

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

For the reasons explained below under “Review of Unaudited Annual Results”, the auditing process for the annual results of Asia Pacific Silk Road Investment Company Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) has not been completed. In the meantime, the board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019 together with the audited comparative figures for the previous year. The unaudited annual results contained herein have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	<i>Notes</i>	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
REVENUE	6	145,846	180,048
Other income and gains	6	15,891	2,778
Selling and distribution expenses		(6,241)	—
Administrative expenses		(46,403)	(97,915)
Other expenses		(921,985)	(2,263,964)
Finance costs		(580)	—
Share of profit of a joint venture		1,043	—
		<hr/>	<hr/>
LOSS BEFORE TAX	7	(812,429)	(2,179,053)
Income tax expense	8	(13,540)	(17,544)
		<hr/>	<hr/>
LOSS FOR THE YEAR		(825,969)	(2,196,597)
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Owners of the parent		(825,678)	(2,199,094)
Non-controlling interests		(291)	2,497
		<hr/>	<hr/>
		(825,969)	(2,196,597)
		<hr/> <hr/>	<hr/> <hr/>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	<i>10</i>		
Basic and diluted loss for the year		HK(21.33) cents	HK(56.82) cents
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2019

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
LOSS FOR THE YEAR	<u>(825,969)</u>	<u>(2,196,597)</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(8,200)</u>	<u>(18,295)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(8,200)</u>	<u>(18,295)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>234,767</u>	<u>(387,569)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>234,767</u>	<u>(387,569)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>226,567</u>	<u>(405,864)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(599,402)</u>	<u>(2,602,461)</u>
Attributable to:		
Owners of the parent	<u>(598,850)</u>	<u>(2,604,226)</u>
Non-controlling interests	<u>(552)</u>	<u>1,765</u>
	<u>(599,402)</u>	<u>(2,602,461)</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	<i>Notes</i>	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Plant and equipment	<i>11</i>	339	1,019
Right-of-use assets		1,172	—
Equity investments designated at fair value through other comprehensive income		603,385	369,660
Deposits and prepayments		38	94
Financial assets at amortised cost		59,755	157,295
Interest in a joint venture		1,598	—
Loan and interest receivables	<i>12</i>	1,774	—
		<hr/>	<hr/>
Total non-current assets		668,061	528,068
CURRENT ASSETS			
Loan and interest receivables	<i>12</i>	152,422	907,098
Trade receivables	<i>13</i>	55,788	43,750
Deposits, prepayments and other receivables		197,937	2,712
Financial assets at fair value through profit or loss		—	45,677
Tax recoverable		—	70
Cash and cash equivalents		154,958	179,705
		<hr/>	<hr/>
Total current assets		561,105	1,179,012
CURRENT LIABILITIES			
Other payables and accruals		246,063	138,817
Interest-bearing other borrowings		6,712	—
Lease liabilities		1,035	—
Amount due to a related company		173	—
Tax payable		7,814	1,492
		<hr/>	<hr/>
Total current liabilities		261,797	140,309
NET CURRENT ASSETS		<hr/> 299,308	<hr/> 1,038,703
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS		<hr/> 967,369	<hr/> 1,566,771
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,870	3,870
Reserves		938,687	1,537,537
		<hr/>	<hr/>
Non-controlling interests		942,557	1,541,407
		24,812	25,364
		<hr/>	<hr/>
Total equity		967,369	1,566,771
		<hr/> <hr/>	<hr/> <hr/>

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 Office A, 3/F, Man Lok Building, No 93 Bonham Strand, Sheung Wan, Hong Kong.

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
- Financial and investment advisory

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

2. BASIS OF PREPARATION

The unaudited 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. The unaudited financial information have been prepared under the historical cost convention, except for equity investments which have been measured at fair value. This unaudited financial information is presented in Hong Kong dollars (“**HKS**”) 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 information.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to HKFRSs 2015–2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The amendment that are more relevant to the Group are described below, other amendments do not have any significant impact on the Group's financial information.

- (a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of leasehold land and buildings and motor vehicles. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“**short-term leases**”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in the statement of financial position. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term when the contract contains options to extend/terminate the lease

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

	<i>HK\$'000</i>
Assets	
Increase in right-of-use assets	636
Increase in total assets	<u>636</u>
Liabilities	
Increase in lease liabilities	636
Increase in total liabilities	<u>636</u>

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	<i>HK\$'000</i>
Operating lease commitments as at 31 December 2018	2,177
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	<u>(1,491)</u>
	686
Weighted average incremental borrowing rate as at 1 January 2019	<u>3.31%</u>
	636
Lease liabilities as at 1 January 2019	<u><u>636</u></u>

- (b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net an investment in the associate or joint venture. The Group assessed its business model for its long-term interest in a joint venture upon adoption of the amendments on 1 January 2019 and concluded that the long-term interest in a joint venture continued to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

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 unaudited financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i> ¹
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Amendments to Hedge Accounting</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
HKFRS 17	<i>Insurance Contracts</i> ²
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ No mandatory effective date yet determined but available for adoption

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 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; and
- (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 (loss)/profit, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that bank interest income, gain on a bargain purchase, loss on disposal of items of plant and equipment, share of profit or loss of a joint venture, finance costs 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 and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2019	Loan facilitation services HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Securities and other investments HK\$'000 (Unaudited)	Financial and investment advisory HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue					
Revenue from external customers	16	121,973	14,916	8,941	145,846
Segment results	15	(815,636)	13,757	(1,969)	(803,833)
<i>Reconciliation:</i>					
Bank interest income					957
Finance costs					(580)
Gain on a bargain purchase					13,991
Loss on disposal of items of plant and equipment					(257)
Share of profit of a joint venture					1,043
Corporate and other unallocated expenses					(23,750)
Loss before tax					(812,429)
Other segment information:					
Fair value gain on financial assets at fair value through profit or loss	—	—	(314)	—	(314)
Depreciation of right-of-use assets	—	1,973	3	412	2,388
Depreciation of plant and equipment	—	476	101	86	663
Impairment of loan and interest receivables	—	920,774	—	—	920,774
Impairment of trade and other receivables	—	—	—	954	954
Capital expenditure*	—	—	—	490	490
Year ended 31 December 2018	Loan facilitation services HK\$'000 (Audited)	Money lending HK\$'000 (Audited)	Securities and other investments HK\$'000 (Audited)		Total HK\$'000 (Audited)
Segment revenue					
Revenue from external customers	63,154	96,378	20,516		180,048
Segment results	(2,130,679)	38,675	19,251		(2,072,753)
<i>Reconciliation:</i>					
Bank interest income					1,109
Loss on disposal of items of plant and equipment					(25,515)
Corporate and other unallocated expenses					(81,894)
Loss before tax					(2,179,053)
Other segment information:					
Fair value gain on financial assets at fair value through profit or loss	—	—		(138)	(138)
Depreciation of plant and equipment	59	494		—	553
Impairment of goodwill	2,182,663	—		—	2,182,663
Impairment of loan and interest receivables	—	49,536		—	49,536
Impairment of trade receivables	6,250	—		—	6,250
Capital expenditure*	42	—		—	42

* Capital expenditure consists of additions to property, plant and equipment including assets from the acquisition from the acquisition of subsidiaries.

31 December 2019	Loan facilitation services HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Securities and other investments HK\$'000 (Unaudited)	Financial and investment advisory HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	44,221	255,059	715,341	211,450	1,226,071
<i>Reconciliation:</i>					
Corporate and other unallocated assets					<u>3,095</u>
Total assets					<u><u>1,229,166</u></u>
Segment liabilities	49,727	165,603	—	35,222	250,552
<i>Reconciliation:</i>					
Tax payable					7,814
Corporate and other unallocated liabilities					<u>3,431</u>
Total liabilities					<u><u>261,797</u></u>
31 December 2018	Loan facilitation services HK\$'000 (Audited)	Money lending HK\$'000 (Audited)	Securities and other investments HK\$'000 (Audited)	Total HK\$'000 (Audited)	
Segment assets	182,560	936,696	573,200	1,692,456	
<i>Reconciliation:</i>					
Tax recoverable				70	
Corporate and other unallocated assets				<u>14,554</u>	
Total assets				<u><u>1,707,080</u></u>	
Segment liabilities	51,720	85,163	—	136,883	
<i>Reconciliation:</i>					
Tax payable				1,492	
Corporate and other unallocated liabilities				<u>1,934</u>	
Total liabilities				<u><u>140,309</u></u>	

Geographical information

	Revenue from external customers		Non-current assets	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Hong Kong	85,292	89,179	581	819
Mainland China	60,554	90,869	64,095	157,589
	<u>145,846</u>	<u>180,048</u>	<u>64,676</u>	<u>158,408</u>

The revenue information is based on the location of customers. The non-current assets are based on the locations of the assets and exclude 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:

	2019				2018			
	Money lending <i>HK\$'000</i> (Unaudited)	Securities and other investments <i>HK\$'000</i> (Unaudited)	Financial and investment advisory <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)	Loan facilitation services <i>HK\$'000</i> (Audited)	Money lending <i>HK\$'000</i> (Audited)	Securities and other investments <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Customer A	—	—	—	—	37,500	—	—	37,500
Customer B	16,300	—	—	16,300	—	—	—	—
Customer C	—	—	—	—	25,000	—	—	25,000
Customer D	25,926	—	7,981	33,907	—	—	—	—
Customer E	224	14,844	—	15,068	—	—	19,949	19,949
Customer F	29,800	—	—	29,800	—	29,800	—	29,800
	<u>72,250</u>	<u>14,844</u>	<u>7,981</u>	<u>95,075</u>	<u>62,500</u>	<u>29,800</u>	<u>19,949</u>	<u>112,249</u>

6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

(i) Disaggregated revenue information

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Revenue from contracts with customers		
Rendering of loan facilitation with external customers	16	63,154
Rendering of financial and investment consulting services with external customers	8,941	—
	<u>8,957</u>	<u>63,154</u>
Revenue from other sources		
Provision of money lending services	121,973	96,378
Dividend income	14,916	20,516
	<u>136,889</u>	<u>116,894</u>
	<u>145,846</u>	<u>180,048</u>
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Geographical markets		
Hong Kong	—	400
Mainland China	8,957	62,754
	<u>8,957</u>	<u>63,154</u>
Total revenue from contracts with customers	<u>8,957</u>	<u>63,154</u>

(ii) Performance obligation

The performance obligation for rendering of loan facilitation and financial and investment consulting services is satisfied at a point in time upon relevant services are rendered.

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Other income and gains		
Bank interest income	957	1,109
Fair value gain on financial assets at fair value through profit or loss	314	138
Gain on a bargain purchase	13,991	—
Others	629	1,531
	<u>15,891</u>	<u>2,778</u>

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Depreciation of plant and equipment	899	3,314
Depreciation of right-of-use assets	2,699	—
Impairment of goodwill*	—	2,182,663
Impairment of loan and interest receivables*	920,774	49,536
Impairment of trade and other receivables*	954	6,250
Minimum lease payments under operating leases	—	20,219
Lease payment not included in the measurement of lease liabilities	3,086	—
Auditor's remuneration	1,300	1,450
Employee benefit expenses (including directors' and chief executive's remuneration)	23,173	33,703
Foreign exchange differences, net	16	20
Loss on disposal of items of plant and equipment*	257	25,515
	<u>23,173</u>	<u>33,703</u>
	<u>257</u>	<u>25,515</u>

* 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% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for the Company which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 (2018: HK\$1,779,000) of assessable profits of the Company is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Current — Hong Kong		
Charge for the year	2,303	281
Overprovision in prior years	(17)	(20)
	<u>2,286</u>	<u>261</u>
Current — Elsewhere		
Charge for the year	9,205	18,074
Under/(overprovision) in prior years	2,049	(757)
Deferred	—	(34)
	<u>13,540</u>	<u>17,544</u>
Total tax charge for the year	<u>13,540</u>	<u>17,544</u>

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2019.

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted loss per share are based on:

	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> <i>(Audited)</i>
Loss:		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculations	<u>(825,678)</u>	<u><i>(2,199,094)</i></u>
	Number of shares	
	2019	2018
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>3,870,102,000</u>	<u><i>3,870,102,000</i></u>

The computation of diluted loss per share for the years ended 31 December 2019 and 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 2019, the Group did not have additions of plant and equipment (2018: HK\$29,428,000).

12. LOAN AND INTEREST RECEIVABLES

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Non-current		
Loan and interest receivables	33,830	—
Less: Impairment	<u>(32,056)</u>	<u>—</u>
	<u>1,774</u>	<u>—</u>
Current		
Loan and interest receivables	1,043,100	967,634
Less: Impairment	<u>(890,678)</u>	<u>(60,536)</u>
	<u>152,422</u>	<u>907,098</u>
	<u><u>154,196</u></u>	<u><u>907,098</u></u>

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 18% (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 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 ageing 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:

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Within 30 days	3,610	—
30–90 days	20,017	—
91–180 days	12,859	—
181–365 days	24,772	54,072
Over 365 days	<u>92,938</u>	<u>853,026</u>
	<u><u>154,196</u></u>	<u><u>907,098</u></u>

13. 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 ageing 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:

	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Within 30 days	291	—
30–90 days	—	—
91–180 days	—	—
181–365 days	—	43,750
Over 365 days	<u>55,497</u>	<u>—</u>
	<u>55,788</u>	<u>43,750</u>

14. EVENT AFTER THE REPORTING PERIOD

There has been no major subsequent event of the Company from 31 December 2019 to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 December 2019, the Group's revenue was approximately HK\$145,846,000 (2018: HK\$180,048,000) and the Group recorded a loss of approximately HK\$825,969,000 (2018: loss of HK\$2,196,597,000), the basic and diluted losses per share were HK21.33 cents and HK21.33 cents respectively (2018: basic and diluted losses per share were HK56.82 cents and HK56.82 cents respectively).

As at 31 December 2019, the consolidated net assets of the Group were approximately HK\$967,369,000 (31 December 2018: HK\$1,566,771,000).

BUSINESS REVIEW

The Company is an investment holding company, and during the year ended 31 December 2019, the Group was principally engaged in the business of loan facilitation services, money lending, securities and other investments and financial and investment advisory.

Loan Facilitation Services Business

During the year ended 31 December 2019, a segment revenue of approximately HK\$16,000 (2018: HK\$63,154,000) and a segment profit of approximately HK\$15,000 (2018: segment loss of HK\$2,130,812,000) were recorded. The decrease in segment revenue was primarily due to the decrease in provision of loan facilitation services during the year ended 31 December 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. With the non-performance of this business as shown by significant decrease in revenue, the Group will diversify its efforts and resources to other business segments.

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 (2018: HK\$2,536 million). Interest rates ranged from 10%–15% per annum during the current year (2018: 9%–15%). For the year ended 31 December 2019, the interest income recorded by Joy Wealth was approximately HK\$85,292,000 (2018: HK\$88,212,000) on the loan and interest receivables. Details on the loan and interest receivables are set out in note 12 to the financial statements.

During the year ended 31 December 2019, a segment revenue of approximately HK\$121,973,000 (2018: HK\$96,378,000) and a segment loss of approximately HK\$815,636,000 (2018: segment profit of HK\$38,632,000) were recorded. The decrease in segment results was due to an impairment of loan and interest receivables of approximately HK\$920,774,000 (2018: HK\$49,536,000) during the year. Due to the default from borrowers in repaying the outstanding principal and accrued interest and having considered the latest financial position of the borrowers and the possibility of realising the loan and interest receivables from the borrowers, the Company took prudent approach to make impairment provisions for the loan and interest receivables of approximately HK\$920,774,000 for the year ended 31 December 2019.

The Company has sent numerous demand letters to the borrowers and guarantors but the loan and interest receivables were still outstanding and in default position, the Company will continue to demand repayment from the borrowers and guarantors. The Company has engaged the lawyer to issue legal letters to the borrowers and guarantors demanding for immediate payment of outstanding loan and interest. The Company is considering to commence legal proceeding and to issue the Writ of Summons to the borrowers and guarantors if there is no feedback received from the borrowers and guarantors. The Company is currently seeking advice from the lawyer to proceed with legal procedures for taking over the ownership of pledged assets from the borrowers and guarantors.

Securities and Other Investments Business

Securities Investment

As at 31 December 2019, 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 2019, these investments in the listed securities led to a net fair value gain of approximately HK\$234,767,000 (2018: net fair value loss of HK\$387,569,000) recognised in the consolidated statement of comprehensive income. The net fair value gain recognised as other comprehensive income for the year is due to the increase 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 2019. Investment costs of the shares of Imperial Pacific was approximately HK\$76,490,000. 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.

As at 31 December 2019, the fair value of the shares of Imperial Pacific held by the Group amounted to approximately HK\$558,971,000 (31 December 2018: HK\$287,626,000), representing 92.6% (31 December 2018: 77.8%) of the Group's total investment in listed securities and 45.5% (31 December 2018: 16.8%) of the Group's total assets. No disposal nor addition of shares of Imperial Pacific was noted during the year ended 31 December 2019 (2018: Nil). The net fair value gain recognised as other comprehensive income for the investment in shares of Imperial Pacific during the year ended 31 December 2019 was approximately HK\$271,345,000 (2018: net fair value loss of HK\$298,480,000). According to the latest interim report of Imperial Pacific, it recorded revenue of approximately HK\$399,438,000 and a net loss of approximately HK\$1,879,944,000 for the six months period ended 30 June 2019. No dividend income was received from this investment during the year ended 31 December 2019 (2018: Nil).

Investment in Trust Beneficiary Rights

For the year ended 31 December 2019, the Group invested in trust beneficiary rights (the "Trust"). The Trust include loans provided to individuals in the People's Republic of China (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 2019, the fair value of the investment in the Trust amounted to approximately HK\$59,755,000. For the year ended 31 December 2019, the interest income recorded on the investment in the Trust was approximately HK\$14,844,000 (2018: HK\$19,949,000).

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 year ended 31 December 2019, a segment revenue of approximately HK\$8,941,000 and a segment loss of approximately HK\$1,969,000 were recorded.

OUTLOOK

The Group will continue to expand its business varieties in order to broaden 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 2019, the Group had recorded net current assets of approximately HK\$299,308,000 (31 December 2018: HK\$1,038,703,000); and cash and bank balances of approximately HK\$154,958,000 (31 December 2018: HK\$179,705,000). 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 2019. As at 31 December 2019, the total number of issued shares of the Company was 3,870,102,650 with par value of HK\$0.001 each (31 December 2018: 3,870,102,650 shares with par value of HK\$0.001 each).

Significant Investment, Acquisition and Disposals

On 1 February 2019, Best Harvest Asia Limited (the “**Purchaser**”), a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Lucky Stream Investments Limited (the “**Vendor**”), an independent third party, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire issued share capital of Sky State Holdings Limited at a consideration of HK\$25,000,000 in cash. Upon the completion of the acquisition, 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. Further details of which are set out in the Company’s announcement dated 1 February 2019.

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 2019.

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 2019 are set out in note 5 to the financial statements.

Employees and Remuneration Policy

As at 31 December 2019, the Group had 11 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 2019, 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 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 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

The gearing ratio of the Group as at 31 December 2019 (defined as the Group’s total interest-bearing borrowings divided by the Group’s total equity) was approximately 0.7%. As the Group had a net cash position as at 31 December 2018 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 2019, the Group had no capital expenditure contracted for but not provided for in its financial statements (31 December 2018: Nil).

Contingent Liabilities

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

DIVIDEND

The Directors did not recommend the payment of any dividend for the year ended 31 December 2019 (2018: Nil).

CORPORATE GOVERNANCE

The Company has complied with the code provisions (“**Code Provision(s)**”) set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules during the year except for 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. In addition, following the resignation of Mr. Li Jiuhua, the role of the chief executive was vacant since 10 January 2020. The Board shall identify suitable candidate to fill the vacancies of chairman and chief executive.

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 was not appointed for a specific term but was 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.5.1

Code Provision A.5.1 of the CG Code stipulates that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director. The chairman of the nomination committee of the Board was vacant following Mr. Wong Chun Hung’s resignation on 16 August 2019. The Board had used its best endeavours to identify and appoint a new independent non-executive director and chairman of the board committees. Following the appointment of Mr. Lee Man To on 17 December 2019, the Company has complied with Code Provision A.5.1 of the CG Code.

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 at that time were unable to attend the annual general meeting of the Company held on 30 May 2019 both due to their other business engagements.

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. Lee Man To (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 unaudited annual results of the Group for the year ended 31 December 2019 have been reviewed by the Audit Committee.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in parts of China to combat the COVID-19 coronavirus outbreak. Zenith CPA Limited, the auditor of the Company, encountered practical difficulties in compiling its report as it was unable to go to certain locations of the Company for performing audit work. Accordingly, it was unable to complete the audit of the Group's annual results for the year ended 31 December 2019 by 31 March 2020 in accordance with the requirements of the Listing Rules. The unaudited results contained herein have not been agreed by the Company's auditors and are subject to changes resulting from further review by the Company and relevant professional parties and potential adjustments that might be necessary according to the completion of audit procedures by the auditor of the Company under the relevant audit standard. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF UNAUDITED ANNUAL RESULTS ANNOUNCEMENT

This unaudited annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/asiapacificsilkroad).

FURTHER ANNOUNCEMENT AND ANNUAL REPORT

Following the completion of the auditing process, the Company will issue further announcement in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

The annual report for the year ended 31 December 2019 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 despatched to Shareholders in due course.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed by the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Executive Director

Mr. Yeung Siu Keung

Non-executive Director

Ms. Yu Yang

Independent Non-executive Directors

Mr. Lee Man To

Mr. Zheng Zhen

Mr. To Langa Samuelson

By order of the Board

Asia Pacific Silk Road Investment Company Limited

Yeung Siu Keung

Executive Director

Hong Kong, 30 March 2020

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