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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the "**Board**") of directors (the "**Director(s)**") of Asia Pacific Silk Road Investment Company Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated results and financial position of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019 with comparative figures for the previous periods as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 (Unaudited) HK$'000	2018 (Unaudited) HK$'000 (Restated)
Revenue			
— Interest revenue from money lending business		**40,414**	50,232
— Revenue from operating activities		**34,137**	72,020
Total revenue	*4*	**74,551**	122,252
Other income and gains	*5*	**2,590**	2,368
Selling and distribution expenses		**(4,142)**	—
Administrative expenses		**(22,754)**	(103,147)
Finance costs		**(399)**	—
Other expenses		**—**	(1,717,000)
PROFIT/(LOSS) BEFORE TAX	*6*	**49,846**	(1,695,527)
Income tax expense	*7*	**(11,484)**	(15,207)
PROFIT/(LOSS) FOR THE PERIOD		**38,362**	(1,710,734)
Attributable to:			
Owners of the parent		**37,817**	(1,712,839)
Non-controlling interests		**545**	2,105
		38,362	(1,710,734)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic		**HK0.98 cents**	HK(44.26) cents
Diluted		**HK0.26 cents**	HK(44.26) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE PERIOD	**38,362**	(1,710,734)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,417)**	(4,645)
	(1,417)	(4,645)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments designated at fair value through other comprehensive income	**844,412**	(206,784)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**842,995**	(211,429)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**881,357**	(1,922,163)
Attributable to:		
Owners of the parent	**880,833**	(1,924,083)
Non-controlling interests	**524**	1,920
	881,357	(1,922,163)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	**30 June 2019 (Unaudited) *HK$'000***	31 December 2018 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Plant and equipment	*10*	**952**	1,019
Right-of-use assets		**2,478**	—
Equity investments designated at fair value through other comprehensive income	*11*	**1,214,255**	369,660
Deposits and prepayments		**38**	94
Financial assets at amortised costs	*12*	**104,740**	157,295
Deferred tax assets		**68**	—
Total non-current assets		**1,322,531**	528,068
CURRENT ASSETS			
Loan and interest receivables	*13*	**916,517**	907,098
Trade receivables	*14*	**99,102**	43,750
Deposits, prepayments and other receivables		**245,364**	2,712
Financial assets at fair value through profit or loss	*15*	**10,237**	45,677
Tax recoverable		**—**	70
Cash and cash equivalents		**104,488**	179,705
Total current assets		**1,375,708**	1,179,012
CURRENT LIABILITIES			
Other payables and accruals		**230,516**	138,817
Borrowings	*16*	**6,825**	—
Lease liabilities		**2,397**	—
Tax payable		**10,261**	1,492
Total current liabilities		**249,999**	140,309
NET CURRENT ASSETS		**1,125,709**	1,038,703
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,448,240**	1,566,771
NON-CURRENT LIABILITIES			
Lease liabilities		**112**	—
Net assets		**2,448,128**	1,566,771
EQUITY			
Equity attributable to owners of the parent			
Share capital		**3,870**	3,870
Reserves		**2,418,370**	1,537,537
		2,422,240	1,541,407
Non-controlling interests		**25,888**	25,364
Total equity		**2,448,128**	1,566,771

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2019

1. CORPORATE INFORMATION

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 Victoria Place, 5th Floor, 31 Victoria Street, Hamilton, HM 10, Bermuda. The principal place of business of the Company was located at Units 3301–03, 33/F, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong and 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 period, 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
- Financial and investment advisory

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, which is incorporated in the Cayman Islands.

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which also include HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 3 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value. These unaudited interim condensed consolidated 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 revised HKFRSs for the first time for the current periods in unaudited interim condensed consolidated financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2015–2017 Cycle*

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio. The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of land and buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;

- variable lease payments that depend on an index or a rate;

- amounts expected to be paid under residual value guarantees;

- the exercise price of a purchase option reasonably certain to be exercised by the Group; and

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

3.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply these standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application. For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK$665,000 and right-of-use assets of HK$665,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.0%.

	At 1 January 2019 *HK$'000*
Operating lease commitment as at 31 December 2018	**2,177**
Less: Recognition exemption — short-term leases	**(1,491)**
Gross lease liabilities at 1 January 2019	**686**
Lease liabilities relating to operating leases discounted at relevant incremental borrowing rates recognised upon application of HKFRS 16 as at 1 January 2019	**665**
Analysed as:	
— Current	**568**
— Non-current	**97**
	665

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has four 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

(d) Financial and investment advisory: provision of financial and investment consulting services.

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 profit/loss, which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income, gain on a bargain purchase, finance costs as well as head office and corporate income and expenses are excluded from such measurement.

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

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

Six months ended 30 June 2019

	Loan facilitation services (Unaudited) *HK$'000*	Money lending (Unaudited) *HK$'000*	Securities and other investments (Unaudited) *HK$'000*	Financial and investment advisory (Unaudited) *HK$'000*	Segment total (Unaudited) *HK$'000*	Elimination (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Segment revenue							
Sales to external customers	19	40,413	23,035	11,084	74,551	—	74,551
Inter-segment sales	—	8,875	—	—	8,875	(8,875)	—
	19	49,288	23,035	11,084	83,426	(8,875)	74,551
Segment results	(1,488)	39,694	17,864	2,759	58,829	—	58,829
Reconciliation:							
Bank interest income							325
Gain on a bargain purchase							1,977
Finance costs							(399)
Corporate and other unallocated expenses, net							(10,886)
Profit before tax							49,846
Other segment information included in condensed consolidated statement of profit or loss							
Depreciation of plant and equipment	1	—	80	68	149	—	149
Depreciation of right-of-use assets	—	219	488	413	1,120	—	1,120
Capital expenditure	—	—	—	—	—	—	—

Six months ended 30 June 2018

	Loan facilitation services (Unaudited) *HK$'000* (Restated)	Money lending (Unaudited) *HK$'000* (Restated)	Securities and other investments (Unaudited) *HK$'000* (Restated)	Total (Unaudited) *HK$'000* (Restated)
Segment revenue				
Sales to external customers	62,986	50,232	9,034	122,252
Segment results	(1,663,553)	51,436	9,186	(1,602,931)
Reconciliation:				
Bank interest income				409
Corporate and other unallocated expenses, net				(93,005)
Loss before tax				(1,695,527)
Other segment information included in condensed consolidated statement of profit or loss				
Depreciation of plant and equipment	234	—	—	234
Impairment of goodwill	1,717,000	—	—	1,717,000
Reversal of impairment of loan and interest receivables	—	1,450	—	1,450
Loss on disposal of items of plant and equipment	235	—	—	235
Capital expenditure	44	—	—	44

30 June 2019

	Loan facilitation services (Unaudited) *HK$'000*	Money lending (Unaudited) *HK$'000*	Securities and other investments (Unaudited) *HK$'000*	Financial and investment advisory (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment assets	**107,965**	**937,266**	**1,330,348**	**316,299**	**2,691,878**
Reconciliation:					
Deferred tax assets					**68**
Corporate and other unallocated assets					**6,293**
Total assets					**2,698,239**
Segment liabilities	**116,779**	**85,492**	**—**	**37,168**	**239,439**
Reconciliation:					
Tax payable					**10,261**
Corporate and other unallocated liabilities					**411**
Total liabilities					**250,111**

31 December 2018

	Loan facilitation services (Audited) *HK$'000*	Money lending (Audited) *HK$'000*	Securities and other investments (Audited) *HK$'000*	Total (Audited) *HK$'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

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Bank interest income	**325**	409
Reversal of impairment of loan and interest receivables	**—**	1,450
Gain on a bargain purchase	**1,977**	—
Others	**288**	509
	2,590	2,368

6. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation of right-of-use assets	**1,294**	—
Depreciation of plant and equipment	**272**	2,872
Impairment of goodwill*	**—**	1,717,000
Loss on disposal of items of plant and equipment#	**—**	25,571
Employee benefit expenses (including directors' and chief executive's remuneration)		
— Wages and salaries	**10,497**	21,865
— Pension scheme contributions	**1,540**	1,005
	12,037	22,870

* *Included in "Other expenses" on the face of the condensed consolidated statement of profit or loss.*

Included in "Administrative expenses" on the face of the condensed consolidated statement of profit or loss.

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the period	**6,444**	64
Under-provision in prior periods	**23**	—
Current — People's Republic of China ("**PRC**")		
Charge for the period	**4,993**	15,157
Under-provision in prior periods	**24**	20
Deferred	**—**	(34)
Total tax expense for the period	**11,484**	15,207

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

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

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings/(loss):		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculations	**37,817**	(1,712,839)

	Number of shares Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	'000	*'000*
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	**3,870,102**	3,870,102
Effect of dilution — weighted average number of ordinary shares:		
Mandatory convertible notes	**10,912,000**	—
Weighted average number of ordinary shares in issue during the period used in the diluted earnings/(loss) per share calculation	**14,782,102**	3,870,102

The computation of diluted loss per share for the six months ended 30 June 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.

10. PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group has no addition and disposal of plant and equipment (30 June 2018: HK$29,285,000 and HK$29,714,000 respectively).

11. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2019	31 December 2018
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Finance assets at fair value through other comprehensive income		
Listed shares in Hong Kong	**1,214,072**	369,660
Unlisted investments	**183**	—
	1,214,255	369,660

The Group's equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

12. FINANCIAL ASSETS AT AMORTISED COSTS

During the six months ended 30 June 2019, 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.

13. LOAN AND INTEREST RECEIVABLES

	30 June 2019 (Unaudited) *HK$'000*	31 December 2018 (Audited) *HK$'000*
Loan and interest receivables	**977,053**	967,634
Impairment	**(60,536)**	(60,536)
	916,517	907,098

The term of loans entered with its customers are on credit. The credit period is generally within one year, extending up to two years, after monitoring assessment and further creditworthiness analysis on the debtors reviewed by senior management. The loan receivables carried fixed interest rate ranging from 9% to 15% (31 December 2018: 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 are related to a large number of diversified customers, there is no significant concentration risk. The Group held collateral or other credit enhancements over its certain of its loan and interest receivable balances.

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

	30 June 2019 (Unaudited) *HK$'000*	31 December 2018 (Audited) *HK$'000*
181 to 365 days	**—**	54,072
Over 365 days	**916,517**	853,026
	916,517	907,098

14. TRADE RECEIVABLES

	30 June 2019 (Unaudited) *HK$'000*	31 December 2018 (Audited) *HK$'000*
Trade receivables	**105,352**	50,000
Impairment	**(6,250)**	(6,250)
	99,102	43,750

The Group's trading terms with its customers are mainly on credit. The credit periods are ranging from 30 to 45 days for its trade receivables. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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:

	30 June 2019 (Unaudited) *HK$'000*	31 December 2018 (Audited) *HK$'000*
91 to 180 days	**4,994**	—
181 to 365 days	**11,563**	43,750
Over 1 year	**82,545**	—
	99,102	43,750

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 (Unaudited) *HK$'000*	31 December 2018 (Audited) *HK$'000*
Financial assets at fair value through profit or loss		
Unlisted investments	**10,237**	45,677
	10,237	45,677

The above unlisted investments were investment for wealth management products issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

16. BORROWINGS

The loan was obtained from independent third party. It was unsecured, bearing interest at 5% per annum and repayable on 20 December 2019. The loan is denominated in RMB.

17 BUSINESS COMBINATION

On 1 February 2019, the Group entered into an acquisition agreement to acquire the entire issued share capital of Sky State Holdings Limited with a cash consideration of HK$25,000,000. Sky State Holdings Limited, through its wholly-owned subsidiary established in the PRC, is principally engaged in the provision of short to medium-term financing and related financial management and consulting services. The acquisition was completed on 1 February 2019. As a result, Sky State Holdings Limited became an indirect wholly-owned subsidiary of the Company and its financial results were consolidated into the Group's consolidated financial statements.

The following summarises the consideration transferred, and the provisional fair value of assets acquired and liabilities assumed at the acquisition date:

	At 1 February 2019 *HK$'000*
Equity investments designated at fair value through other comprehensive income	**187**
Plant and equipment	**368**
Deferred tax assets	**70**
Right-of-use assets	**2,721**
Cash and cash equivalents	**5,079**
Trade and other receivables	**272,122**
Shareholder's loan	**(15,231)**
Lease liabilities	**(2,726)**
Loan and interest payables	**(193,072)**
Tax payables	**(167)**
Other payables	**(57,605)**
Total identifiable net assets acquired	**11,746**
Sale loan assigned	**15,231**
	26,977
Gain on a bargain purchase	**(1,977)**
Total consideration transferred	**25,000**
Satisfied by:	
Consideration payable	**25,000**
Cash flow in respect of the acquisition:	
Cash acquired	**5,079**
Less: Cash paid by the Group	**—**
Net cash inflow in respect of the acquisition	**5,079**

Since the acquisition, Sky State Holdings Limited contributed approximately HK$24,190,000 to the Group's revenue and profit of approximately HK$745,000 to the condensed consolidated statement of profit or loss for the six months ended 30 June 2019.

Had the acquisition been completed on 1 January 2019, the Group's pro forma combined revenue and pro forma combined profits for the six months ended 30 June 2019 would have been approximately HK$77,448,000 and HK$38,777,000 respectively. These pro forma combined figures are for inclusion in these financial statements and for illustrative purpose only. Because of their nature, these pro forma combined figures may not give a true picture of the financial position or results of the combined group that would have occurred had the acquisition actually been completed at the commencement of the reporting period, nor is intended to be a projection of the future prospects of the combined group.

Acquisition-related costs recognised as an expense in the current period were insignificant.

Fair values measured on a provisional basis

As at 30 June 2019, the Group is still in the process of evaluating the purchase price allocation for Sky State Holdings Limited, a gain on a bargain purchase of approximately HK$1,977,000 was recognised based on the preliminary assessment of management which may be subject to adjust upon the completion of evaluation.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

18. CAPITAL COMMITMENT

The Group did not have any capital commitment as at 30 June 2019 (31 December 2018: Nil).

19. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

In the opinion of the Directors, the directors and chief executive of the Company represented the key management personnel of the Group and whose compensation are set out as follows:

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short-term employee benefits	**1,664**	1,804

20. EVENT AFTER THE END OF THE REPORTING PERIOD

There has been no major subsequent event of the Company from 30 June 2019 to the date of this announcement.

21 COMPARATIVE FIGURES

Certain 2018 comparative figures have been restated to conform to current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

BUSINESS REVIEW

During the six months ended 30 June 2019, the Group was principally engaged in the business of operation of loan facilitation services, money lending, securities and other investments and financial and investment advisory.

Operation of P2P Financing Platform and Other Loan Facilitation Services Business

Since the completion of the acquisition of Katar Global Limited and its subsidiaries (collectively, the "**Katar Global Group**") on 20 October 2015, 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 six months ended 30 June 2019, a segment revenue of approximately HK$19,000 (six months ended 30 June 2018: HK$62,986,000) and a segment loss of approximately HK$1,488,000 (six months ended 30 June 2018: segment loss of HK$1,663,553,000) were recorded. The decrease in segment revenue was primarily due to the decrease in provision of loan facilitation services during the six months ended 30 June 2019. With the pressure from the slow down of China's economy, investment and financing activities in the market are greatly reduced due to the tightening regulatory measures and market liquidity which caused the outbreak of a series of defaults in the market. The demand for the loan facilitation services were significant decreased.

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. Interest rates ranged from 9% to 15% per annum during the six months ended 30 June 2019 (six months ended 30 June 2018: 9% to 15%). For the six months ended 30 June 2019, interest income recorded by Joy Wealth was approximately HK$39,300,000 (six months ended 30 June 2018: HK$44,920,000). Details on the loan and interest receivables are set out in note 13 to the condensed consolidated financial statements.

Securities and Other Investments Business

As at 30 June 2019, the Group was holding several investments which are equity securities listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for long term investment with fair value of approximately HK$1,214,072,000 (31 December 2018: HK$369,660,000). During the six months ended 30 June 2019, these investments in listed securities led to a net fair value gain of approximately HK$844,412,000 (six months ended 30 June 2018: net fair value loss of HK$206,784,000) recognised in the condensed consolidated statement of comprehensive income. Significant investments in listed securities are discussed as below.

Investment in shares of Imperial Pacific

The Group held 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 then issued share capital of Imperial Pacific as at 30 June 2019. Imperial Pacific, through its subsidiaries, is mainly engaged in gaming and resort business, including the development and operation of integrated resort on the Island of Saipan, Commonwealth of the Northern Mariana Islands.

As at 30 June 2019, the fair value of the shares of Imperial Pacific held by the Group amounted to approximately HK$1,128,795,000 (31 December 2018: HK$287,626,000), representing approximately 93.0% (31 December 2018: 77.8%) of the Group's total investment in the listed securities. There was no disposal nor addition of shares of Imperial Pacific during the six months ended 30 June 2019 and 2018. The net fair value gain recognised as an other comprehensive income for the investment in shares of Imperial Pacific for the six months ended 30 June 2019 was approximately HK$841,169,000 (six months ended 30 June 2018: net fair value loss of HK$151,953,000). No dividend income was received from this investment during the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

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 then issued share capital of Huarong Int Fin as at 30 June 2019. Huarong Int Fin, through its subsidiaries, is principally engaged in brokerage and dealing of securities, futures and options contracts, margin financing, loan financing, financial advisory, investment, provision of management and consultancy services.

As at 30 June 2019, the fair value of the shares of Huarong Int Fin held by the Group amounted to approximately HK$21,336,000 (31 December 2018: HK$19,864,000), representing approximately 1.8% (31 December 2018: 5.4%) of the Group's total investment in the listed securities. There was no disposal nor addition of shares of

Huarong Int Fin during the six months ended 30 June 2019 and 2018. The net fair value gain recognised as an other comprehensive loss for the investment in shares of Huarong Int Fin for the six months ended 30 June 2019 was approximately HK$1,472,000 (six months ended 30 June 2018: net fair value loss of HK$41,569,000). No dividend income was received from this investment during the six months ended 30 June 2019 (six months ended 30 June 2018: HK$567,000).

Investment in Trust Beneficiary Rights

As at 30 June 2019, 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.

As at 30 June 2019, the fair value of the investment in the Trust amounted to approximately HK$104,740,000 (31 December 2018: HK$157,295,000). For the six months ended 30 June 2019, the interest income recorded on the investment in the Trust was approximately HK$9,087,000 (six months ended 30 June 2018: HK$6,869,000).

The Group monitors the performance of the investments and to make appropriate investment decision regularly. Besides, the Group will also continue to seek for further investments which could have stable and sustainable development in their business in order to diversify the Group's investment portfolio and could create greater value for shareholders from the investments in future.

Besides, the Group will from time to time use part of its idle resources to purchase the wealth management products which are principal guaranteed with expected higher return compared with saving deposit in the PRC. The investments would be able to benefit the Group by maximising the use of its available funds and enhancing its overall return.

Financial and Investment Advisory Business

On 1 February 2019, the Group completed the acquisition of Sky State Holdings Limited. Sky State Holdings Limited, through its wholly-owned subsidiary established in the PRC, is principally engaged in the provision of short to medium-term financing and related financial management and consulting services since October 2012, with presence across Beijing, Shanghai, Guangzhou, Tianjin, Chongqing and Wuxi. Further details of which are set out in the Company's announcement dated 1 February 2019. During the six months ended 30 June 2019, a segment revenue of approximately HK$11,084,000 and a segment profits of approximately HK$2,759,000 were recorded.

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.

PRINCIPAL RISKS AND UNCERTAINTIES

The operation of P2P financing platform and other loan facilitation services business and the money lending business are two of the principal activities of the Group and they expose to a number of risks and uncertainties including exchange rate risk, policy risk, credit risk and liquidity risk.

Besides, the slowdown of China's economic growth and tightening financial regulations may adversely affect the operation of the P2P financing platform and other loan facilitation services business and the money lending business. The volatile and unpredictable stock market in Hong Kong also raises uncertainty on the Group's returns from the securities investment business.

The Board believes that maintaining the "CAIJIA" brand is critical to maintaining its competitive advantage. The ability to maintain its brand reputation depends on a number of factors including but not limited to borrowers' and lenders' satisfaction with the P2P platform's products, lawsuits, web server's stability and web interface quality, timely repayments by the borrowers and the growth rate of the macro-economy, all of which are beyond the Group's control.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2019, the Group had recorded net current assets of approximately HK$1,125,709,000 (31 December 2018: HK$1,038,703,000); and cash and bank balances of approximately HK$104,488,000 (31 December 2018: HK$179,705,000). The Group did not enter into any financial instruments for hedging purpose.

Capital Structure

As at 30 June 2019, the total number of the issued ordinary shares with the par value of HK$0.001 each was 3,870,102,650 (31 December 2018: 3,870,102,650).

Significant Investment, Acquisition and Disposal

Save for disclosed elsewhere in this announcement, there was no significant investment, acquisition or disposal of subsidiaries and associated companies that should be notified to the shareholders of the Company (the "**Shareholders**") for the six months ended 30 June 2019 incurred. The performance and prospect of the significant investments of the Group during the period under review are discussed under the sections of "Securities and Other Investments Business" above.

Segment Information

Details of segment information of the Group for the six months ended 30 June 2019 are set out in note 4 to the condensed consolidated financial statements.

Employees and Remuneration Policy

As at 30 June 2019, the Group had 50 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 30 June 2019, the Group did not pledge any assets to banks or other financial institutions (31 December 2018: 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 the Company has from time to time been approached by investors for potential investment projects.

Save as disclosed elsewhere in this announcement, 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) (the "**SFO**").

Treasury Policy

The Group has adopted a treasury policy on 24 May 2011 in relation to the Group's investment 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

The gearing ratio of the Group as at 30 June 2019 (defined as the Group's total interest-bearing liabilities divided by the Group's total equity) was approximately 0.38%. As the Group had a net cash position as at 31 December 2018 with no borrowing, the gearing ratio was not applicable.

Foreign Exchange Exposures

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 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 30 June 2019, the Group did not have any capital commitment (31 December 2018: Nil).

Contingent Liability

As at 30 June 2019, the Group had no material contingent liability (31 December 2018: Nil).

EVENT AFTER THE END OF THE REPORTING PERIOD

There has been no major subsequent event of the Company from 30 June 2019 to the date of this announcement.

CORPORATE GOVERNANCE

The Company has complied with the code provisions (the "**Code Provisions**") set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2019 except the following deviations:

Code Provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive should be separate and should not be performed by the same person. The Company's chairman was vacant since 10 July 2018. The Board shall identify suitable candidate to fill the chairman's vacancy.

Code Provision A.4.1

Code Provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. A former independent non-executive Director who was appointed in previous years is not appointed for a specific term but is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-Laws of the Company. As such, it is considered that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the CG Code. Also, the Board does not believe that arbitrary term limits on Director's service are appropriate given that Directors ought to be committed to representing the long-term interests of the Shareholders.

Code Provision A.6.7

Code Provision A.6.7 of the CG Code stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of the Shareholders. The non-executive Director and all independent non-executive Directors were unable to attend the annual general meeting of the Company held on 30 May 2019 both due to their other business engagements.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the terms contained in the Model Code for Security Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for security transactions and dealing (the "**Model Code**"). All existing Directors, upon specific enquiry, have confirmed that they have complied with the Model Code during the six months ended 30 June 2019.

PURCHASE, SALE OR REDEMPTION OF SHARES

For the six months ended 30 June 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

SHARES IN ISSUE

As at 30 June 2019, 3,870,102,650 ordinary shares with the par value of HK$0.001 each were issued.

AUDIT COMMITTEE REVIEW

The audit committee of the Company (the "**Audit Committee**") currently comprises of two independent non-executive Directors, Mr. Zheng Zhen and Mr. To Langa Samuelson. The Audit Committee has adopted terms of reference which are in line with the CG Code.

The unaudited condensed consolidated results for the six months ended 30 June 2019 have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on both the website of the Stock Exchange and on the website of the Company. The interim report of the Company for the six months ended 30 June 2019 containing all information required by the Listing Rules will be despatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

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

Executive Director
Mr. Li Jiuhua

Non-executive Director
Ms. Yu Yang

Independent Non-executive Directors
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, 29 August 2019

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