絲路投資

Asia Pacific Silk Road Investment Company Limited
亞太絲路投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the "**Directors**") (the "**Board**") of Asia Pacific Silk Road Investment Company Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2018 together with the comparative figures for the previous year. The annual results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
REVENUE	6	**180,048**	273,347
Other income and gains	6	**2,778**	16,541
Selling and distribution expenses		**—**	(140)
Administrative expenses		**(97,915)**	(135,076)
Other expenses		**(2,263,964)**	(26,004)
(LOSS)/PROFIT BEFORE TAX	7	**(2,179,053)**	128,668
Income tax expense	8	**(17,544)**	(41,219)
(LOSS)/PROFIT FOR THE YEAR		**(2,196,597)**	87,449
Attributable to:			
Owners of the parent		**(2,199,094)**	82,274
Non-controlling interests		**2,497**	5,175
		(2,196,597)	87,449
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
— For (loss)/profit for the year	10	**HK(56.82) cents**	HK2.13 cents
Diluted			
— For (loss)/profit for the year		**HK(56.82) cents**	HK0.56 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2018	2017
	HK$'000	*HK$'000*
(LOSS)/PROFIT FOR THE YEAR	**(2,196,597)**	87,449
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**—**	(37,052)
Reclassification adjustments for impairment losses included in the consolidated statement of profit or loss	**—**	25,534
	—	(11,518)
Exchange differences:		
Exchange differences on translation of foreign operations	**(18,295)**	23,232
Net other comprehensive (loss)/income that may reclassified to profit or loss in subsequent periods	**(18,295)**	11,714
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Change in fair value	**(387,569)**	—
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(405,864)**	11,714
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(2,602,461)**	99,163
Attributable to:		
Owners of the parent	**(2,604,226)**	93,059
Non-controlling interests	**1,765**	6,104
	(2,602,461)	99,163

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2018

	Notes	**2018**	2017
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Plant and equipment	*11*	**1,019**	1,748
Goodwill	*12*	**—**	2,182,663
Equity investments designated at fair value through other comprehensive income		**369,660**	—
Available-for-sale investments		**—**	731,435
Deposits and prepayments		**94**	19,689
Financial assets at amortised cost		**157,295**	—
Total non-current assets		**528,068**	2,935,535
CURRENT ASSETS			
Loan and interest receivables	*13*	**907,098**	1,117,669
Trade receivables	*14*	**43,750**	—
Deposits, prepayments and other receivables		**2,712**	27,733
Financial assets at fair value through profit or loss		**45,677**	—
Tax recoverable		**70**	5,549
Cash and cash equivalents		**179,705**	218,956
Total current assets		**1,179,012**	1,369,907
CURRENT LIABILITIES			
Other payables and accruals		**138,817**	121,327
Tax payable		**1,492**	3,849
Total current liabilities		**140,309**	125,176
NET CURRENT ASSETS		**1,038,703**	1,244,731
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,566,771**	4,180,266
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**—**	(34)
Net assets		**1,566,771**	4,180,232
EQUITY			
Equity attributable to owners of the parent			
Share capital		**3,870**	3,870
Reserves		**1,537,537**	4,152,763
		1,541,407	4,156,633
Non-controlling interests		**25,364**	23,599
Total equity		**1,566,771**	4,180,232

NOTES:

1. CORPORATE AND GROUP INFORMATION

Asia Pacific Silk Road Investment Company Limited (the "**Company**") is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered address of the Company is located at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda. The principal place of business of the Company was located at 35/F, Bank of China Tower, 1 Garden Road, Hong Kong. With effect from 1 July 2018, the directors announced that the principal place of business was changed to Units 3301–3303, 33/F, West Tower Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. Subsequent to year ended 31 December 2018, the Group has relocated its principal place of business to Office A, 3/F, Man Lok Building, No 93 Bonham Strand, Sheung Wan, Hong Kong with effect from 1 March 2019.

During the year, the Group was involved in the following principal activities:

- Operation of peer-to-peer ("**P2P**") financing platform under the "CAIJIA" brand and other loan facilitation services
- Money lending
- Securities and other investments

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Huarong Financial Services Asset Management L.P., an exempted limited partnership incorporated in the Cayman Islands.

2. BASIS OF PREPARATION

These financial information have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments and financial assets which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

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*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK (IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Except for the application of HKFRS 9 and HKFRS 15 noted below, the adoption of the above new and revised standards has had no significant financial effect on these consolidated financial statements.

HKFRS 9 *Financial Instruments*

HKFRS 9 *Financial Instruments* replaces *HKAS 39 Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("**ECLs**").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

	HKAS 39 measurement				HKFRS 9 measurement	
	Category	Amount	Reclassification	ECL	Amount	Category
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Financial assets						
Equity investments designated at fair value through other comprehensive income	N/A	—	731,435	—	731,435	FVOCI[1] (equity)
From: Available-for-sale investments *(note)*			731,435	—		
Available-for-sale investments	AFS[2]	731,435	(731,435)	—	—	N/A
To: Equity investments designated at fair value through other comprehensive income *(note)*			(731,435)	—		
Loan and interest receivables	L&R[3]	1,117,669	—	(11,000)	1,106,669	AC[4]
Financial assets included in prepayment, deposits and other receivables	L&R	12,407	—	—	12,407	AC
Cash and cash equivalents	L&R	218,956	—	—	218,956	AC
Total financial assets		2,080,467	—	(11,000)	2,069,467	

1 FVOCI: Financial asset at fair value through other comprehensive income
2 AFS: Available-for-sale investments
3 L&R: Loans and receivables
4 AC: Financial assets or financial liabilities at amortised cost

Note: The Group has elected the option to irrevocably designate all of its previous available-for sale equity investments as equity investments at fair value through other comprehensive income.

There has been no impact on the classification and measurement of the Group's financial liabilities as a result of the adoption of HKFRS 9.

Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to ECL allowances under HKFRS 9.

	Impairment allowances under HKAS 39 at 31 December 2017	Remeasurement	ECL allowances under HKFRS 9 at 1 January 2018
	HK$'000	*HK$'000*	*HK$'000*
Loan and interest receivables	—	11,000	11,000

Impact on reserves and retained profits

The impact of transition to HKFRS 9 on reserves and retained profits is as follows:

	Reserves and retained profits *HK$'000*
Fair value reserve under HKFRS (available-for-sale investment revaluation reserves under HKAS 39)	
Balance as at 31 December 2017 under HKAS 39	619,246
Reversal of impairment losses under HKAS 39 for equity investments designated at fair value through other comprehensive income previously classified as available-for-sale investment	(125,605)
Balance as at 1 January 2018 under HKFRS 9	493,641
Retained profits	
Balance as at 31 December 2017 under HKAS 39	166,227
Recognition of expected credit losses for loan and interest receivables	(11,000)
Reversal of impairment losses under HKAS 39 for equity investments designated at fair value through other comprehensive income previously classified as available-for-sale investment	125,605
	280,832

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in note 6 to this financial information. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] Effective for annual periods beginning on or after 1 January 2021
[4] No mandatory effective date yet determined but available for adoption

Except for the application of new requirement under HKFRS 16 Lease which may result in an increase in both total assets and liabilities of the Group, the Group does not anticipate that the application of other new and revised HKFRSs and Interpretations will have any significant impact on the Group's financial statements.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has three reportable operating segments as follows:

(a) Loan facilitation services: operation of P2P financing platform under the CAIJIA brand and other loan facilitation services
(b) Money lending: provision of loan financing for interest income
(c) Securities and other investments: holding of equity investments and investment in short to long-term financial assets for dividend income

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment (loss)/profit, which is a measure of adjusted (loss)/profit before tax. The adjusted (loss)/profit before tax is measured consistently with the Group's (loss)/profit before tax except that bank interest income as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2018	**Loan facilitation services** *HK$'000*	**Money lending** *HK$'000*	**Securities and other investments** *HK$'000*	**Total** *HK$'000*
Segment revenue				
Revenue from external customers	**63,154**	**96,378**	**20,516**	**180,048**
Segment results	**(2,130,812)**	**38,632**	**19,251**	**(2,072,929)**
Reconciliation:				
Bank interest income				**1,109**
Corporate and other unallocated expenses				**(107,233)**
Loss before tax				**(2,179,053)**
Other segment information included in consolidated statement of profit or loss:				
Fair value gain on financial assets at fair value through profit or loss	**—**	**—**	**(138)**	**(138)**
Depreciation	**59**	**494**	**—**	**553**
Impairment of goodwill	**2,182,663**	**—**	**—**	**2,182,663**
Loss on disposal of items of plant and equipment	**133**	**43**	**—**	**176**
Impairment of loan and interest receivables	**—**	**49,536**	**—**	**49,536**
Impairment of trade receivables	**6,250**	**—**	**—**	**6,250**
Capital expenditure	**42**	**—**	**—**	**42**

Year ended 31 December 2017	Loan facilitation services *HK$'000*	Money lending *HK$'000*	Securities and other investments *HK$'000*	Total *HK$'000*
Segment revenue				
Revenue from external customers	164,730	108,617	—	273,347
Segment results	151,055	86,022	(35,434)	201,643
Reconciliation:				
Bank interest income				1,163
Corporate and other unallocated expenses				(74,138)
Profit before tax				128,668
Other segment information included in consolidated statement of profit or loss:				
Depreciation	419	445	—	864
Impairment of available-for-sale investments	—	—	25,534	25,534
Loss on disposal of items of plant and equipment	449	—	—	449
Capital expenditure	—	—	—	—

31 December 2018	**Loan facilitation services** *HK$'000*	**Money lending** *HK$'000*	**Securities and other investments** *HK$'000*	**Total** *HK$'000*
Segment assets	**182,560**	**936,696**	**573,200**	**1,692,456**
Reconciliation:				
Tax recoverable				**70**
Corporate and other unallocated assets				**14,554**
Total assets				**1,707,080**
Segment liabilities	**51,720**	**85,163**	**—**	**136,883**
Reconciliation:				
Tax payable				**1,492**
Corporate and other unallocated liabilities				**1,934**
Total liabilities				**140,309**

31 December 2017	Loan facilitation services *HK$'000*	Money lending *HK$'000*	Securities and other investments *HK$'000*	Total *HK$'000*
Segment assets	2,331,723	1,149,193	745,224	4,226,140
Reconciliation:				
Tax recoverable				5,549
Corporate and other unallocated assets				73,753
Total assets				4,305,442
Segment liabilities	7,125	110,000	—	117,125
Reconciliation:				
Tax payable				3,849
Deferred tax liabilities				34
Corporate and other unallocated liabilities				4,202
Total liabilities				125,210

Geographical information

	Revenue from external customers		Non-current assets	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**89,179**	90,176	**819**	20,431
Mainland China	**90,869**	183,171	**157,589**	2,183,669
	180,048	273,347	**158,408**	2,204,100

The revenue information is based on the location of customers. The non-current assets are based on the locations of the assets and exclude available-for-sale investments/equity investments designated at fair value through other comprehensive income.

Information about major customers

A summary of revenue earned from each of the individual customer with its corresponding segment, which contributed over 10% of the Group's revenue for the year is set out below:

	2018				2017		
	Loan facilitation services segment	**Money lending segment**	**Securities and other investments**	**Total**	Loan facilitation services segment	Money lending segment	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Customer A	**37,500**	—	—	**37,500**	—	—	—
Customer B	—	—	—	—	117,000	—	117,000
Customer C	—	—	—	—	36,996	—	36,996
Customer D	**25,000**	—	—	**25,000**	—	—	—
Customer E	—	—	**19,949**	**19,949**	—	—	—
Customer F	—	**29,800**	—	**29,800**	—	28,025	28,025
	62,500	**29,800**	**19,949**	**112,249**	153,996	28,025	182,021

6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

(i) Disaggregated revenue information

	2018 HK$'000	2017 HK$'000
Revenue from contracts with customers		
Rendering of loan facilitation with external customers	**63,154**	164,730
Revenue from other sources		
Provision of money lending services	**96,378**	108,617
Dividend income	**20,516**	—
	180,048	273,347

	2018 HK$'000
Geographical markets	
Hong Kong	**400**
Mainland China	**62,754**
Total revenue from contracts with customers	**63,154**

(ii) Performance obligation

The performance obligation for rendering of loan facilitation services is satisfied at a point in time as services are rendered.

	2018 HK$'000	2017 HK$'000
Other income and gains		
Bank interest income	**1,109**	1,163
Fair value gain on financial assets at fair value through profit or loss	**138**	—
Foreign exchange differences, net	**—**	2
Agency services fee income	**—**	13,000
Others	**1,531**	2,376
	2,778	16,541

7. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	2018	2017
	HK$'000	*HK$'000*
Depreciation	**3,314**	1,057
Impairment of goodwill*	**2,182,663**	—
Impairment of available-for-sale investments*	**—**	25,534
Impairment of loan and interest receivables*	**49,536**	—
Impairment of trade receivables*	**6,250**	—
Minimum lease payments under operating leases	**20,219**	16,876
Auditor's remuneration	**1,450**	1,650
Employee benefit expenses (including directors' and chief executive's remuneration)	**33,703**	25,082
Foreign exchange differences, net	**20**	(2)
Loss on disposal of items of plant and equipment*	**25,515**	470

* Items are included in "other expenses" in the consolidated statement of profit or loss.

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax rates regime is applicable to the Group's subsidiaries in Hong Kong for the year ended 31 December 2018.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2018	2017
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**281**	—
Over-provision in prior years	**(20)**	—
	261	—
Current — Elsewhere		
Charge for the year	**18,074**	41,394
Over-provision in prior years	**(757)**	(131)
Deferred	**(34)**	(44)
Total tax charge for the year	**17,544**	41,219

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2018, nor has any dividend been proposed since the end of the reporting period (2017: Nil).

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted (loss)/earnings per share are based on:

	2018	2017
	HK$'000	*HK$'000*
(Loss)/earnings:		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic and diluted (loss)/earnings per share calculations	**(2,199,094)**	82,274

	Number of shares	
	2018	2017
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	**3,870,102,000**	3,870,102,000
Effect of dilution — weighted average number of ordinary shares:		
Mandatory convertible notes	**—**	10,912,000,000
	3,870,102,000	14,782,102,000

The computation of diluted loss per share for the year ended 31 December 2018 does not assume the impact of the conversion of mandatory convertible notes outstanding since their assumed conversion would result in a decrease in loss per share.

11. PLANT AND EQUIPMENT

For the year ended 31 December 2018, the Group had additions of plant and equipment at a total cost of HK$29,428,000 (2017: HK$289,000).

12. GOODWILL

Impairment testing of goodwill

At initial recognition, the goodwill of HK$2,182,663,000 arose from the acquisition of 96% of the issued share capital of Katar Global Limited and its subsidiaries (the "**Katar Global Group**") on 20 October 2015. Katar Global Group is principally engaged in the operation of a peer-to-peer (the "**P2P**") online financing platform in PRC, matching borrowers with private lenders for various financial products through the Caijia Website under the "CAIJIA" brand.

Goodwill acquired through the above business combinations is allocated to loan facilitation cash-generating unit (the "**Loan Facilitation CGU**") for impairment testing.

31 December 2017

The recoverable amount of the Loan Facilitation CGU has been determined by value in use approach adopted by BMI Appraisals Limited, an independent qualified valuer, based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Average revenue growth rate of 12.50% with reference to the average performance in the past and the expected returns within the relevant industry;
- Discount rate of 17.21% is used with reference to the current market data for the relevant industry and comparable companies; and
- Terminal growth rate of 3% is used with reference to the PRC's average inflation rate in the past five years.

The values assigned to the above key assumption on market development of loan facilitation services industry, discount rates and inflation rate are consistent with external information sources.

31 December 2018

As at 31 December 2018, management has estimated the fair value less costs of disposal based on the residual value of the Loan Facilitation CGU, which comprise mainly in plant and equipment and other financial assets to determine the recoverable amount of Loan Facilitation CGU. Based on the result of this assessment, the Group has recognised an impairment loss of HK$2,182,663,000 in the consolidated statement of profit or loss during the year.

In the opinion of the directors, the reason for impairment is that during the year, the Group's segment revenue of approximately HK$63,154,000 (2017: approximately HK$164,730,000) was derived from its loan facilitation services, it represented a 61.66% decrease as compared to 2017. Such decrease was mainly because of a significant decrease in revenue generated from the online P2P financing platform and other loan facilitation services, that resulted in a significant decrease in recoverable amount of the Loan Facilitation CGU and resulted a recognition of the impairment loss against goodwill in current year.

The significant decrease in revenue and result of the loan facilitation services segment was mainly attributable to the facts that:

(i) the market liquidity tended to be tight due to the deleverage policy adopted by the government of the PRC with downturn business environment together with the escalation of global trade war issue; and

(ii) default rate increased as borrowers were unable to generate sufficient cash flow to repay P2P investors. Considering the increasing default rate and market sentiment, investor intended not to lend money to borrowers. It was very difficult for the Group to identify investors who were still willing to provide fund through P2P arrangement. On the other hand, very few borrowers could be selected for matching after going through the Group's strict credit assessment procedures in order to lower default risk level.

Besides, the Office of the Leading Group for the Special Campaign against Peer-to-peer Lending Risks issued the "Notice on Rectification and Inspection Acceptance of Risk of Online Lending" in December 2017, which introduced a complex rectification and registration process to regulate the P2P financing platform business. The adverse impacts of such notice were later gradually seen, with repeated cases of liquidity issues and suspended fund withdrawal of other online P2P financing platform together with the collapse of many P2P platforms and investigations initiated in 2018, therefore, investors hesitated to provide fund on the P2P financing platforms because fearing that they may face difficulties in getting back a return of capital. As a result, there was a significant decrease in revenue from the loan facilitation services business in 2018.

In addition, the supervisory authority for online financing issued the Notice on Commencing Compliance Inspections of P2P Online Lending Institutions (Wang Dai Zheng Zhi Ban Han [2018] No. 63) (the "**Notice**") on 13 August 2018. The Notice sets out unified and clear standards to improve quality and tighten control in strict compliance with the "1+3" online lending system framework and relevant regulations and systems. Comprehensive inspections of the organisations and businesses of online lending institutions listed in the list for special rectification of risks concerning online P2P lending of all provinces (regions, municipalities and municipalities with independent planning status) have been commenced. The Notice requires these compliance inspections to be complete by the end of December 2018. Together with the Notice, the Checklist of Issues Surrounding P2P Compliance Inspections was also issued to set out 108 regulations in relations to 36 key issues, such as whether the institution is directly or indirectly raising finance for itself, granting loans illegally and recovering loans illegally. It requires online lending institutions confirmed as basically meeting the criteria and standards for information intermediary to be connected to an information disclosure and product registration system. Institutions that are fully developed after certain period of operation and inspections may apply for registration. However, the CAIJIA website may not be able to apply for registration as a significant decrease in the operation and cannot complete a self-inspection report within the prescribed time limit.

Furthermore, the supervisory authority for online financing issued the Opinion on the Proper Implementation of Classification and Risk Control of Online Lending Institutions (the "**Opinion**") on 19 December 2018. The Opinion states that online lending institutions shall be classified into 6 categories and regulated accordingly. The Opinion also requires the compilation of a list to regulate online lending institutions. The list for rectification of online lending institutions will include institutions registered in the data reporting management system of the centre for internet security. Online lending institutions not reporting data to the system as required as well as institutions not registered in the system shall be immediately shut down by provincial online lending rectification offices in accordance with local systems for banning illegal fund raising activities. However, the CAIJIA website will probably be regarded as a zombie institution due to significant decrease in operation and promptly been shut down as data not maintained and reported as required.

In view of the above, the directors believed that the above potential risks in respect of the time required to complete the relevant registration are unreasonable, the application will not be complete in the foreseeable future, the development of the P2P online financing platform is highly uncertain and hard to accurately predicted due to changes in government policies beyond the Group's control.

BMI Appraisals Limited, an independent qualified valuer, was appointed by the Group to determine the fair value of the Loan Facilitation CGU. The asset-based approach was considered to be the most appropriate valuation approach in the valuation. The recoverable amount based on the fair value less costs of disposal in Katar Global Group as at 31 December 2018 was HK$136,000,000, therefore, a full provision of impairment of approximately HK$2,182,663,000 in respect of goodwill due to non-performance of the Loan Facilitation CGU was recognised to the consolidated statement of profit or loss for the year.

13. LOAN AND INTEREST RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Loan and interest receivables	**967,634**	1,117,669
Less: Impairment	**(60,536)**	—
	907,098	1,117,669

The terms of loan entered with its customers are on credit. The credit period is generally within two years, extension can be made after monitoring assessment and further creditworthiness analysis on the debtors reviewed by senior management. The loan receivables carried at fixed interest rate ranging from 9% to 15% (2017: 9% to 15%) per annum. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's loan and interest receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group held collateral or other credit enhancements over its certain of its loan and interest receivable balances.

An aged analysis of the loan and interest receivables as at the end of the reporting period, based on the commencement of loan agreement entered and the date of interest income accrued, and net of provisions, is as follows:

	2018	2017
	HK$'000	*HK$'000*
181 to 365 days	**54,072**	361,078
Over 365 days	**853,026**	756,591
	907,098	1,117,669

14. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days for its trade receivables.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2018	2017
	HK$'000	*HK$'000*
181 to 365 days	**43,750**	—

15. EVENTS AFTER THE REPORTING PERIOD

(a) On 1 February 2019, the Group entered into an acquisition agreement with a vendor (the "Vendor"), an independent third party, pursuant to which the Group has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of the target company at a consideration of HK$25,000,000 in cash. Upon the completion of the acquisition, the target company shall become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements. Further details of which are set out in the Company's announcement dated 1 February 2019.

(a) On 11 March 2019, the Group entered into an extension letter with a borrower (the "Borrower"), an independent third party, pursuant to which the Group has agreed to extend the repayment date of several loans with total principal amount of up to HK$31,500,000 to 1 August 2020. Prior to 11 March 2019, the Group provided the previous loan facilities to the Borrower with loan principal amounts of HK$31,500,000 in aggregate. Further details of which are set out in the Company's announcement dated 11 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 December 2018, the Group's revenue was approximately HK$180,048,000 (2017: HK$273,347,000) and the Group recorded a loss of approximately HK$2,196,597,000 (2017: profit of HK$87,449,000), the basic and diluted losses per share were HK56.82 cents and HK56.82 cents respectively (2017: basic and diluted earnings per share were HK2.13 cents and HK0.56 cents respectively).

As at 31 December 2018, the consolidated net assets of the Group were approximately HK$1,566,771,000 (31 December 2017: HK$4,180,232,000).

BUSINESS REVIEW

The Company is an investment holding company, and during the year ended 31 December 2018, the Group was principally engaged in the business of operation of P2P financing platform and other loan facilitation services, money lending and securities and other investments.

Operation of P2P Financing Platform and Other Loan Facilitation Services Business

On 20 October 2015, the Company completed the acquisition of the Katar Global Group. Since then, the Group, through the Katar Global Group and relevant structured contracts, is principally engaged in the operation of a P2P online financing platform in the PRC, matching borrowers with private lenders for various financial products through the internet under the "CAIJIA" brand, which is conducted via the website (www.91caijia.com) and other loan facilitation services. During the year ended 31 December 2018, a segment revenue of approximately HK$63,154,000 (2017: HK$164,730,000) and a segment loss of approximately HK$2,130,812,000 (2017: segment profit of HK$151,055,000) were recorded. The decrease in segment revenue and profit was primarily due to the decrease in provision of P2P financing platform services during the year ended 31 December 2018.

Money Lending Business

Since obtaining the money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in 2011, Joy Wealth Finance Limited ("**Joy Wealth**"), a wholly-owned subsidiary of the Company, has provided a wide variety of loans with an accumulated amount of approximately HK$2,536 million (2017: HK$2,536 million). Interest rates ranged from 9%–15% per annum during the current year (2017: 9%–15%). For the year ended 31 December 2018, the interest income recorded by Joy Wealth was approximately HK$88,212,000 (2017: HK$90,176,000) on the loan and interest receivables. Details on the loan and interest receivables are set out in note 13 to the financial statements.

Securities and Other Investments Business

Securities Investment

As at 31 December 2018, the Group was holding several investments which are equity securities listed on the Stock Exchange for long term investment. For the year ended 31 December 2018, these investments in the listed securities led to a net fair value loss of approximately HK$387,569,000 (2017: net fair value loss of HK$11,518,000) recognised in the consolidated statement of comprehensive income while there was no gain or loss on disposal (2017: Nil) recognised in the consolidated statement of profit or loss. The net fair value loss recognised as other comprehensive loss for the year is due to the significant decline in the market value of certain listed equity investment during the year. Significant investments in listed securities are discussed as below.

Investment in shares of Imperial Pacific

The major balance of the aforesaid listed securities represented the Group's investment in 5,426,900,000 shares of Imperial Pacific International Holdings Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 1076) ("**Imperial Pacific**"), representing approximately 3.8% of the issued share capital of Imperial Pacific as at 31 December 2018. Imperial Pacific, through its subsidiaries, is mainly engaged in (i) gaming and resort business, including the development and operation of integrated resort on the Island of Saipan.

As at 31 December 2018, the fair value of the shares of Imperial Pacific held by the Group amounted to approximately HK$287,626,000 (31 December 2017: HK$586,105,000), representing 77.8% (31 December 2017: 80.1%) of the Group's total investment in listed securities. No disposal nor addition of shares of Imperial Pacific was noted during the year ended 31 December 2018 (2017: Nil). The net fair value loss recognised as other comprehensive loss for the investment in shares of Imperial Pacific during the year ended 31 December 2018 was approximately HK$298,480,000 (2017: net fair value gain of HK$10,854,000).

Investment in shares of Huarong Int Fin

The Group also held 36,786,000 shares of Huarong International Financial Holdings Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 993) ("**Huarong Int Fin**"), representing approximately 1.0% of the issued share capital of Huarong Int Fin as at 31 December 2018. Huarong Int Fin, through its subsidiaries, is principally engaged in securities, futures and options contracts brokerage, provision of margin financing, corporate finance and asset management services and direct investment in equities, bonds, funds, derivative instruments and other financial products.

As at 31 December 2018, the fair value of the shares of Huarong Int Fin held by the Group amounted to approximately HK$19,864,000 (31 December 2017: HK$93,096,000), representing 5.4% (31 December 2017: 12.7%) of the Group's total investment in listed securities. During the year ended 31 December 2018, investment in shares of Huarong Int Fin brought a net fair value loss of approximately HK$73,204,000 recognised as other comprehensive loss (2017: net fair value loss of HK$19,128,000). There was no disposal nor addition of shares of Huarong Int Fin during the year ended 31 December 2018 (2017: Nil). There was HK$567,000 dividend income received for investment in Huarong Int Fin during the year ended 31 December 2018 (2017: Nil).

Investment in Trust Beneficiary Rights

For the year ended 31 December 2018, the Group invested in trust beneficiary rights (the "**Trust**"). The Trust include loans provided to individuals in the PRC. The Group is entitled to an investment income of 12% on the Trust outstanding balance per annum. The Trust will mature on 23 March 2021. Further details of which are set out in the Company's announcement dated 23 March 2018.

As at 31 December 2018, the fair value of the investment in the Trust amounted to approximately HK$157,295,000. For the year ended 31 December 2018, the interest income recorded on the investment in the Trust was approximately HK$19,949,000.

OUTLOOK

The Group will continue to expand its business varieties in order to broaden our income sources and to seek potential investment opportunities which could enhance its value to the shareholders.

Besides, the Group will also continue to strengthen its corporate governance and risk prevention and control mechanisms to improve the overall system management and achieve steady growth and development of the Group.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2018, the Group had recorded net current assets of approximately HK$1,038,703,000 (31 December 2017: HK$1,244,731,000); and cash and bank balances of approximately HK$179,705,000 (31 December 2017: HK$218,956,000). The Group did not enter into financial instruments for hedging purpose.

Capital Structure

There was no change to the authorised and issued share capital of the Company for the year ended 31 December 2018. As at 31 December 2018, the total number of issued shares of the Company was 3,870,102,650 with par value of HK$0.001 each (31 December 2017: 3,870,102,650 shares with par value of HK$0.001 each).

Significant Investment, Acquisition and Disposals

Save as disclosed above, there was no significant investment, acquisition and disposals that should be notified to the shareholders of the Company (the "**Shareholders**") for the year ended 31 December 2018.

The performance and prospect of the significant investments of the Group for the current year under review were discussed under the sections of "Securities and Other Investments Business" above.

Segment Information

Details of segment information of the Group for the year ended 31 December 2018 are set out in note 5 to the financial statements.

Employees and Remuneration Policy

As at 31 December 2018, the Group had 14 employees which were mainly stationed in Hong Kong and the PRC. In-house training programs were provided for its employees to enhance their skills and job knowledge. The management of the Company would continue to foster close co-operation among the employees.

The remuneration policies of the Company aim at ensuring that remuneration levels are appropriate and in line with the Company's target, mission and business performance. To do so, the Company considers various relevant factors such as the remuneration levels of its market competitors, market practices, job duties, responsibilities and scope, financial and non-financial performance, as well as the suitability of performance-based remuneration arrangements

Details of Charges on Assets

As at 31 December 2018, the Group did not pledge any assets to banks or other financial institutions nor did the Group have any corporate guarantee given to any entity (31 December 2017: Nil).

Future Plans for Material Investment or Capital Assets

It is the Group's corporate mission to continue to explore ways to improve its financial performance, to diversify its operations into new and more profitable businesses and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in or changing to other profitable business as long as it is in the interest of the Company and the Shareholders as a whole. Also, as part of its routine exercise, the Company reviews the performance of its existing investment portfolio and evaluates the investment potentials of other investment opportunities available to the Company from time to time. Subject to the results of such reviews, the Company may make suitable investment decisions according to the then circumstance and information available which may involve the disposal of the whole or part of its existing investment portfolio and/or change of the asset allocation of its investment portfolio and/or expanding its investment portfolio with a view of realising and/or optimising the expected return and minimising the risks. Meanwhile, the Company does not preclude the possibility that the Company may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise.

As at the date of this announcement, the Company had not entered into any agreement, arrangement, understanding, intention or negotiation that should be disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Treasure Policy

The Group has adopted a treasury policy on 24 May 2011 in relation to the Group's investments in securities of other listed companies on the Stock Exchange. The objective of the policy is to enable the Group to control and govern the possible future securities investments (if any, which may or may not occur).

Working Capital and Gearing Ratio

As the Group had a net cash position as at 31 December 2018 and as at 31 December 2017 with no borrowing, the gearing ratios were not applicable.

Foreign Exchange Exposure

Business transactions of the Group are mainly denominated in Hong Kong dollars and Renminbi. The Group has not implemented any foreign currency hedging policy at the moment. However, in the view of the fluctuation of Renminbi in recent years, continuous monitoring on the foreign exchange exposure is carried out and the management will consider hedging the foreign exchange exposure if it has material impact on the Group.

Capital Commitment

As at 31 December 2018, the Group had no capital expenditure contracted for but not provided for in its financial statements (31 December 2017: HK$20,761,000).

Contingent Liabilities

As at 31 December 2018, the Group had no material contingent liabilities (31 December 2017: Nil).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

DIVIDENDS

The Directors did not recommend the payment of any dividend for the year ended 31 December 2018 (2017: Nil).

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules during the year. Detailed information of the Company's corporate governance practices will be disclosed in the corporate governance report contained in the 2018 annual report of the Company which is expected to be published in due course.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix 10 of the Listing Rules. Having made enquiry to all Directors, they all have confirmed that they have complied with the required standards as set out in the Model Code during the year.

AUDIT COMMITTEE REVIEW

As at the date of this announcement, the Audit Committee comprises three members comprising all the independent non-executive Directors, namely, Mr. Wong Chun Hung (who act as the chairman of the Audit Committee), Mr. Zheng Zhen and Mr. To Langa Samuelson.

All members of the Audit Committee possess appropriate knowledge and financial experience to perform their duties. The composition of the Audit Committee meets the requirements of Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee, among other things, are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems, risk management system and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and oversee the independence and qualifications of the external auditors and objectivity and the effectiveness of the audit process in accordance with applicable standards.

The consolidated financial statements of the Group for the year ended 31 December 2018 have been reviewed and approved by the Audit Committee, and the Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit Committee therefore recommended the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2018.

SCOPE OF WORK OF ZENITH CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Zenith CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Zenith CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Zenith CPA Limited on the preliminary announcement.

PUBLICATION OF FURTHER INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/asiapacificsilkroad). The annual report for the year ended 31 December 2018 containing all the information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company respectively and copies will be dispatched to Shareholders in due course.

As at the date of this announcement, the Directors are:

Executive Directors
Mr. Li Jiuhua
Mr. Wu Chi Wai
Ms. Kuang Jiaying

Non-executive Directors
Ms. Yu Yang
Ms. Gao Zhenyun

Independent Non-executive Directors
Mr. Wong Chun Hung
Mr. Zheng Zhen
Mr. To Langa Samuelson

By order of the Board
Asia Pacific Silk Road Investment Company Limited
Li Jiuhua
Executive Director

Hong Kong, 27 March 2019

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.