions in Beijing and the results were encouraging even under the current difficult business environment. The auction prepayments and art financing business have been made functional during the period under review, which not only allow more flexibility to our auction participants, but also derive additional income source for the Group. It has planned to organise several large scale auctions in Beijing, Xian and Hong Kong with different special interests, including collectible ancient coins in the second half of this year.

ACBD Business

The Group has established a DTXS ACBD center in Hong Kong which will commence operation from September 2017 onwards. In addition, on 1 March 2017, the Group completed the acquisition of certain properties from our controlling shareholder, at a share consideration of HK\$167.3 million, for the purpose of setting up the offline counterpart of the Group’s online marketplace for arts and collections, which aim to provide an integrated functions of storage, exhibition, auction, promotion and trading of arts and collections. Our DTXS Hong Kong ACBD center will collaborate for the first time with Mr. Bai Ming (白明), a famous contemporary ceramic artist, to present an exhibition on his artwork in the coming September 2017. It is also the intention of the management to periodically review the implementation of this business operation so as to maximise the performance of its assets from time to time.

Vineyard Division

On 8 June 2017, the Group completed the acquisition of 70% interests in a French vineyard, Chateau Puy Bardens, for a total consideration of HK\$35.3 million, which is located at south east of Bordeaux City, France. The vineyard currently has an annual production capacity of approximately 100,000 bottles of red wine under its own label. Its vintage 2013 has been awarded Gold Medal (Medaille d’Or) for General Agricultural Competition in 2015. It is our intention to distribute the wines mainly through our online marketplace. The segment loss of HK\$3.4 million for the six months ended 30 June 2017 resulted mainly from the legal and profession costs incurred for the acquisition of the vineyard. The Group is going to commence its marketing and distribution of Puy Bardens in the second half of the year.

Fintech Division

This division contributed a segment revenue of HK\$13.4 million (first half of 2016: Nil), and a Segment Profit of HK\$0.5 million (first half of 2016: Nil) for the six months ended 30 June 2017.

The acquisition of the 85% equity interests in the M-Finance Group was completed on 26 August 2016. It contributed segment revenue and Segment Profit of HK\$13.4 million and HK\$1.8 million, respectively, for the period under review. We expect there will be further acceleration of business opportunities after the integration. In fact, this division has been commencing the development of other fintech related businesses, such as ECN trading platform, whereby M-Finance Group does have an advantageous edge.

Engineering Services Division

This division contributed a segment revenue of HK\$64.8 million (first half of 2016: HK\$18.1 million), and a segment loss of HK\$4.9 million (first half of 2016: HK\$14.5 million) for the six months ended 30 June 2017.

As mentioned in the 2016 annual report of the Company, the management is still in the process of conducting a critical review of its strategic positioning, business operations and financial prospect for the purpose of developing a sustainable business plan, in particular, with the feasibility to leverage on the strong business background of our controlling shareholder, which is able to fit in and benefit from the overall strategic goals of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2017, the Group's total cash and cash equivalents balance amounted to HK\$58.6 million, which was denominated mainly in Hong Kong Dollars, representing a decrease of HK\$213.3 million as compared with the cash and cash equivalents balance of HK\$271.9 million as at 31 December 2016. The decrease was mainly attributable to the additional financial resources deployed in the auction prepayments and art financing business as well as acquisition of a vineyard during the period under review.

As at 30 June 2017, the Group had outstanding secured borrowings of HK\$0.6 million and unsecured borrowings of HK\$13.2 million (31 December 2016: HK\$2.2 million and HK\$15.4 million respectively). The total amount of borrowings of HK\$13.8 million (31 December 2016: HK\$17.6 million) is repayable within one year.

GEARING

The gearing ratio of the Group (expressed as a percentage of total liabilities over total asset value as at the end of the reporting period) was 10.5% as at 30 June 2017 (31 December 2016: 15.9%).

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 People's Republic of China are mainly denominated in Renminbi.

For the purposes of presenting condensed consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong Dollars) using exchange rates prevailing at 30 June 2017. Income and expense items are translated at the average exchange rates for the period ended 30 June 2017. Exchange differences arising from the translation of foreign operations of HK\$14.0 million for the current interim period are recognised in other comprehensive income and accumulated in equity under the heading of "exchange fluctuation reserve".

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

HUMAN RESOURCES

As at 30 June 2017, other than outsourcing vendors but including contract workers, the Group has approximately 158 employees in Hong Kong and the Mainland China (31 December 2016: 150). Total staff costs excluding contract workers, amounted to HK\$32.8 million for the period under review (first half of 2016: HK\$16.5 million). 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

As at 30 June 2017, contingent liabilities amounted to HK\$11.3 million (31 December 2016: HK\$10.8 million), arising from the contingent consideration payable to the vendor on acquisition.

CAPITAL AND OTHER COMMITMENTS

At 30 June 2017, the Group had no significant capital and other commitments.

INTERIM DIVIDEND

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2017 (30 June 2016: Nil).

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, the interests and short positions of the Directors and chief executive of the Company or any of their associates in the shares (the "Shares"), underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance (the "SFO")), which were required (i) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) to be recorded into the register kept by the Company pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Interests in Shares and underlying Shares

Name of Director	Number of ordinary Shares of HK\$0.50 each and nature of interests		Number of share options ⁽²⁾	Total interests	Approximate percentage of shareholding ⁽³⁾
	Personal interests	Corporate interests			
Mr. Lu Jianzhong	-	376,700,736 ⁽¹⁾	3,500,000	380,200,736	68.49%
Mr. Yang Xingwen	-	-	2,500,000	2,500,000	0.45%
Mr. Wong Kwok Tung Gordon	-	-	2,500,000	2,500,000	0.45%
Mr. Wang Shi	-	-	250,000	250,000	0.05%
Mr. Jean-Guy Carrier	-	-	250,000	250,000	0.05%
Mr. Tse Yung Hoi	-	-	250,000	250,000	0.05%
Mr. Cheng Yuk Wo	-	-	250,000	250,000	0.05%
Ms. Fan Chiu Fun, Fanny	-	-	250,000	250,000	0.05%
Mr. Tsui Yiu Wa, Alec	-	-	250,000	250,000	0.05%

Notes:

1. 376,700,736 Shares were held by Da Tang Xi Shi International Holdings Limited ("Da Tang"). Da Tang was wholly-owned by Da Tang Xi Shi International Group Limited, which was wholly-owned by 大唐西市文化產業投資集團有限公司 (Da Tang Xi Shi Investments Group Limited*) ("DTXS 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 376,700,736 Shares.
2. Particulars of share options of the Company are set out in note 15 to the condensed consolidated financial statements.
3. The total number of issued Shares was 555,137,692 as at 30 June 2017.

* 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 30 June 2017, none of the Directors and the chief executive 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.

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

As at 30 June 2017, 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 should 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	Approximate percentage of shareholding ⁽³⁾
Da Tang	Beneficial owner	376,700,736(L) ⁽¹⁾	67.86%
Da Tang Xi Shi International Group Limited	Interests in controlled corporation	376,700,736(L) ⁽¹⁾	67.86%
DTXS Investment	Interests in controlled corporation	376,700,736(L) ⁽¹⁾	67.86%
Ms. Zhu Ronghua	Interests of spouse	380,200,736(L) ⁽²⁾	68.49%

(L) – Long Position

Notes:

- Da Tang 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 380,200,736 Shares through the interests held by her spouse, Mr. Lu Jianzhong.
- The total number of issued Shares was 555,137,692 as at 30 June 2017.

Save as disclosed above, as at 30 June 2017, 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

Details of the share option scheme of the Company are set out in note 15 to the condensed consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2017, the Company and its subsidiaries had not purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

The Board is committed to establish and maintain good corporate governance standards. The Board believes that maintaining good standard of corporate governance practices are essential in providing a framework for the Company to enhance corporate value and accountability to all shareholders of the Company.

During the six months ended 30 June 2017, the Company has complied with code provisions (the "Code") of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, save for the followings:

Code E.1.2 requires the chairman of the board should attend the annual general meeting. Code A.6.7 also requires the independent non-executive directors and other non-executive directors should attend general meetings. Due to other pre-arranged business commitments which had to be attended, two non-executive Directors and one independent non-executive Director were absent from the special general meeting of the Company held on 27 February 2017; and the chairman of the Board, one non-executive Director and one independent non-executive Director were absent from the annual general meeting of the Company held on 23 May 2017. However, the other executive Directors and independent non-executive Directors had attended the general meetings to ensure effective communication with the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries to all the Directors, who confirmed their compliance with the required standards as set out in the Model Code during the six months ended 30 June 2017.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2016 annual report of the Company were as follows:

Mr. Lai Kim Fung has been appointed as an executive Director and the chief executive officer of the Company with effect from 7 August 2017. Following the appointment of Mr. Lai Kim Fung, Mr. Wong Kwok Tung Gordon has been re-designated as the deputy chief executive officer of the Company with effect from 7 August 2017 and remained to act as an executive Director. Their respective biographical details were set out in the announcement of the Company dated 7 August 2017.

Mr. Tse Yung Hoi, a non-executive Director, is an independent non-executive director of BOCOM International Holdings Company Limited (stock code: 3329), which is listed on the Stock Exchange with effect from 19 May 2017.

REVIEW OF INTERIM RESULTS

The audit committee of the Company, comprising all independent non-executive Directors, has reviewed the interim report, including the interim financial report, for the six months ended 30 June 2017.

The interim financial report for the six months ended 30 June 2017 is unaudited, but has been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", whose review report is included on page 11 of this interim report.

By order of the Board

Lu Jianzhong
Chairman

Hong Kong, 30 August 2017

Review Report of the Auditor

Deloitte.

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TO THE BOARD OF DIRECTORS OF
DTXS SILK ROAD INVESTMENT HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed 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 12 to 32, which comprise the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
30 August 2017

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	89,121	18,089
Other revenue		546	1,185
Financial trading technologies and related value-added services costs		(2,245)	–
Staff costs	6a	(32,810)	(16,466)
Marine, construction and structural steel engineering costs	6b	(54,495)	(17,604)
Depreciation and amortisation expenses	6c	(11,431)	(3,847)
Other operating expenses		(22,550)	(13,210)
Other gains and losses		429	–
Gain on disposal of subsidiaries		–	8
Finance costs	5	(290)	(545)
Share of losses of joint ventures		(1,449)	(2,839)
Loss before taxation	6	(35,174)	(35,229)
Taxation	7	992	–
Loss for the period		(34,182)	(35,229)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		14,009	27
Total comprehensive expense for the period		(20,173)	(35,202)
Loss for the period attributable to:			
Owners of the Company		(33,272)	(35,229)
Non-controlling interests		(910)	–
		(34,182)	(35,229)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(19,308)	(35,202)
Non-controlling interests		(865)	–
		(20,173)	(35,202)
Loss per share			
Basic and diluted (in HK cents)	9	(6.18)	(7.42)

Condensed Consolidated Statement of Financial Position

At 30 June 2017

	Notes	At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
Non-current Assets			
Property, plant and equipment	10	217,201	42,700
Intangible assets		125,806	125,050
Goodwill		195,934	186,401
Lease prepayments		2,666	318
Interests in joint ventures		25,690	26,032
Other financial asset		–	–
		567,297	380,501
Current Assets			
Inventories		36,968	15,086
Lease prepayments		63	67
Trade and other receivables, and prepayments	11	251,141	99,814
Amounts due from customers for contract work		1,393	9,584
Amount due from a joint venture	12	2,545	2,545
Tax recoverable		215	215
Cash and cash equivalents		58,556	271,909
		350,881	399,220
Current Liabilities			
Trade and other payables	13	37,212	59,791
Obligations under finance leases		31	67
Borrowings		13,814	17,583
Amount due to a joint venture	12	5,135	5,149
Tax liabilities		175	243
		56,367	82,833
Net Current Assets		294,514	316,387
Total Assets Less Current Liabilities		861,811	696,888

Condensed Consolidated Statement of Financial Position *(Continued)*

At 30 June 2017

	Note	At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
Non-current Liabilities			
Deferred tax liabilities		28,790	30,263
Contingent consideration		11,262	10,821
		40,052	41,084
Net Assets			
		821,759	655,804
Capital and Reserves			
Share capital	14	277,569	252,059
Reserves		530,142	400,832
Equity attributable to owners of the Company		807,711	652,891
Non-controlling interests		14,048	2,913
Total Equity		821,759	655,804

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Share option reserve	Capital redemption reserve	Exchange fluctuation reserve	Scheme reserve	Revaluation reserve	Capital reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2017 (audited)	252,059	881,150	13,760	1,264	(9,766)	1,054,095	5,574	5,223	(1,550,468)	652,891	2,913	655,804
Loss for the period	-	-	-	-	-	-	-	-	(33,272)	(33,272)	(910)	(34,182)
Other comprehensive income	-	-	-	-	13,964	-	-	-	-	13,964	45	14,009
Total comprehensive income (expense) for the period	-	-	-	-	13,964	-	-	-	(33,272)	(19,308)	(865)	(20,173)
Shares issued for acquisition (note 18(a))	25,510	141,836	-	-	-	-	-	-	-	167,346	-	167,346
Addition of non-controlling interests arising from acquisition (note 18(b))	-	-	-	-	-	-	-	-	-	-	12,000	12,000
Recognition of equity-settled share-based payment	-	-	6,782	-	-	-	-	-	-	6,782	-	6,782
At 30 June 2017 (unaudited)	277,569	1,022,986	20,542	1,264	4,198	1,054,095	5,574	5,223	(1,583,740)	807,711	14,048	821,759
At 1 January 2016 (audited)	237,318	795,359	-	1,264	3,687	1,054,095	5,574	5,223	(1,476,971)	625,549	-	625,549
Loss for the period	-	-	-	-	-	-	-	-	(35,229)	(35,229)	-	(35,229)
Other comprehensive income	-	-	-	-	27	-	-	-	-	27	-	27
Total comprehensive income (expense) for the period	-	-	-	-	27	-	-	-	(35,229)	(35,202)	-	(35,202)
Recognition of equity-settled share-based payment	-	-	6,346	-	-	-	-	-	-	6,346	-	6,346
At 30 June 2016 (unaudited)	237,318	795,359	6,346	1,264	3,714	1,054,095	5,574	5,223	(1,512,200)	596,693	-	596,693

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Note	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		(162,514)	6,016
INVESTING ACTIVITIES			
Interest received		275	209
Deposits for acquisition of businesses		–	(62,975)
Payment for purchase of property, plant and equipment		(4,938)	(230)
Payment for purchase of intangible assets		(3,079)	–
Repayment of loan receivables		–	948
Acquisition of a subsidiary	18(b)	(39,296)	–
NET CASH USED IN INVESTING ACTIVITIES		(47,038)	(62,048)
FINANCING ACTIVITIES			
Repayment of loans from a joint venture		(3,478)	(11,985)
Interest paid		(290)	(545)
Payment for capital element of finance lease obligations		(36)	(34)
Repayment to a related party		(13)	–
NET CASH USED IN FINANCING ACTIVITIES		(3,817)	(12,564)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(213,369)	(68,596)
Cash and cash equivalents at the beginning of the period		271,909	531,896
Effect of foreign exchange rate changes		16	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		58,556	463,300

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for floating craft and vessels, contingent consideration payable and option in relation to repurchase of arts and cultural collectibles (note 18(a)) which are measured at revalued amounts or fair value.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current period under review, the Group has adopted and applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretation issued by HKICPA that are mandatorily effective for the current period.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle

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

The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not effective.

3. REVENUE

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

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue from:		
Provision of auction and related services	10,950	–
Provision of fintech services	13,382	–
Provision of marine, construction and structural steel engineering services	64,789	18,089
	89,121	18,089

4. SEGMENT INFORMATION

The Group manages its businesses by divisions. The Group's segment information is presented on the basis of internal reports that are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM"), being the executive directors of the Company for the purposes of performance assessment and resources allocation.

Upon completion of the acquisition of vineyard business (note 18(b)), the segment information was redefined into the following operating and reportable segments to align with the Group's long term business strategy:

- Art and Cultural Division – mainly represents auction business, sales of antique, art financing business and ACBD Business
- Vineyard Division – mainly represents operation of vineyard, production and sales of wine and its related business
- Fintech Division – mainly represents financial e-commerce business and provision of financial trading platform and solutions
- Jewellery Division – mainly represents sales of jewellery*
- Engineering Services Division – mainly represents sales of vessels, provision of marine, construction and structural steel engineering services

* No transaction during this interim period.

4. SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities

During the period ended 30 June 2017, for performance assessment and resources allocation, the CODM focused on segment revenue and results attributable to each segment, which is measured by reference to respective segments' results before taxation and adjusted by amortisations of intangible assets resulting from fair value upwards in business combinations ("Adjusted IA Amortisations"). No analysis of the Group's assets and liabilities is regularly provided to the CODM for review.

There is no inter-segment sales during the periods ended 30 June 2017 and 2016.

For the period ended 30 June 2017:

	Art and Cultural Division	Vineyard Division	Fintech Division	Jewellery Division	Engineering Services Division	Consolidated
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Segment revenue:						
Revenue from external customers	10,950	–	13,382	–	64,789	89,121
Segment results*	1,157	(3,399)	480	–	(4,898)	(6,660)
Unallocated other income of head office						231
Unallocated corporate expenses						(23,968)
Unallocated depreciation						(496)
Adjusted IA Amortisations						(4,281)
Loss before taxation						(35,174)

* Segment results are before taxation and Adjusted IA Amortisations.

4. SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities (Continued)

For the period ended 30 June 2016:

	Art and Cultural Division	Vineyard Division	Fintech Division	Jewellery Division	Engineering Services Division	Consolidated
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Segment revenue:						
Revenue from external customers	-	-	-	-	18,089	18,089
Segment results*	-	-	-	-	(14,506)	(14,506)
Unallocated other income of head office						127
Unallocated corporate expenses						(20,410)
Unallocated depreciation						(399)
Unallocated finance costs						(41)
Loss before taxation						(35,229)

* Segment results are before taxation and Adjusted IA Amortisations.

4. SEGMENT INFORMATION (Continued)

(b) Geographical information

The following table sets out information about the geographical locations of (i) the Group's revenue from external customers for the six months ended 30 June 2017 and 2016 and (ii) the Group's property, plant and equipment, intangible assets, goodwill and lease prepayments ("Specified Non-current Assets") as at 30 June 2017 and 31 December 2016. The geographical location of customers is based on the location at which services were provided and goods are delivered and title has passed. The geographical location of the Specified Non-current Assets is based on the physical location of the assets.

	Hong Kong		PRC		France		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	76,628	18,089	12,493	-	-	-	89,121	18,089
Specified Non-current Assets	96,301	88,774	411,669	291,727	33,637	-	541,607	380,501

5. FINANCE COSTS

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interest on loans	290	544
Finance charges on obligations under finance leases	-	1
	290	545

6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

		Six months ended 30 June	
		2017	2016
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
(a)	Staff costs (including directors' emoluments)		
	Salaries, wages and other benefits	25,578	9,615
	Contributions to defined contribution retirement plans	450	505
	Share-based payment expenses	6,782	6,346
		32,810	16,466
(b)	Marine, construction and structural steel engineering costs		
	Subcontracting, direct engineering and material costs	41,053	3,062
	Direct overheads	4,970	4,276
	Repairs, maintenance and vessel security costs	3,186	3,564
	Transportation costs	5,286	6,702
		54,495	17,604
(c)	Depreciation and amortisation expenses		
	Depreciation of property, plant and equipment	5,465	3,812
	Amortisation of intangible assets	5,933	–
	Release of lease prepayments	33	35
		11,431	3,847
(d)	Other items (included in other operating expenses)		
	Legal and professional fees	3,871	2,692
	Secretarial and registration fees	502	1,972
	Operating lease charges in respect of office premises and plant	6,480	3,612

7. TAXATION

No provision for taxation was made for the group companies incorporated/established in Hong Kong, Singapore or the People's Republic of China (the "PRC") as none of the group companies derive any assessable profits for both periods. The taxation in credit recognised for the period ended 30 June 2017 represents the taxation arising from deferred tax liabilities.

8. DIVIDENDS

No dividend was paid, declared or proposed during the periods ended 30 June 2017 and 2016.

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	(33,272)	(35,229)
	Number of ordinary shares ('000)	
Weighted average number of shares for the purposes of basic and diluted loss per share	538,507	474,636
	HK cents	
Basic and diluted loss per share	(6.18)	(7.42)

For the periods ended 30 June 2017 and 2016, the computation of diluted loss per share does not assume the conversion of the Company's outstanding share options since their exercise would be anti-dilutive.

10. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment, amounting to approximately HK\$174,168,000 (30 June 2016: HK\$230,000).

11. TRADE AND OTHER RECEIVABLES, AND PREPAYMENTS

	At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
Trade receivables	30,568	41,642
Less: Allowance for doubtful debts	(2,122)	(2,122)
	28,446	39,520
Other receivables and prepayments (note a)	227,013	65,384
Less: Impairment losses	(6,569)	(7,281)
	220,444	58,103
Retention money receivables	2,251	2,191
	251,141	99,814

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

	At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
0–30 days	5,639	7,341
31–90 days	18,296	3,872
91–180 days	3,676	488
181–360 days	835	27,670
Over 360 days	2,122	2,271
	30,568	41,642
Less: Allowance for doubtful debts	(2,122)	(2,122)
	28,446	39,520

Credit terms granted by the Group to customers generally range from 90 to 150 days.

Note:

- (a) As at 30 June 2017, advances to consignors for auction business amounted to approximately HK\$207,304,000 (31 December 2016: HK\$47,555,000). The balance are secured by auction goods from consignors which will be offset from sales proceed of auction items, and with fixed interest rates from 11% to 18% per annum. These prepayments are either repayable on demand or repayable within 12 months in accordance with the respective agreements.

12. AMOUNT DUE FROM (TO) A JOINT VENTURE

The balance is unsecured, interest-free and repayable on demand.

13. TRADE AND OTHER PAYABLES

	At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
Trade creditors	11,640	13,416
Advances received from customers	6,279	21,905
Accruals	12,102	11,109
Other payables	7,191	13,361
	37,212	59,791

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

	At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
0–30 days	8,646	8,182
31–90 days	807	2,208
91–180 days	547	746
181–360 days	506	1,410
Over 360 days	1,134	870
	11,640	13,416

14. SHARE CAPITAL

Authorised and issued share capital

	Number of ordinary shares of HK\$0.50 each '000	HK\$'000
Authorised:		
At 30 June 2017 and 31 December 2016	5,000,000	2,500,000
Issued and fully paid:		
At 1 January 2016 and 30 June 2016	474,636	237,318
Shares issued for acquisition of a subsidiary (note (i))	29,481	14,741
At 31 December 2016 and 1 January 2017	504,117	252,059
Shares issued for acquisition of assets (note (ii))	51,021	25,510
At 30 June 2017	555,138	277,569

Notes:

- (i) Shares issued for acquisition of a subsidiary

On 11 July 2016, 29,481,480 shares of the Company of HK\$0.50 each were issued as part of the consideration for the acquisition of a subsidiary.

- (ii) Shares issued for acquisition of assets

On 1 March 2017, 51,020,312 shares of the Company of HK\$0.50 each were issued as the consideration for the acquisition of assets. Further details are set out in note 18(a) to the condensed consolidated financial statements.

15. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

A share option scheme was approved and adopted by the shareholders of the Company pursuant to an ordinary resolution passed on 6 December 2012 (the "2012 Scheme"). The 2012 Scheme was set up for the primary purpose to provide rewards or incentives to eligible participants for their contribution to the development of the Group, and will expire on 5 December 2022.

Details of share options granted as at 30 June 2017 under the 2012 Scheme are as follows:

Date of grant	Exercise period	Exercise price HK\$ per share	Share closing price immediately before date of grant HK\$ per share
28 January 2016	28 January 2017 to 27 January 2026	3.00	3.00
21 December 2016	21 December 2017 to 20 December 2026	3.71	3.61

Share options granted under the 2012 Scheme 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 being hereinafter referred to as a "Vesting Date":

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

15. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

The following table set out the movement of the number of share options granted under the 2012 Scheme for the six months ended 30 June 2017:

Eligible participants	Date of grant	Number of share options					Outstanding at 30 June 2017
		Outstanding at 1 January 2017	Granted	Exercised	Forfeited	Expired	
(a) Directors							
Mr. Lu Jianzhong	28 January 2016	3,500,000	-	-	-	-	3,500,000
Mr. Yang Xingwen	28 January 2016	2,500,000	-	-	-	-	2,500,000
Mr. Wong Kwok Tung Gordon	28 January 2016	2,500,000	-	-	-	-	2,500,000
Mr. Wang Shi	28 January 2016	250,000	-	-	-	-	250,000
Mr. Jean-Guy Carrier	28 January 2016	250,000	-	-	-	-	250,000
Mr. Tse Yung Hoi	28 January 2016	250,000	-	-	-	-	250,000
Mr. Cheng Yuk Wo	28 January 2016	250,000	-	-	-	-	250,000
Ms. Fan Chiu Fun, Fanny	28 January 2016	250,000	-	-	-	-	250,000
Mr. Tsui Yiu Wa, Alec	28 January 2016	250,000	-	-	-	-	250,000
Sub-total		10,000,000	-	-	-	-	10,000,000
(b) Employees in aggregate							
	28 January 2016	4,000,000	-	-	-	-	4,000,000
	21 December 2016	5,850,000	-	-	-	-	5,850,000
Sub-total		9,850,000	-	-	-	-	9,850,000
(c) Other eligible participants in aggregate							
	28 January 2016	1,500,000	-	-	-	-	1,500,000
	21 December 2016	150,000	-	-	-	-	150,000
Sub-total		1,650,000	-	-	-	-	1,650,000
Total		21,500,000	-	-	-	-	21,500,000

At 30 June 2017, the number of shares of the Company in respect of which share options had been granted and remained outstanding under the 2012 Scheme was 21,500,000, representing 3.87% of the shares of the Company in issue.

15. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

The estimate of the fair value of the share options granted is measured based on the Binomial Option Pricing Model (the "Model"). The contractual life of the share options is used as an input into the Model. Expectations of early exercise are incorporated into the Model.

Fair value of share options and assumptions were as follows:

Date of grant	28 January 2016	21 December 2016
Fair value option at measurement date	HK\$1.36 to HK\$1.53	HK\$1.70 to HK\$1.80
Exercise price	HK\$3.00	HK\$3.71
Expected volatility	43.56%	43.63%
Option life	10 years	10 years
Risk-free interest rate	1.686%	2.008%
Early exercise multiple	Directors: 2.8x/ other eligible participants: 2.2x	other eligible participants: 2.2x
Expected dividend yield	Nil	Nil

The expected volatility was based on the historic volatility of the comparable companies for a period commensurate with the life of the 2012 Scheme, adjusted for any expected changes to future volatility due to publicly available information. The Group recognised approximately HK\$6,782,000 (six-month period ended 30 June 2016: HK\$6,346,000) share-based payment expenses during the six-month period ended 30 June 2017 in relation to share options granted by the Company.

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than as disclosed in note 18(a) to condensed consolidated financial statements, the Group entered into the following transactions with related parties:

Key management personnel remuneration

The remuneration of directors and other members of key management during the periods were as follows:

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Salaries, wages and other benefits	1,620	2,758
Share-based payment expenses	2,331	5,050
Contributions to defined contribution retirement plans	9	22
	3,960	7,830

17. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future lease payments under non-cancellable operating leases which fall due as follows:

	At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
	Within one year	15,418
Between the second and fifth year inclusive	22,401	20,013
More than five years	83	371
	37,902	34,217

18. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of a property and arts and cultural collectibles through acquisition of a company

On 1 March 2017 (the "Completion Date"), the Group completed the acquisition of 100% of the equity interest of Best Merit Global Limited, a property investment holding company incorporated in the British Virgin Islands with limited liability, which holds a property located in Xian City, the PRC, and the arts and cultural collectibles as inventories from Da Tang Xi Shi International Holdings Limited (the "Vendor"), a substantial shareholder of the Company at a total consideration of HK\$167,346,000, which was settled by issuance of 51,020,312 ordinary shares of the Company, market-priced at HK\$3.28 per share at the Completion Date.

The Vendor undertook to grant the option at a consideration of HK\$1 to the Group that if the Group is not being able to distribute all or any goods of the arts and cultural collectibles within two years after the Completion Date, it is at the discretion of the Group to require the Vendor to repurchase the arts and cultural collectibles in cash at their respective original purchase prices. The option shall be exercisable by the Group between 24 months and 27 months from the Completion Date. The fair value of the option at the Completion Date and at 30 June 2017 is insignificant.

The acquisition did not constitute a business combination in accordance with HKFRS 3 "Business Combination" and such acquisition was regarded as acquisition of assets through acquisition method.

(b) Acquisition of vineyard business

On 26 May 2017, the Group subscribed 70% equity interest in Wealthy Forest Limited ("Wealthy Forest") (the "Subscription"), a Hong Kong incorporated company principally engaged in investment holding, at a cash consideration of HK\$32,000,000, including a premium paid amounting to HK\$4,000,000 ("Cash Premium Paid"). The primary purpose of entering into the Subscription was for participation the acquisition of a vineyard business operating in the district of Bordeaux, France (the "Vineyard Business").

The non-controlling interests of 30% in Wealthy Forest recognised at the acquisition date, measured at its proportionate share of net assets acquired, amounted to HK\$12,000,000.

On 8 June 2017, the Group, through a directly wholly-owned subsidiary of Wealthy Forest, completed the acquisition of the Vineyard Business at a cash consideration of Euro4,115,000 (equivalent to HK\$35,296,000).

Acquisition-related costs amounting to HK\$1,973,000 have been excluded from the consideration transferred and have been recognised as an expense in the current interim period, within the other operating expenses line item in the condensed consolidated statement of profit or loss and other comprehensive income.

18. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of vineyard business (Continued)

Assets acquired at the date of acquisition are as follows:

	HK\$'000
	(Provisional)
Property, plant and equipment	27,261
Goodwill	4,000
Intangible assets	9
Inventories	5,659
Lease prepayments	2,367
	<u>39,296</u>
	HK\$'000
Cash consideration paid	35,296
Cash Premium Paid	4,000
	<u>39,296</u>
Less: net assets acquired	<u>(39,296)</u>
	<u>-</u>

Up to the date of the issuance of the condensed consolidated financial statements, the valuation of the acquisition is still in process. Accordingly, the fair value of the acquired assets and resulting goodwill has not been finalised and the amounts set out above are determined on provisional basis that may subject to adjustments pending to finalisation of the valuation of the acquisition.

The provisional fair values as stated above are determined based on the unaudited book value of the acquired assets or on the management's estimation.