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)

INTERIM REPORT 2018

Contents

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

Independent Non-executive Directors

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

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. Cheng Yuk Wo
Mr. Lai Kim Fung

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

Room 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
Silkroad Law Firm
Appleby Spurling & Kempe

PRINCIPAL BANKERS

China Everbright Bank Hong Kong Branch
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd. Hong Kong Branch

WEBSITE

www.dtxs.com

STOCK CODE

620

FINANCIAL AND BUSINESS REVIEW

The Group recorded a revenue of HK$105.6 million (first half of 2017: HK$89.1 million) with a loss of HK$33.6 million (first half of 2017: HK$34.2 million) for the six months ended 30 June 2018.

Arts and Cultural Division

This division, which includes the auction business and Art Central Business District business ("ACBD Business"), contributed a segment revenue of HK$22.4 million (first half of 2017: HK$11.0 million), and a segment profit before taxation and amortisation of intangible assets ("Segment Profit") of HK$8.7 million (first half of 2017: HK$1.2 million) for the six months ended 30 June 2018.

Auction Business

The auction business contributed Segment Profit of HK$14.2 million for the six months ended 30 June 2018 (first half of 2017: HK$4.8 million). Two auctions were held during the period under review in Hong Kong and Xian respectively. 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 three auctions in Hong Kong, Beijing and Xian with different special interests in the second half of this year.

ACBD Business

The auction business hosted the second ever Hong Kong auction in ACBD in May this year. During the auction, ACBD collaborated with a Chinese water painting artist Mr. Fan Fan who brought more varieties to the auction. Various art events took place in ACBD during the review period such as cooperated with a renowned Hong Kong jewellery brand for its exhibition, painting exhibitions etc. ACBD aims to create a strong network with other art and culture partners with the presence of ACBD to host events and networking.

Fintech Division

This division contributed a segment revenue of HK$15.7 million (first half of 2017: HK$13.4 million), and recorded a segment loss before taxation and amortisation of intangible assets ("Segment Loss") of HK$3.1 million (first half of 2017: profit of HK$0.5 million) for the six months ended 30 June 2018.

During the period under review, m-Finance group delivered and launched trading platform solution for clients from Hong Kong and overseas countries, while established partnership with three more international liquidity providers as well. On a standalone basis, it contributed a segment revenue of HK$15.7 million (first half of 2017: HK$13.4 million) and a Segment Profit of HK$1.5 million (first half of 2017: HK$1.8 million). m-Finance awarded by APAC Insider's Global Excellence Awards as "Leader in Global Market Analysis – Asia". In the meantime, an electronic communication network ("ECN") trading platform phrase one has been accomplished during review period, kicked-off promotion and demonstration of ECN trading platform at Asia Trading Summit 2018 in Shanghai in March 2018.

Winery Division

This division contributed a segment revenue of HK$4.2 million (first half of 2017: nil), and with a Segment Profit of HK$0.3 million (first half of 2017: loss of HK$3.4 million) for the six months ended 30 June 2018.

A good harvest in coming September is expected by the vineyard, while working on diversifying distribution channels in both Hong Kong and China.

E-Commerce Division

This division contributed a segment revenue of HK$61.4 million (first half of 2017: nil), and a Segment Loss of HK$0.2 million (first half of 2017: nil) for the six months ended 30 June 2018.

Aiming at global cross-border e-commerce, currently e-Commerce Division is cooperating with a major airline as their inflight sales provider. Through an encouraging product range expanding on electronic and cosmetic, e-Commerce Division has been licensed over 80 product brands with over 300 products during the review period. In addition, by cooperating with e-commerce platform from both home and abroad and with more airline companies joining our program, promising increases on sales volume and margin are expected in the latter half of the year.

Engineering Services Division

This division contributed a segment revenue of HK$1.9 million (first half of 2017: HK$64.8 million), and a Segment Loss of HK$11.9 million (first half of 2017: HK$4.9 million) for the six months ended 30 June 2018.

OUTLOOK

For the second half of 2018, we will continue to focus on consolidating existing business divisions, executing the new business ideas for each of the divisions, and creating synergies among different divisions within the Group. The management shall continue leverage on the parent company business network and capture growth opportunities, includes partnering with the parent company and/or further acquiring assets from the parent company for the sustainable growth in the future.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2018, the Group's total cash and cash equivalents balance amounted to HK$51.9 million, which was denominated mainly in Hong Kong Dollars (27.8%) and Renminbi (61.1%), representing a decrease of HK$21.0 million as compared with the cash and cash equivalents balance of HK$72.9 million as at 31 December 2017. The decrease was mainly attributable to the utilisation for working capital purposes during the period under review.

As at 30 June 2018, the Group had outstanding secured borrowings of HK$0.6 million and unsecured borrowings of HK$45.5 million (31 December 2017: HK$0.6 million and HK$37.5 million respectively). The total amount of borrowings of HK$46.1 million (31 December 2017: HK$38.1 million) was 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 13.9% as at 30 June 2018 (31 December 2017: 14.1%).

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 2018. Income and expense items are translated at the average exchange rates for the period ended 30 June 2018. Exchange differences arising from the translation of foreign operations of exchange loss of HK$5.7 million (first half of 2017: gain of HK$14.0 million) for the interim period are recognised in other comprehensive expense and accumulated in equity under the heading of "exchange differences on translation of financial statements of foreign operations".

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

HUMAN RESOURCES

As at 30 June 2018, other than outsourcing vendors but including contract workers, the Group has approximately 159 employees (31 December 2017: 169) in Hong Kong and the Mainland China. Total staff costs excluding contract workers, amounted to HK$28.9 million (30 June 2017: HK$32.8 million) for the period under review. 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 2018, contingent liabilities amounted to HK$7.7 million (31 December 2017: HK$11.5 million), arising from the contingent consideration payables to the vendor on acquisition.

CAPITAL AND OTHER COMMITMENTS

At 30 June 2018, the Group had no significant capital and other commitments.

USE OF PROCEEDS

The net proceeds raised from the issuance of the Company's shares on an open offer on 9 December 2015 (the "Open Offer") was HK$420.3 million. The original allocation of proceeds from the Open Offer, the utilisation and remaining balance of the proceeds as at 31 December 2017 and 30 June 2018 summarised below:

Uses	Original allocation HK$ million	As at 31 December 2016 Remaining balance HK$ million	For the year ended 31 December 2017 Utilised HK$ million	For the year ended 31 December 2017 Remaining balance HK$ million	For the six months ended 30 June 2018 Utilised HK$ million	For the six months ended 30 June 2018 Remaining balance HK$ million
Repayment of loans	48.0	7.1	7.1	–	–	–
Development of online marketplace for arts and collections	80.0	38.0	26.0	12.0 (Note)	–	12.0 (Note)
Acquisition of inventories for the online marketplace platform	107.4	8.4	8.4	–	–	–
Expansion of the operation scale of the Group	36.0	5.4	5.4	–	–	–
Acquisitions for arts and cultural related business	148.9	–	–	–	–	–
Total	420.3	58.9	46.9	12.0	–	12.0

Note:

On 23 May 2016, the Company announced that the Group had entered into a memorandum of understanding to acquire 85% interest in a financial e-commerce company (the "E-commerce Acquisition") with well-established information technology personnel and proven technological capacity in order to develop its online marketplace for arts and collections. The cash consideration for the E-commerce Acquisition is HK$40.8 million (subject to profit guarantee adjustments). The E-commerce Acquisition was subsequently completed on 26 August 2016 and the Group paid HK$28.8 million as the down payment. Since the E-commerce Acquisition has met its first profit guarantee for the period ended 31 December 2017, the Company has to pay HK$4.0 million in the second half of 2018. The Group intends to apply the remaining balance of approximately HK$8.0 million as contingent consideration payables in future years.

PROFIT GUARANTEE

As disclosed in the announcement of the Company dated 22 July 2016 in relation to the acquisition of 85% interests in m-Finance Limited (the "m-Finance Acquisition"), the vendor of m-Finance Limited (the "m-Finance Vendor") has guaranteed to the Company, among others, that the audited consolidated profit after tax of m-Finance Limited (the "Net Profit") for the period from 26 August 2016 to 31 December 2017 (the "2017 Guaranteed Period") shall not be less than HK$10,000,000 (the "2017 Profit Guarantee").

Based on audited consolidated financial statements of m-Finance Limited, the Net Profit for 2017 Guaranteed Period has exceeded HK$10,000,000 and therefore the 2017 Profit Guarantee has been fulfilled. Pursuant to the terms of the m-Finance Acquisition, if the Net Profit for the 2017 Guaranteed Period is more than or equal to HK$10,000,000, then the Company is required to pay HK$4,000,000 in cash to the m-Finance Vendor (the "First Adjusted Consideration Payment"). It is expected that the Company will pay the First Adjusted Consideration Payment of HK$4,000,000 to m-Finance Vendor by end of December 2018.

INTERIM DIVIDEND

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2018 (30 June 2017: nil).

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

As at 30 June 2018, the interests and short positions of the Directors and chief executives of the Company or any of their associates in the shares (the "Shares"), underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (i) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) to be recorded into the register kept by the Company pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 (the "Model Code") 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

	Number of ordinary Shares of HK$0.50 each and nature of interests		Number of share options[(2)]		
Name of Director	Personal interests	Corporate interests	Personal interests	Total interests	Approximate percentage of shareholding[(3)]
Mr. Lu Jianzhong	3,774,000	373,396,736[(1)]	3,500,000	380,670,736	68.47%
Mr. Yang Xingwen	–	–	2,500,000	2,500,000	0.45%
Mr. Lai Kim Fung	–	–	3,000,000	3,000,000	0.54%
Mr. Wong Kwok Tung Gordon	–	–	2,500,000	2,500,000	0.45%
Mr. Wang Shi	–	–	250,000	250,000	0.04%
Mr. Jean-Guy Carrier	–	–	250,000	250,000	0.04%
Mr. Cheng Yuk Wo	–	–	250,000	250,000	0.04%
Ms. Fan Chiu Fun, Fanny	–	–	250,000	250,000	0.04%
Mr. Tsui Yiu Wa, Alec	–	–	250,000	250,000	0.04%
Mr. Tse Yung Hoi	–	–	250,000	250,000	0.04%

Notes:

1. 373,396,736 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 373,396,736 Shares.

2. Particulars of share options of the Company are set out in note 14 to the condensed consolidated financial statements.

3. The total number of issued Shares was 555,937,692 as at 30 June 2018.

* *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 2018, 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.

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

As at 30 June 2018, 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 (Long Position)	Approximate percentage of shareholding[3]
Da Tang	Beneficial owner	373,396,736 [1]	67.17%
Da Tang Xi Shi International Group Limited	Interests in controlled corporation	373,396,736 [1]	67.17%
DTXS Investment	Interests in controlled corporation	373,396,736 [1]	67.17%
Ms. Zhu Ronghua	Interests of spouse	380,670,736 [2]	68.47%

Notes:

1. 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.

2. Ms. Zhu Ronghua was deemed to be interested in 380,670,736 Shares through the interests held by her spouse, Mr. Lu Jianzhong.

3. The total number of issued Shares was 555,937,692 as at 30 June 2018.

Save as disclosed above, as at 30 June 2018, 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 14 to the condensed consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2018, 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 2018, the Company has applied the principles and complied with code provisions (the "Code") of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, 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, the chairman of the Board and one non-executive Director were absent from the annual general meeting of the Company held on 30 May 2018 (the "AGM"). However, the other executive Directors and non-executive Directors (including independent non-executive Directors) had attended the AGM 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 2018.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the change(s) in information of the Director(s) subsequent to the date of the 2017 annual report of the Company is as follows:

Mr. Tse Yung Hoi, an independent non-executive Director, was appointed as an independent non-executive director of China Tower Corporation Limited (stock code: 788) on 3 May 2018, whose shares were listed on the Stock Exchange on 8 August 2018.

Other Information

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 2018.

The interim financial report for the six months ended 30 June 2018 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 13 of this interim report.

By order of the Board

Lu Jianzhong
Chairman

Hong Kong, 29 August 2018

Deloitte. 德勤

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 14 to 46, which comprise the condensed consolidated statement of financial position as of 30 June 2018 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-month period 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
29 August 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Revenue	*3*	**105,642**	89,121
Other income		**961**	546
Changes in inventories		**(63,453)**	–
Financial trading technologies and related value-added services costs		**(3,272)**	(2,245)
Auction and related services costs		**(1,542)**	–
Staff costs	*6(a)*	**(28,939)**	(32,810)
Marine, construction and structural steel engineering costs	*6(b)*	**(7,645)**	(54,495)
Depreciation and amortisation expenses	*6(c)*	**(14,658)**	(11,431)
Other operating expenses		**(17,996)**	(22,550)
Other gains and losses, net		**9**	429
Finance costs	*5*	**(1,052)**	(290)
Share of losses of joint ventures		**–**	(1,449)
Loss before taxation	*6*	**(31,945)**	(35,174)
Taxation	*7*	**(1,662)**	992
Loss for the period		**(33,607)**	(34,182)
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(5,665)**	14,009
Total comprehensive expense for the period		**(39,272)**	(20,173)
Loss for the period attributable to:			
Owners of the Company		**(33,740)**	(33,272)
Non-controlling interests		**133**	(910)
		(33,607)	(34,182)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(39,146)**	(19,308)
Non-controlling interests		**(126)**	(865)
		(39,272)	(20,173)
Loss per share			
Basic and diluted (HK cents)	*9*	**(6.07)**	(6.18)

Condensed Consolidated Statement of Financial Position

At 30 June 2018

	Notes	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Non-current Assets			
Property, plant and equipment		**195,147**	203,539
Intangible assets		**125,263**	128,221
Goodwill		**196,939**	199,320
Financial asset at fair value through profit or loss		**–**	–
Loan receivables		**4,133**	9,719
		521,482	540,799
Current Assets			
Inventories		**48,152**	45,912
Trade and other receivables	*10*	**272,721**	277,614
Contract assets		**1,688**	–
Loan receivables		**9,438**	7,593
Tax recoverable		**–**	30
Bank balances and cash		**51,927**	72,914
		383,926	404,063
Current Liabilities			
Trade and other payables	*11*	**30,299**	47,979
Contract liabilities		**5,687**	–
Borrowings	*12*	**46,096**	38,091
Tax liabilities		**8,730**	6,664
Contingent consideration payables		**–**	4,000
		90,812	96,734
Net Current Assets		**293,114**	307,329
Total Assets Less Current Liabilities		**814,596**	848,128

Condensed Consolidated Statement of Financial Position

At 30 June 2018

	Note	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Capital and Reserves			
Share capital	*13*	**277,969**	277,569
Reserves		**486,162**	519,033
Equity attributable to owners of the Company		**764,131**	796,602
Non-controlling interests		**15,052**	15,178
Total Equity		**779,183**	811,780
Non-current Liabilities			
Deferred tax liabilities		**27,741**	28,856
Contingent consideration payables		**7,672**	7,492
		35,413	36,348
		814,596	848,128

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Exchange fluctuation reserve HK$'000	Scheme reserve HK$'000	Revaluation reserve HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2018 (audited)	**277,569**	**1,022,986**	**28,275**	**1,264**	**16,009**	**1,054,095**	**3,293**	**5,223**	**(1,612,112)**	**796,602**	**15,178**	**811,780**
Loss for the period	–	–	–	–	–	–	–	–	(33,740)	(33,740)	133	(33,607)
Other comprehensive expense	–	–	–	–	(5,406)	–	–	–	–	(5,406)	(259)	(5,665)
Total comprehensive expense for the period	–	–	–	–	(5,406)	–	–	–	(33,740)	(39,146)	(126)	(39,272)
Share option exercised *(Notes 13 and 14)*	400	3,924	(1,356)	–	–	–	–	–	–	2,968	–	2,968
Effects of share options *(Note 14)*	–	–	3,707	–	–	–	–	–	–	3,707	–	3,707
At 30 June 2018 (unaudited)	**277,969**	**1,026,910**	**30,626**	**1,264**	**10,603**	**1,054,095**	**3,293**	**5,223**	**(1,645,852)**	**764,131**	**15,052**	**779,183**
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 13)*	25,510	141,836	–	–	–	–	–	–	–	167,346	–	167,346
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	12,000	12,000
Effects of share options *(Note 14)*	–	–	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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 HK$'000 (unaudited)	 2017 HK$'000 (unaudited)
Net cash used in operating activities		**(28,409)**	(162,514)
Investing Activities			
Interest received		**8**	275
Purchase of property, plant and equipment		**(317)**	(4,938)
Purchase of intangible assets		**(5,341)**	(3,079)
Repayment of loan receivables		**3,733**	–
Acquisition of a subsidiary		**–**	(39,296)
Net cash used in investing activities		**(1,917)**	(47,038)
Financing Activities			
Interest paid		**–**	(290)
Payment for capital element of finance lease obligations		**–**	(36)
Proceeds from issue of shares	*13 & 14*	**2,968**	–
Advance from borrowings		**17,300**	–
Repayment of loans from a joint venture		**–**	(3,478)
Repayment of borrowings		**(10,334)**	–
Repayment to a related party		**–**	(13)
Net cash from (used in) financing activities		**9,934**	(3,817)
Net decrease in cash and cash equivalents		**(20,392)**	(213,369)
Cash and cash equivalents at 1 January		**72,914**	271,909
Effect of foreign exchange rate changes		**(595)**	16
Cash and cash equivalents at 30 June, representing bank balances and cash		**51,927**	58,556

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 (the "Listing Rules").

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 payables and option in relation to repurchase of arts and cultural collectibles which are measured at revalued amounts or fair value, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK (IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The adoption of these new and amendments to HKFRSs in the current interim period has had no significant financial effect on the financial position or performance of the Group set out in these condensed consolidated financial statements except for those described below.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major sources:

- Revenue from sales of merchandise;
- Revenue from provision of auction and related services;
- Revenue from provision of fintech services;
- Revenue from sales of vessels;
- Revenue from provision of marine engineering services;
- Revenue from provision of construction and structural steel engineering services.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The nature of the Group's performance obligation in granting a license is considered to be a right to access the Group's intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has right;
- the rights granted by the license directly exposes the customer to any positive or negative effects of the entity's activities identified above; and
- those activities do not result in the transfer of a good or a service to the customer as these activities occur.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

If the criteria above are met, the Group shall account for the promise to grant a license as a performance obligation satisfied over time. Otherwise, the Group shall consider the grant of license to be a right to use the Group's intellectual property and the performance obligation is satisfied at a point in time at which the license is granted to the customer.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Summary of effects arising from initial application of HKFRS 15

Revenue from provision of auction services mainly includes commission from auction services and interest income by rendering art and asset pawn services, which are separately identifiable. Commission from auction services includes buyer's and seller's commission, of which each of them is regarded as a distinct performance obligation satisfied at a point in time, the transaction price of which is based on a percentage of hammer price of the auction sales. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Revenue from provision of fintech services mainly includes provision of leasing the right to access the financial trading platform and solutions to its customers and sales of software licenses. Revenue from software license leasing is generated from providing the customer with a right to access the financial trading platform and solutions of the Group. The nature of the Group's performance obligation in granting the license is considered to be a right to access the Group's intellectual property. The Group accounts for the grant of the right-to-access license as a performance obligation satisfied over time. For sales of software licenses, the Group considers the sales to be a grant to the customers of a right to use the Group's intellectual property and the performance obligation is satisfied at a point in time at which the right-to-use license is granted. The Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis. The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. The stand-alone selling price of software license sales is directly observable.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers *(Continued)*

Summary of effects arising from initial application of HKFRS 15 (Continued)

Revenue from sales of merchandise and vessels is recognised when customer acceptance has obtained which is the point of time when the customer has the ability to direct the use of the products and obtains substantially all of the remaining benefits of the products, which also represented the point of time when goods are delivered.

Revenue from provision of marine engineering services includes provision of plant hire and related service and marine construction service. Revenue from provision of marine engineering services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, when the customers simultaneously receive and consume the benefits from the Group's performance.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Notes	**Carrying amounts previously reported at 31 December 2017** HK$'000	**Reclassification** HK$'000	**Carrying amounts under HKFRS 15 at 1 January 2018*** HK$'000
Current Assets				
Contract assets	*(a)*	–	1,688	1,688
Trade and other receivables	*(a)*	277,614	(1,688)	275,926
Current Liabilities				
Contract liabilities	*(b)*	–	3,224	3,224
Trade and other payables	*(b)*	47,979	(3,224)	44,755

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Notes:

(a) As at 1 January 2018, retention money receivables of HK$1,688,000 in respect of marine engineering services contracts previously included in trade and other receivables were reclassified to contract assets.

(b) As at 1 January 2018, advances received from customers of HK$3,224,000 in respect of financial trading platform contracts previously included in trade and other payables were reclassified to contract liabilities.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers *(Continued)*

Summary of effects arising from initial application of HKFRS 15 (Continued)

The following table summarises the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impacts on the condensed consolidated statement of financial position:

	As reported	Reclassification	Amounts without application of HKFRS 15
	HK$'000	HK$'000	HK$'000
Current Assets			
Contract assets	1,688	(1,688)	–
Trade and other receivables	272,721	1,688	274,409
Current Liabilities			
Contract liabilities	5,687	(5,687)	–
Trade and other payables	30,299	5,687	35,986

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current interim period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities; (2) expected credit losses ("ECL") for financial assets; and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018, if any, are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Classification and measurement of financial assets *(Continued)*

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

All recognised financial assets that are within the scope of HKFRS 9 (including trade and other receivables, loan receivables and bank balances) are subsequently measured at amortised costs.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 2 *Summary of effects arising from initial application of HKFRS 9.*

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, loan receivables and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model *(Continued)*

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed on a collective basis for portfolios of trade receivables that share similar economic risk characteristics. The ECL on these financial assets are estimated using a provision matrix i.e. analysis of trade receivables by aging and apply a probability-weighted estimate of the credit losses within the relevant time band. The probability-weighted estimate of the credit losses is determined based on the Group's historical credit loss experience, 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 reporting date, including time value of money where appropriate.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default (i.e. no default history), (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Significant increase in credit risk *(Continued)*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when the instrument is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of HKFRS 9. No additional impairment allowance has been recognised at the initial application.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Measurement and recognition of ECL *(Continued)*

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Credit-impaired financial assets

Financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are past due over one year, whichever is earlier. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised directly in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments *(Continued)*

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018:

	Original measurement category under HKAS 39	New measurement category under HKFRS 9	Original carrying amount under HKAS 39	Additional loss allowance recognised under HKFRS 9	New carrying amount under HKFRS 9
			HK$'000	HK$'000	HK$'000
Other financial asset	Other financial asset	Financial assets at FVTPL	–	–	–
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	263,465	–	263,465
Loan receivables	Loans and receivables	Financial assets at amortised cost	17,312	–	17,312
Bank balances and cash	Loans and receivables	Financial assets at amortised cost	72,914	–	72,914
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	43,111	–	43,111
Borrowings	Financial liabilities at amortised cost	Financial liabilities at amortised cost	38,091	–	38,091
Contingent consideration payables	Financial liabilities designated at FVTPL	Financial liabilities at FVTPL	11,492	–	11,492

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments *(Continued)*

Summary of effects arising from initial application of HKFRS 9 (Continued)

Financial liabilities designated as at FVTPL

Contingent consideration payables of the Group designated as at FVTPL qualified for designation as measured at FVTPL under HKFRS 9. However, the amount of change in the fair value of these financial liabilities that is attributable to changes in the credit risk of those liabilities will be recognised in OCI with the remaining fair value change recognised in profit or loss. No related fair value gains or losses attributable to changes in the credit risk which were transferred from related retained profit (loss) to reserves on 1 January 2018.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. To measure the ECL, trade receivables have been grouped based on revenue streams and shared credit risk characteristics. The Group has determined probability-weighted estimate of the credit losses based on the Group's historical credit loss experience, 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 reporting date. The Group has also concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

For the aforementioned financial assets and contract assets, there had been no significant increase in credit risk since initial recognition.

Loss allowances for other financial assets at amortised cost mainly comprise of bank balances, loan receivables and other receivables, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The adoption has not resulted in any additional impairment for financial assets as at 1 January 2018.

Apart from the foregoing, the application of HKFRS 9 has had no material effect on classification and measurement of financial assets in these condensed consolidated financial statements.

3. REVENUE

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Revenue from:		
Sales of merchandise	**65,564**	–
Provision of auction and related services	**22,417**	10,950
Provision of fintech services	**15,714**	13,382
Sales of vessels	**–**	32,528
Provision of construction and structural steel engineering services	**–**	3,985
Provision of marine engineering services	**1,947**	28,276
	105,642	89,121

Disaggregation of revenue

For the period ended 30 June 2018:

Segments	Arts and Cultural Division	Fintech Division	Winery Division	e-Commerce Division	Engineering Services Division	Total
	HK$'000 (unaudited)	HK$'000 (unaudited)	HK$'000 (unaudited)	HK$'000 (unaudited)	HK$'000 (unaudited)	HK$'000 (unaudited)
Types of goods or services:						
Sales of merchandise	–	–	4,170	61,394	–	65,564
Auction and related services	22,417	–	–	–	–	22,417
Fintech services	–	15,714	–	–	–	15,714
Marine engineering services	–	–	–	–	1,947	1,947
Total	22,417	15,714	4,170	61,394	1,947	105,642
Timing of revenue recognition:						
A point in time	10,344	2,388	4,170	61,394	–	78,296
Over time	12,073	13,326	–	–	1,947	27,346
Total	22,417	15,714	4,170	61,394	1,947	105,642

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.

During the interim period ended 30 June 2018, the internal organisational structure and reporting information reviewed by the CODM was changed such that the "Jewellery Division" which mainly represents sales of jewellery, is no longer separately assessed or reviewed. Thus, the Group has five reportable operating segments as follows:

- Arts and Cultural Division – mainly represents auction business, sales of antique, art financing business and Art Central Business District business
- Fintech Division – mainly represents financial e-commerce business and provision of financial trading platform and solutions
- Winery Division – mainly represents operation of vineyard, production and sales of wine and related business
- e-Commerce Division – mainly represents trading of merchandise
- Engineering Services Division – mainly represents sales of vessels, provision of marine engineering, construction and structural steel engineering services

(a) Segment results, assets and liabilities

During the period ended 30 June 2018, 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.

Segment profit/loss represents the profit earned by/loss from each segment without allocation of other income, central administration costs, directors' emoluments, share of results of joint ventures and loss arising from changes in fair value of contingent consideration payables.

4. SEGMENT INFORMATION *(Continued)*

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

For the period ended 30 June 2018:

	Arts and Cultural Division HK$'000 (unaudited)	Fintech Division HK$'000 (unaudited)	Winery Division HK$'000 (unaudited)	e-Commerce Division HK$'000 (unaudited)	Engineering Services Division HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
Reportable segment revenue:						
Revenue from external customers	22,417	15,714	4,170	61,394	1,947	105,642
Inter-segment sales	–	–	–	198	–	198
Eliminations	–	–	–	(198)	–	(198)
Group revenue						105,642
Segment results*	8,671	(3,137)	336	(152)	(11,850)	(6,132)
Unallocated other income						7
Unallocated loss arising from changes in fair value of contingent consideration payables						(180)
Unallocated corporate expenses						(20,344)
Unallocated depreciation expense						(597)
Unallocated amortisation expenses						(4,699)
Loss before taxation						(31,945)

* 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 2017:

	Arts and Cultural Division HK$'000 (unaudited)	Fintech Division HK$'000 (unaudited)	Winery Division HK$'000 (unaudited)	e-Commerce Division HK$'000 (unaudited)	Engineering Services Division HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
Reportable segment revenue:						
Revenue from external customers	10,950	13,382	–	–	64,789	89,121
Segment results*	1,157	480	(3,399)	–	(4,898)	(6,660)
Unallocated other income						231
Unallocated share of results of joint ventures						(1,449)
Unallocated loss arising from changes in fair value of contingent consideration payables						(441)
Unallocated corporate expenses						(22,078)
Unallocated depreciation expense						(496)
Unallocated amortisation expenses						(4,281)
Loss before taxation						(35,174)

* 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 2018 and 2017 and (ii) the Group's property, plant and equipment, intangible assets and goodwill ("Specified non-current assets") as at 30 June 2018 and 31 December 2017. 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.

	Revenue from external customers Six months ended		**Specified non-current assets As at**	
	30 June 2018 HK$'000 (unaudited)	30 June 2017 HK$'000 (unaudited)	**30 June 2018 HK$'000 (unaudited)**	31 December 2017 HK$'000 (audited)
Hong Kong	**94,202**	76,628	**74,156**	172,064
The People's Republic of China (the "PRC")	**11,420**	12,493	**412,698**	322,908
France	**20**	–	**30,495**	36,108
Consolidated	**105,642**	89,121	**517,349**	531,080

5. FINANCE COSTS

	Six months ended 30 June	
	2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Interest on loans	**1,052**	290

6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
(a) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**24,776**	25,578
Contributions to defined contribution retirement plans	**456**	450
Share-based payment expenses	**3,707**	6,782
	28,939	32,810
(b) Marine, construction and structural steel engineering costs		
Subcontracting, direct engineering and material costs	**5,384**	45,953
Direct overheads	**249**	70
Repairs, maintenance and vessel security costs	**2,012**	3,186
Transportation costs	**–**	5,286
	7,645	54,495
(c) Depreciation and amortisation expenses		
Depreciation of property, plant and equipment	**7,305**	5,465
Amortisation of intangible assets	**7,353**	5,933
Release of lease prepayments	**–**	33
	14,658	11,431
(d) Other items (included in other operating expenses)		
Legal and professional fees	**1,422**	3,871
Secretarial and registration fees	**402**	502
Operating lease charges in respect of office premises and plant	**9,026**	6,480

7. TAXATION

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong	**1,595**	–
PRC	**1,182**	–
	2,777	–
Deferred tax	**(1,115)**	(992)
Income tax expense	**1,662**	(992)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both current and prior periods. The PRC subsidiaries of the Group are subject to the PRC Enterprises Income Tax rate of 25% for both current and prior periods. For the period ended 30 June 2017, no provision for taxation was made for the group companies incorporated/established in Hong Kong or the PRC as none of the group companies derived any assessable profits for that period.

8. DIVIDENDS

No dividend was paid, declared or proposed during the period ended 30 June 2018 (2017: nil).

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	
	2018	2017
	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	**(33,740)**	(33,272)
	Number of ordinary shares ('000)	
Weighted average number of shares for the purposes of basic and diluted loss per share	**555,718**	538,507

For the periods ended 30 June 2018 and 2017, the computation of diluted loss per share does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Trade receivables	**36,954**	35,433
Less: Allowance for doubtful debts	**(2,122)**	(2,122)
	34,832	33,311
Other receivables and prepayments *(Note (a))*	**243,571**	248,297
Less: Impairment losses	**(5,682)**	(5,682)
	237,889	242,615
Retention money receivables	**–**	1,688
	272,721	277,614

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 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
0 – 30 days	**20,309**	17,726
31 – 90 days	**4,059**	10,352
91 – 180 days	**6,047**	3,964
181 – 360 days	**3,660**	596
Over 360 days	**2,879**	2,795
	36,954	35,433
Less: Allowance for doubtful debts	**(2,122)**	(2,122)
	34,832	33,311

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

10. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group always measures the impairment allowance for the trade receivables at amount equal to lifetime ECL. As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The Group assessed the ECL for the trade receivables collectively based on provision matrix as at 1 January 2018 and 30 June 2018. No significant impairment allowance for trade receivables were provided based on provision matrix since the loss given default and exposure at default were low based on historical credit loss experience. The Group has also assessed all available forward-looking information at the reporting date. Allowance for doubtful debts with aggregate balances of HK$2,122,000 represents individually impaired trade receivables as the directors of the Company considered the outstanding balances were uncollectible.

Note:

(a) As at 30 June 2018, advances to consignors for auction business amounted to approximately HK$222,427,000 (31 December 2017: HK$228,478,000). 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.

11. TRADE AND OTHER PAYABLES

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Trade creditors	**4,596**	10,138
Advances received from customers	**–**	3,224
Accruals	**6,826**	11,086
Other payables	**18,877**	23,531
	30,299	47,979

11. TRADE AND OTHER PAYABLES *(Continued)*

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 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
0 – 30 days	**1,530**	6,519
31 – 90 days	**1,263**	1,899
91 – 180 days	**1,299**	747
181 – 360 days	**328**	83
Over 360 days	**176**	890
	4,596	10,138

12. BORROWINGS

During the current interim period, the Group obtained new borrowings amounting to HK$17.3 million (31 December 2017: HK$47.2 million), and repaid borrowings amounting to HK$10.3 million (31 December 2017: HK$27.4 million). The loans' carrying variable rate at 30 June 2018 and 31 December 2017 are carried at lending rate quoted by The Hong Kong and Shanghai Banking Corporation Limited. The proceeds were used for working capital and other general purposes.

13. SHARE CAPITAL

Authorised and issued share capital

	Number of ordinary shares of HK$0.50 each '000	HK$'000
Authorised:		
At 1 January 2017, 30 June 2017, 1 January 2018 and 30 June 2018	5,000,000	2,500,000
Issued and fully paid:		
At 1 January 2017	504,117	252,059
Shares issued for acquisition of assets *(Note (i))*	51,021	25,510
At 31 December 2017 and 1 January 2018	**555,138**	**277,569**
Exercise of share options *(Note (ii))*	**800**	**400**
At 30 June 2018	**555,938**	**277,969**

13. SHARE CAPITAL *(Continued)*

Authorised and issued share capital *(Continued)*

Notes:

(i) On 1 March 2017, 51,020,312 shares of the Company with par value of HK$0.50 each were issued as the consideration for the acquisition of assets.

(ii) During the six months ended 30 June 2018, share options to subscribe for 800,000 shares of HK$0.50 each were exercised at HK$3.71 per share. These shares rank pari passu with other shares in issue in all respect.

14. 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 2018 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	3.000	3.000
21 December 2016	21 December 2017 to 20 December 2026	3.710	3.610
4 September 2017	4 September 2018 to 3 September 2027	4.814	4.750

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

14. EQUITY-SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

The following tables set out the movement of the number of share options granted under the 2012 Scheme for the six months ended 30 June 2018 and 2017:

Eligible participants	Date of grant	Exercise Price HK$	Number of share options Outstanding at 1 January 2018	Granted	Exercised	Forfeited	Expired	Outstanding at 30 June 2018
Mr. Lu Jianzhong	28 January 2016	3.000	3,500,000	–	–	–	–	3,500,000
Mr. Yang Xingwen	28 January 2016	3.000	2,500,000	–	–	–	–	2,500,000
Mr. Lai Kim Fung	4 September 2017	4.814	3,000,000	–	–	–	–	3,000,000
Mr. Wong Kwok Tung Gordon	28 January 2016	3.000	2,500,000	–	–	–	–	2,500,000
Mr. Wang Shi	28 January 2016	3.000	250,000	–	–	–	–	250,000
Mr. Jean-Guy Carrier	28 January 2016	3.000	250,000	–	–	–	–	250,000
Mr. Cheng Yuk Wo	28 January 2016	3.000	250,000	–	–	–	–	250,000
Ms. Fan Chiu Fun, Fanny	28 January 2016	3.000	250,000	–	–	–	–	250,000
Mr. Tsui Yiu Wa, Alec	28 January 2016	3.000	250,000	–	–	–	–	250,000
Mr. Tse Yung Hoi	28 January 2016	3.000	250,000	–	–	–	–	250,000
Other eligible participants	28 January 2016	3.000	5,300,000	–	–	–	–	5,300,000
	21 December 2016	3.710	4,300,000	–	(800,000)*	(240,000)	–	3,260,000
Total			22,600,000	–	(800,000)	(240,000)	–	21,560,000

* The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the period was HK$4.70.

14. EQUITY-SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

Eligible participants	Date of grant	Exercise Price HK$	Number of share options: Outstanding at 1 January 2017	Granted	Exercised	Forfeited	Expired	Outstanding at 30 June 2017
Mr. Lu Jianzhong	28 January 2016	3.000	3,500,000	–	–	–	–	3,500,000
Mr. Yang Xingwen	28 January 2016	3.000	2,500,000	–	–	–	–	2,500,000
Mr. Wong Kwok Tung Gordon	28 January 2016	3.000	2,500,000	–	–	–	–	2,500,000
Mr. Wang Shi	28 January 2016	3.000	250,000	–	–	–	–	250,000
Mr. Jean-Guy Carrier	28 January 2016	3.000	250,000	–	–	–	–	250,000
Mr. Tse Yung Hoi	28 January 2016	3.000	250,000	–	–	–	–	250,000
Mr. Cheng Yuk Wo	28 January 2016	3.000	250,000	–	–	–	–	250,000
Ms. Fan Chiu Fun, Fanny	28 January 2016	3.000	250,000	–	–	–	–	250,000
Mr. Tsui Yiu Wa, Alec	28 January 2016	3.000	250,000	–	–	–	–	250,000
Other eligible participants	28 January 2016	3.000	5,500,000	–	–	–	–	5,500,000
	21 December 2016	3.710	6,000,000	–	–	–	–	6,000,000
Total			21,500,000	–	–	–	–	21,500,000

At 30 June 2018, the number of shares of the Company in respect of which share options had been granted and remained outstanding under the 2012 Scheme was 21,560,000 (30 June 2017: 21,500,000), representing 3.88% (30 June 2017: 3.87%) of the shares of the Company in issue.

The Group recognised approximately HK$3,707,000 (six months ended 30 June 2017: HK$6,782,000) share-based payment expenses during the six months ended 30 June 2018 in relation to share options granted by the Company.

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

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	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Salaries, wages and other benefits	**3,363**	1,620
Share-based payment expenses	**3,215**	2,331
Contributions to defined contribution retirement plans	**14**	9
	6,592	3,960

16. 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 2018	At 31 December 2017
	HK$'000	HK$'000
	(unaudited)	(audited)
Within one year	**15,687**	16,022
Between the second and fifth year, inclusive	**4,588**	14,653
	20,275	30,675