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ASIA INVESTMENT FINANCE GROUP LIMITED

亞投金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of Asia Investment Finance Group Limited (the “**Company**”) dated on March 28, 2018 in relation to the 2017 final results announcement (the “**Final Results Announcement**”) of the Company and its subsidiaries (the “**Group**”).

The Board wishes to clarify that the balance of Loan receivables of HKD14.41 million was misclassified to Interest in an associate in the financial statements of the Group for the year ended 31 December 2017, and re-classification has been made to the financial statements. Accordingly, the consolidated statement of financial position and notes to the consolidated financial statements of the Group as at 31 December 2017 of the Final Results Announcement should be as follows:

(1) CONSOLIDATED STATEMENT OF FINANCIAL POSITION (set out on pages 3–4 of the Final Results Announcement)

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	15	30,199	29,882
Intangible assets	16	18,388	18,388
Deposit paid	24	12,624	16,000
Goodwill	18	3,000	3,000
Interest in an associate	19	52,187	—
Deferred tax assets	32	—	1,879
		116,398	69,149
Current assets			
Inventories	20	31,860	7,672
Trading securities	21	34,392	98,297
Loan receivables	22	104,836	118,000
Trade receivables	23	14,163	23,640
Prepayments, deposits and other receivables	24	135,991	201,314
Tax recoverable		130	580
Client trust bank balance	25	9,345	2,592
Cash and cash equivalents	26	78,460	103,831
		409,177	555,926
Total Assets		525,575	625,075

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Net current assets	<u>241,336</u>	<u>413,875</u>

(2) SEGMENT REPORTING

(b) Segment Assets and Liabilities (set out on page 9 of the Final Results Announcement)

The following is an analysis of the Group's assets and liabilities by operating segment:

Year ended December 31, 2017

	<u>Securities brokerage and assets management</u> <i>HK\$'000</i>	<u>Money lending business</u> <i>HK\$'000</i>	<u>Credit guarantee and investment business</u> <i>HK\$'000</i>	<u>Trading of party products</u> <i>HK\$'000</i>	<u>Trading of metals and minerals</u> <i>HK\$'000</i>	<u>Total</u> <i>HK\$'000</i>
ASSETS						
Segment assets	43,176	<u>107,806</u>	82,315	19,027	67,131	<u>319,455</u>
Bank balances and cash (included restricted cash)						87,805
Unallocated corporate assets						<u>118,315</u>
Consolidated total assets						<u><u>525,575</u></u>
LIABILITIES						
Segment liabilities	13,531	837	3,604	2,982	34,896	55,850
Unallocated corporate liabilities						<u>111,991</u>
Consolidated total liabilities						<u><u>167,841</u></u>

(c) **Geographic information (set out on page 11 of the Final Results Announcement)**

Specified non-current assets

The following table sets out information about the geographical location of the Group's property, plant and equipment, intangible assets, goodwill and interest in an associate ("**Specified non-current assets**"). The geographical location of the Specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment; the location of the operation to which they are allocated, in the case of intangible assets and goodwill; and the location of operations, in the case of interest in an associate.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong	50,793	49,379
Mainland China	<u>52,981</u>	<u>1,891</u>
Total	<u><u>103,774</u></u>	<u><u>51,270</u></u>

(3) **LOAN RECEIVABLES (set out on page 15 of the Final Results Announcement)**

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loan receivables from money lending business	<u>104,836</u>	<u>118,000</u>

Loan receivables bear interest at rates ranged from 10% p.a. to 20% p.a. (2016: from 12.5% p.a. to 20% p.a.), and with credit periods, mutually agreed between the contracting parties. The Group seeks to maintain strict control over its outstanding loan receivables to minimise credit risk. The balance outstanding as at December 31, 2017 is not overdue.

The loan receivables at the end of the reporting period are analysed by the remaining period to contractual maturity date as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Repayable: Within 1 year	<u>104,836</u>	<u>118,000</u>

(4) INTEREST IN AN ASSOCIATE (set out on pages 17 and 18 of the Final Results Announcement)

The following list contains the associate which is an unlisted corporate entity of which the quoted market price is not available:

<u>Name of associate</u>	<u>Place of incorporation and business</u>	<u>Particulars of issued and paid up capital</u>	<u>Proportion of ownership interest</u>	<u>Principal activity</u>
Sunrise Insurance Broker Company Limited (“Sunrise Insurance”)	PRC	RMB50,000,000	24%	Provision of insurance brokerage service

On June 30, 2017, the Group acquired 24% of the equity interest of Sunrise Insurance at a cash consideration of HK\$56,000,000. Sunrise Insurance is principally engaged in provision of insurance brokerage service in the PRC. The investment in Sunrise Insurance, an insurance brokerage service provider in the PRC, enables the Group to have exposure to this market through local expertise.

The associate is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Sunrise Insurance 2017 <i>HK\$'000</i>
Gross amount of the associate	
Current assets	21,623
Non-current assets	<u>5,258</u>
Current liabilities	(25,816)
Equity	1,065
Post acquisition result	
Revenue	48,851
Loss for the period	(15,888)
Total comprehensive loss	(15,888)
Reconciled to the Group’s interest in the associate	
Gross amounts of the net assets of the associate	1,065
Group’s effective interest	24%
Group’s share of net assets of the associate	256
Goodwill	<u>51,931</u>
Carrying amount in the consolidated financial statements	<u><u>52,187</u></u>

The Board would like to clarify that:

- (i) the first and second paragraph in the section headed “Management Discussion and Analysis — Liquidity and Financial Resources” on page 23 of the Final Results Announcement should read as follows:

As at December 31, 2017, net current assets were approximately HK\$241.34 million (December 31, 2016: approximately HK\$413.88 million). The Group’s current ratio was approximately 2.44 (December 31, 2016: approximately 3.91), based on current assets of approximately HK\$409.18 million and current liabilities of approximately HK\$167.84 million. The Group’s gearing ratio was calculated as total interest bearing borrowings less cash and bank balances divided by shareholders’ equity. As at December 31, 2017, the Group’s gearing ratio was zero (as at December 31, 2016: zero). As at December 31, 2017, the Group had cash and bank balances of approximately HK\$78.46 million (as at December 31, 2016: approximately HK\$103.83 million). The cash and bank balances were denominated in Renminbi, HK dollar and US dollar. The Group has no structured investment products and foreign exchange contracts. The Group is not exposed to material fluctuations in exchange rates.

As at December 31, 2017, the Group had prepayments, deposits and other receivables of approximately HK\$135.99 million, which represented a decrease of approximately HK\$65.32 million or approximately 32.45% from approximately HK\$201.31 million as at December 31, 2016. As at December 31, 2017, the Group had RMB5.00 million (equivalent to approximately HK\$6.00 million) capital commitments (December 31, 2016: approximately HK\$40 million) which relates to the establishment of an asset management company in Chongqing, China. The operating lease commitment for the Group as at December 31, 2017 was approximately HK\$39.68 million (December 31, 2016: approximately HK\$35.20 million).

- (ii) the first paragraph in the section headed “Management Discussion and Analysis — Capital Structure” on page 23 of the Final Results Announcement should read as follows:

As at December 31, 2017, the authorised share capital of the Company was HK\$10,000,000,000 divided into 100,000,000,000 shares of HK\$0.1 each, and the issued share capital of the Company was HK\$932,717,200 divided into 9,327,172,000 shares of HK\$0.1 each.

- (iii) the paragraph in the section headed “Management Discussion and Analysis — Material Acquisition and Disposals of Subsidiaries and Associates” on page 25 of the Final Results Announcement should read as follows:

During the year, the Group had completed an acquisition of 24% equity interest in an insurance brokerage company at a consideration of HK\$56.00 million. The acquired associate is principally engaged in the insurance brokerage business of life, casualty and health insurance projects to individuals and businesses in the Mainland China.

(iv) the fourth paragraph in the section headed “Management Discussion and Analysis — Share Option Scheme” on page 26 of the Final Results Announcement should read as follows:

As at December 31, 2017, there were a total of 110,307,200 Shares, representing approximately 1.18% of the issued Shares, available for issue under the Scheme.

The re-classification has no impact on the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2017.

Save as stated above, all information in the Final Results Announcement remains unchanged.

By Order of the Board
Asia Investment Finance Group Limited
Wong Kwong Sum
Executive Director

Hong Kong, April 24, 2018

As at the date of this announcement, the Board comprises three Executive Directors, namely Ms. Cheung Kwan, Mr. Wong Kwong Sum and Mr. Liu Hu; and three Independent Non-executive Directors, namely Mr. Anthony Espina, Mr. Ho Chun Chung, Patrick and Mr. Ge Ming.