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ASIA INVESTMENT FINANCE GROUP LIMITED

亞投金融集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 33)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2018

The board (the “Board”) of directors (the “Directors”) of Asia Investment Finance Group Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended June 30, 2018 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2018

		Six months ended June 30,	
		2018	2017
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	28,518	135,195
Cost of sales		(24,706)	(124,400)
Gross profit		3,812	10,795
Other revenue/(expenses) and other net income/(loss)	6	(40,559)	(5,297)
Operating expenses		(44,742)	(56,275)
Operating loss		(81,489)	(50,777)
Finance costs	7	(3,769)	(3,208)
Share of loss of an associate		(1,168)	–
Loss before taxation	8	(86,426)	(53,985)
Taxation	9	–	–
Loss for the period		(86,426)	(53,985)

		Six months ended June 30,	
		2018	2017
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss for the period		(86,426)	(53,985)
Other comprehensive income:			
Other comprehensive income/(loss)			
maybe reclassified to profit or loss			
in subsequent periods:			
Exchange differences on translating			
foreign operations		(657)	5,799
Share of other comprehensive income of			
an associate		<u>1,559</u>	<u>–</u>
Other comprehensive income for the period,			
net of tax		<u>902</u>	<u>5,799</u>
Total comprehensive loss for the period		<u>(85,524)</u>	<u>(48,186)</u>
Loss for the period attributable to:			
Equity shareholders of the Company		(85,173)	(53,907)
Non-controlling interests		<u>(1,253)</u>	<u>(78)</u>
		<u>(86,426)</u>	<u>(53,985)</u>
Total comprehensive loss for the period			
attributable to:			
Equity shareholders of the Company		(84,173)	(48,546)
Non-controlling interests		<u>(1,351)</u>	<u>360</u>
		<u>(85,524)</u>	<u>(48,186)</u>
Dividend	<i>10</i>	<u>–</u>	<u>–</u>
Loss per share			
– Basic	<i>11</i>	<u>(0.91 cents)</u>	<u>(0.58 cents)</u>
– Diluted	<i>11</i>	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2018

	<i>Notes</i>	As at June 30, 2018 HK\$'000 (Unaudited)	As at December 31, 2017 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	<i>12</i>	27,140	30,199
Intangible assets		18,388	18,388
Deposit paid		–	12,624
Statutory deposit		400	400
Goodwill	<i>13</i>	3,000	3,000
Interest in an associate	<i>14</i>	52,578	52,187
		<u>101,506</u>	<u>116,798</u>
Current assets			
Inventories		30,571	31,860
Trading securities	<i>15</i>	23,185	34,392
Loan receivables	<i>16</i>	104,250	104,836
Trade receivables	<i>17</i>	24,202	14,163
Prepayments, deposits and other receivables	<i>18</i>	121,590	135,591
Tax recoverable		130	130
Client trust bank balance		5,924	9,345
Cash and cash equivalents		4,629	78,460
		<u>314,481</u>	<u>408,777</u>
Total assets		<u>415,987</u>	<u>525,575</u>
Equity			
Share capital	<i>19</i>	932,717	932,717
Reserves		(705,907)	(588,918)
Equity attributable to shareholders of the Company		226,810	343,799
Non-controlling interests		8,649	13,935
Total equity		<u>235,459</u>	<u>357,734</u>

		As at June 30, 2018	As at December 31, 2017
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Current liabilities			
Trade payables	21	14,664	14,901
Accruals and other payables		57,091	53,816
Short-term borrowings	22	13,000	–
Convertible bonds	20	95,773	99,124
		<u>180,528</u>	<u>167,841</u>
Total equity and liabilities		<u>415,987</u>	<u>525,575</u>
Net current assets		<u>133,953</u>	<u>240,936</u>
Total assets less current liabilities		<u>235,459</u>	<u>357,734</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Asia Investment Finance Group Limited (the “Company”) was incorporated and domiciled in the Cayman Islands. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The condensed consolidated interim financial statements of the Company as at and for the six months ended June 30, 2018 comprises the Company and its subsidiaries (together referred to as the “Group”). The Company is an investment holding company. The Group is principally engaged in securities brokerage and asset management, money lending business, credit guarantee and investment business and trading of party products and metals and minerals.

The address of its principal place of business in Hong Kong is Unit 3201, 32/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The interim report is unaudited but has been reviewed and authorised by the audit committee of the Company (the “Audit Committee”). The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017.

(b) Judgments and estimates

Preparing the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2017.

3. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended December 31, 2017, except for the changes that are expected to be reflected in the consolidated financial statements for the year ended December 31, 2018 as described below.

The HKICPA has issued a number of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

The Group has adopted the following revised HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Interim Financial Statements.

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers and the related amendments
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual improvements to HKFRSs 2014 – 2016 cycle
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

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

The Group has performed an assessment on the impact of the adoption of HKFRS 15 and concluded that no material financial impact exists, and therefore no adjustment to the opening balance of equity at January 1, 2018 was recognised. However, as the presentation and disclosure requirements in HKFRS 15 are more detailed than those under HKAS 18, as required for the interim condensed financial information, the Group has disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to note 5 for the disclosure of disaggregated revenue.

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

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after January 1, 2018, bringing together two aspects of the accounting for financial instruments: classification and measurement; and impairment.

(a) *Classification and measurement*

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (“FVPL”), amortised cost, or FVOCI. The classification is based on two criteria: the Group’s business model for managing the assets; and whether the instrument’s contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the “SPPI” criterion).

The new classification and measurement of the Group’s financial assets are as follows:

- *Debt instruments at amortised cost* that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group’s trade receivables, loan receivables and financial assets included in prepayments, deposits and other receivables.

The assessment of the Group’s business model was made as of initial application, January 1, 2018, and then applied retrospectively to those financial assets that were not derecognised before January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The adoption of HKFRS 9 has not had a significant effect on the Group’s accounting policies related to financial liabilities.

(b) *Impairment*

The adoption of HKFRS 9 has fundamentally changed the Group’s accounting for impairment losses for financial assets by replacing HKAS 39’s incurred loss approach with a forward-looking expected credit loss (“ECL”) approach. HKFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

As at June 30, 2018, the Group has applied the simplified approach and recorded lifetime ECLs on trade receivables, and general approach and recorded 12-month ECLs on loan receivables and financial assets included in prepayments, deposits and other receivables.

Changes in classification and measurement in the Group's financial assets and the impacts there of are detailed as below:

	Prepayment, deposits and other receivables	Translation reserve	Accumulated losses	Non- controlling interests
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Closing balance				
at December 31, 2017				
– HKAS 39	135,591	7,766	(3,664,531)	13,935
Remeasurement (<i>Note</i>)	<u>(45,278)</u>	<u>(1,500)</u>	<u>(39,250)</u>	<u>(4,528)</u>
Opening balance at				
January 1, 2018	<u>90,313</u>	<u>6,266</u>	<u>(3,703,781)</u>	<u>9,407</u>

Note: As at January 1, 2018, the additional credit allowance of approximately HK\$45,278,000 has been recognised against accumulated losses. The additional loss allowance is charged against the prepayment, deposits and other receivables.

4. OPERATING SEGMENTS

Reconciliation of operating results reviewed by Chief Operating Decision Maker which are different from the Group's results are as follows:

For six months ended June 30, 2018

The segment results for the six months ended June 30, 2018 are as follows:

	Securities brokerage and asset management <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Credit guarantee and investment business <i>HK\$'000</i>	Trading of party products <i>HK\$'000</i>	Trading of metals and minerals <i>HK\$'000</i>	Total <i>HK\$'000</i>
Unaudited						
Revenue						
External sales	<u>582</u>	<u>5,701</u>	<u>-</u>	<u>22,235</u>	<u>-</u>	<u>28,518</u>
Result						
Segment results	<u>(3,417)</u>	<u>(13,645)</u>	<u>(3,128)</u>	<u>(5,140)</u>	<u>(19,304)</u>	<u>(44,634)</u>
Interest income						185
Other revenue and other net income						2,038
Gain on extension of convertible bonds						6,542
Reversal of bad debt written off						11,743
Realised loss on disposal of trading securities						(1,165)
Unrealised loss on fair value changes of trading securities						(27,746)
Unallocated corporate expenses						(28,452)
Interest expenses						(3,769)
Share of loss of an associate						(1,168)
Loss before taxation						(86,426)
Taxation						-
Loss for the period						<u>(86,426)</u>
Other segment information						
Depreciation	133	2	155	221	9	520
Depreciation of unallocated corporate assets						2,552
Capital expenditure of property, plant and equipment	-	-	-	118	-	118
Impairment on receivables	<u>-</u>	<u>13,756</u>	<u>-</u>	<u>-</u>	<u>18,399</u>	<u>32,155</u>

As at June 30, 2018

The segment assets and liabilities as at June 30, 2018 are as follows:

	Securities brokerage and asset management <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Credit guarantee and investment business <i>HK\$'000</i>	Trading of party products <i>HK\$'000</i>	Trading of metals and minerals <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS						
Segment assets	54,957	110,168	71,770	15,383	47,332	299,610
Bank balances and cash						4,629
Unallocated corporate assets						111,748
Consolidated total assets						<u>415,987</u>
LIABILITIES						
Segment liabilities	17,145	954	5,106	2,361	35,277	60,843
Unallocated corporate liabilities						119,685
Consolidated total liabilities						<u>180,528</u>

For six months ended June 30, 2017

The segment results for the six months ended June 30, 2017 are as follows:

Unaudited	Securities brokerage and asset management <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Credit guarantee and investment business <i>HK\$'000</i>	Trading of party products <i>HK\$'000</i>	Trading of metals and minerals <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue						
External sales	<u>844</u>	<u>6,407</u>	<u>4,041</u>	<u>26,525</u>	<u>97,378</u>	<u>135,195</u>
Result						
Segment results	<u>(8,804)</u>	<u>6,398</u>	<u>(1,633)</u>	<u>(1,890)</u>	<u>(2,345)</u>	<u>(8,274)</u>
Interest income						113
Other revenue and other net income						282
Unallocated corporate expenses						(42,898)
Interest expenses						<u>(3,208)</u>
Loss before taxation						(53,985)
Taxation						<u>–</u>
Loss for the period						<u>(53,985)</u>
Other segment information						
Depreciation	121	2	275	314	2	714
Depreciation of unallocated corporate assets						2,199
Capital expenditure of property, plant and equipment	768	–	–	54	–	822
Capital expenditure of property, plant and equipment of unallocated corporate assets						<u>6,297</u>

As at December 31, 2017

The segment assets and liabilities as at December 31, 2017 are as follows:

Unaudited	Securities brokerage and asset management <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Credit guarantee and investment business <i>HK\$'000</i>	Trading of party products <i>HK\$'000</i>	Trading of metals and minerals <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS						
Segment assets	43,176	107,806	82,315	19,027	67,131	319,455
Bank balances and cash						78,460
Unallocated corporate assets						<u>127,660</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>

The accounting policies of the operating segments are the same as the accounting policies of the Group. Segment results represent the profit earned or loss incurred by each segment without allocation of administrative expenses, other income, other gains and losses, share of loss of an associate and finance cost. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. REVENUE

An analysis of revenue is as follows:

	Six months ended June 30,	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Credit guarantee service and investment income	–	4,041
Trading of party products	22,235	26,525
Brokerage commission income and asset management income	582	844
Interest income from money lending business	5,701	6,407
Trading of metals and minerals	–	97,378
	<hr/>	<hr/>
Total	28,518	135,195
	<hr/> <hr/>	<hr/> <hr/>

Disaggregation of revenue according to geographic location

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

	Six months ended June 30,	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong	28,518	33,776
Mainland China	–	101,419
	<hr/>	<hr/>
Total	28,518	135,195
	<hr/> <hr/>	<hr/> <hr/>

6. OTHER (REVENUE)/EXPENSES AND OTHER NET (INCOME)/LOSS

	Six months ended June 30,	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest income	(185)	(113)
Net exchange gain	(748)	–
Realised loss/(gain) on disposal of trading securities	1,165	(4,007)
Unrealised loss on fair value changes of trading securities	27,746	9,699
Dividend income	(141)	(122)
Reversal of bad debt written off	(11,743)	–
Impairment on other receivables	18,399	–
Impairment on loan receivables	13,250	–
Impairment on trade receivables	506	–
Gain on extension of convertible bonds	(6,542)	–
Sundry income	(1,148)	(160)
	<u>40,559</u>	<u>5,297</u>

7. FINANCE COSTS

	Six months ended June 30,	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Margin interest expenses	569	47
Imputed interest expenses on convertible bonds	3,191	3,161
Others	9	–
	<u>3,769</u>	<u>3,208</u>
Total	<u>3,769</u>	<u>3,208</u>

8. LOSS BEFORE TAXATION

	Six months ended June 30,	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before taxation has been arrived at after charging/(crediting):		
Depreciation	3,072	2,913
Staff costs, including directors' emoluments	27,502	22,053
Interest income	(185)	(113)
Reversal of bad debt written off	(11,743)	–
Impairment on other receivables	18,399	–
Impairment on loan receivables	13,250	–
Impairment on trade receivables	506	–
Unrealised loss on fair value changes of trading securities	27,746	9,699
Realised loss/(gain) on disposal of trading securities	1,165	(4,007)

9. TAXATION

No Hong Kong Profits Tax was provided as there was no estimated assessable profit for the period. There was no tax impact on subsidiaries in the People's Republic of China (the "PRC") for the period (June 30, 2017: Nil).

10. DIVIDEND

The Board did not recommend any interim dividend for the six months ended June 30, 2018 (June 30, 2017: Nil).

11. LOSS PER SHARE

The calculation of basic loss per share for the interim period was based on the consolidated loss attributable to equity shareholders of the Company of approximately HK\$85.2 million (June 30, 2017: approximately HK\$53.9 million) and the weighted average number of shares in issue during the period, which was 9,327,172,000 shares (June 30, 2017: 9,358,983,602 shares).

Since the impact of the potential ordinary shares on the conversion of outstanding convertible bonds and share options on the loss per share are anti-dilutive, the diluted loss per share were not presented.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2018, the Group incurred approximately HK\$0.1 million (June 30, 2017: approximately HK\$7.1 million) on acquisition of property, plant and equipment.

13. GOODWILL

	As at June 30, 2018 <i>HK\$'000</i> (Unaudited)	As at December 31, 2017 <i>HK\$'000</i> (Audited)
At the beginning and the end of the period/year	<u>3,000</u>	<u>3,000</u>

14. INTEREST IN AN ASSOCIATE

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

Name of associate	Place of registration and business	Particulars of issued and paid up capital	Proportion of ownership interest	Principal activity
Sunrise Insurance Broker Company Limited	PRC	RMB40,100,000	24%	Provision of insurance brokerage service

Summarised financial information of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the condensed consolidated interim financial statements, are disclosed below:

	As at June 30, 2018 HK\$'000 (Unaudited)	As at December 31, 2017 HK\$'000 (Audited)
Non-current assets	4,630	5,258
Current assets	38,539	21,623
Current liabilities	(46,845)	(25,816)
Gross amount of net (liabilities)/assets of the associate	(3,676)	1,065
Group's effective interest	24%	24%
Group's share of net (liabilities)/assets of the associate	(882)	256
Goodwill	53,460	51,931
Carrying amount of interest in an associate	52,578	52,187

On June 11, 2018, the associate, Sunrise Insurance Broker Company Limited has entered into a capital injection agreement with an independent third party. The injected capital was amounted to approximately RMB5,556,000 (which was equivalent to approximately HK\$6,590,000). The Group's effective interest changed from 24% to 21.6% after this capital injection, however, the capital injection was not yet completed as at June 30, 2018.

15. TRADING SECURITIES

	As at June 30, 2018 <i>HK\$'000</i> (Unaudited)	As at December 31, 2017 <i>HK\$'000</i> (Audited)
Trading securities		
– Listed equity shares listed in Hong Kong	<u>23,185</u>	<u>34,392</u>

The trading securities are initially recognised at fair value. The Group holds the trading securities for trading purpose. At the end of each reporting period the fair value is re-measured, with any resultant gain or loss being recognised in the statement of profit or loss. The fair value is measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

16. LOAN RECEIVABLES

	As at June 30, 2018 <i>HK\$'000</i> (Unaudited)	As at December 31, 2017 <i>HK\$'000</i> (Audited)
Loan receivables from money lending business	117,500	104,836
Less: Impairment on loan receivables	<u>13,250</u>	<u>–</u>
	<u>104,250</u>	<u>104,836</u>

Loan receivables bear interest at rates ranged from 9% per annum to 16.8% per annum (December 31, 2017: 9% per annum to 12% per annum), 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.

During the period, impairment on loan receivables amounted to HK\$13,250,000 was provided for as these loans are regarded as default payment after management's assessment.

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

	As at June 30, 2018 <i>HK\$'000</i> (Unaudited)	As at December 31, 2017 <i>HK\$'000</i> (Audited)
Repayable:		
Within 1 year	<u>104,250</u>	<u>104,836</u>

17. TRADE RECEIVABLES

	As at June 30, 2018 <i>HK\$'000</i> (Unaudited)	As at December 31, 2017 <i>HK\$'000</i> (Audited)
Trade receivables arising from dealing in securities and margins:		
– Client arising from dealing in securities and margins	12,002	772
– Clearing house	<u>2,117</u>	<u>2,011</u>
	14,119	2,783
Trade receivables arising from trading of party products	6,137	9,947
Trade receivables arising from money lending business	4,015	326
Trade receivables arising from credit guarantee service and investment income	<u>450</u>	<u>1,822</u>
	24,721	14,878
<i>Less: Allowance for bad and doubtful debts</i>	<u>519</u>	<u>715</u>
	<u>24,202</u>	<u>14,163</u>

Customers from trading of party products are usually offered a credit period of up to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An ageing analysis of trade receivables based on the date of the invoice and net of provision of impairment loss is as follows:

	As at June 30, 2018 HK\$'000 (Unaudited)	As at December 31, 2017 HK\$'000 (Audited)
Within 30 days	19,786	8,288
31 to 60 days	2,552	3,762
61 to 90 days	310	854
Over 90 days	1,554	1,259
	24,202	14,163
Trade receivables from dealing in securities and not past due	(14,119)	(2,783)
	10,083	11,380

Trade receivables from securities brokerage and assets management represent trade receivables from cash and custodian clients which are neither past due nor impaired represent unsettled client trades or securities exchanges transacted on the last two business days prior to the end of the reporting period.

The carrying amounts of trade receivables approximate their fair values.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at June 30, 2018 <i>HK\$'000</i> (Unaudited)	As at December 31, 2017 <i>HK\$'000</i> (Audited)
Trade deposits and other receivables (<i>Note a & b</i>)	206,891	169,322
Deposit paid for acquisition (<i>Note b</i>)	–	12,624
Prepayments	4,687	4,707
Rental, utility and sundry deposits	7,958	8,753
Staff advances	97	84
	219,633	195,490
<i>Less: Impairment on other receivables (Note a)</i>	98,043	47,275
<i>Less: Non-current portion (Note b)</i>	–	12,624
	121,590	135,591

Notes:

- (a) The amount includes trade deposits of approximately HK\$21,260,000 (December 31, 2017: approximately HK\$13,500,000) for purchase of metals and minerals, deposit of approximately HK\$69,980,000 for credit guarantee service business (December 31, 2017: HK\$46,800,000), other receivables of HK\$Nil (December 31, 2017: approximately HK\$30,245,000) from trading of metals and minerals and entrusted loan of HK\$Nil (December 31, 2017: approximately HK\$26,413,000).

There was a reversal of bad debt written off amounted to approximately HK\$11,743,000 during the period due to repayment of loan from a borrower. Other receivables of approximately HK\$62,511,000 was impaired. Management has made such decision by relying on the valuation carried out by an independent external valuer.

- (b) During the year ended December 31, 2017, the amount of HK\$8,000,000 represents the earnest money for the proposed acquisition of 20% issued share capital of a company incorporated in Hong Kong which is principally engaged in the provision of integrated security service solutions in Hong Kong, Macau and overseas countries. As the acquisition has not proceeded, the deposit was expected to be recovered by October 31, 2018. Accrued interest of RMB1,800,000 (which was equivalent to HK\$1,960,000) was received subsequently after the period ended June 30, 2018.

The remaining amount of approximately HK\$4,624,000 (which was equivalent to EUR500,000) represents the earnest money for the proposed establishment of a joint venture company with an independent third party in relation to investments in the field of new energy. As the establishment has not proceeded, the deposit will be subsequently recovered.

19. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.1 each:		
Authorised:		
As at December 31, 2017 and June 30, 2018	<u>100,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
As at December 31, 2017 (Audited) and June 30, 2018 (Unaudited)	<u>9,327,172</u>	<u>932,717</u>

20. CONVERTIBLE BONDS

On February 18, 2016, the Company issued two-year convertible bonds at 0% coupon rate of principal amount of HK\$100,000,000 to the subscriber, Internet Finance Investment Company Limited of which the entire share capital is held by the Director, Cheung Kwan. The annualised effective interest rate is 7%. Based on the initial conversion price of HK\$0.1 per conversion share, a maximum of 1,000,000,000 conversion shares would be allotted and issued upon exercise of the conversion rights attaching to the convertible bonds in full.

On January 10, 2018, the Company entered into a deed of variation for the extension of both the conversion period and the maturity date of the convertible bonds with the principal amount of HK\$100,000,000 by a period of one year, such that the maturity date will become February 18, 2019 ("extended maturity date"). Apart from the extension of the conversion period and the maturity date, all other terms and conditions of the outstanding convertible bonds shall remain unchanged.

The extended maturity date is considered not to be a substantial modification of terms of the convertible bonds as the discounted present value of the cash flows of the convertible bonds with extended maturity date is less than 10% different from the discounted present value of the cash flows of the outstanding convertible bonds prior to the extension of maturity date. As such, the amount of future cash flow of the extended convertible bonds as at February 18, 2018 is discounted by the original effective interest rate amount to approximately HK\$93,458,000. The difference between the carrying amount of extended convertible bonds and the amount of discounted future cash flow of the extended convertible bonds of approximately HK\$6,542,000 has been recognised in other (revenue)/expenses and other net (income)/loss in note 6.

If no bond holders exercise their conversion rights on the extended maturity date, the Company shall redeem each convertible bond then outstanding at a value equal to the aggregate principal amount then outstanding on the extended maturity date.

	Liability portion <i>HK\$'000</i>
At December 31, 2017	99,124
Effect on extension of convertible bonds	(6,542)
Imputed interest amortised	<u>3,191</u>
At June 30, 2018	<u><u>95,773</u></u>

21. TRADE PAYABLES

	As at June 30, 2018 <i>HK\$'000</i> (Unaudited)	As at December 31, 2017 <i>HK\$'000</i> (Audited)
Trade payables arising from dealing in securities and margins:		
– Clients arising from dealing in securities	897	2,006
– Clearing house	3,035	711
– Clients' money	8,371	9,202
	<u>12,303</u>	<u>11,919</u>
Trade payables arising from trading of party products	<u>2,361</u>	<u>2,982</u>
	<u><u>14,664</u></u>	<u><u>14,901</u></u>

The ageing analysis of trade payables from trading of party products is as follows:

	As at June 30, 2018 HK\$'000 (Unaudited)	As at December 31, 2017 HK\$'000 (Audited)
0 to 30 days	2,203	2,145
31 to 60 days	–	641
61 to 90 days	158	196
	<u>2,361</u>	<u>2,982</u>

The trade payables arising from trading of party products are non-interest bearing and are normally settled on 90-day terms. The carrying amounts of the trade payables at the end of the reporting period approximated their fair values.

22. SHORT-TERM BORROWINGS

On June 26, 2018, the Group has issued a bond amounted to HK\$13,000,000 to an independent external third party, at an interest rate at 5% per annum and matures 105 days after the issuing date.

23. RELATED PARTY TRANSACTIONS

Compensation of senior management of the Group is as follows:

	Six months ended June 30, 2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Salaries, allowances and other benefits	4,679	7,696
Equity-settled share option arrangement	7,934	–
Contributions to retirement scheme	27	27
	<u>12,640</u>	<u>7,723</u>

24. CAPITAL COMMITMENTS

As at June 30, 2018, the Group had no capital commitments (December 31, 2017: RMB5.0 million which was the payment for the acquisition of an associate).

25. COMPARATIVE FIGURES

The Group has initially applied HKFRS 9 at January 1, 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

26. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the Board on August 28, 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW, OUTLOOK AND PROSPECT

Business Review, Outlook and Prospect

The Group's operating business includes securities brokerage and asset management, money lending business, credit guarantee, investing and funding businesses, as well as trading of metals, minerals and other products. During the Reporting Period, the operations of the Group were diverse.

The Group has the licences (Type 1, 2, 4, 5 and 9) under the Securities and Futures Ordinance ("SFO") and is in full operation of its securities brokerage and asset management businesses. The securities funding business is tapping into the stock market. On the other hand, our subsidiary which is in possession of a money lenders licence had commenced the money lending business in the investment and finance market sectors in Hong Kong with satisfactory results. The Group continues to grow its business and operations by fully utilizing its licences regulated under the SFO.

In the first half of this year, the economic environment remains challenging. However, the Group is confident in the future about the financial markets and business development, particularly in those countries and regions within the scope of the "Belt and Road" policy, which are full of emerging opportunities. The Company will continue to implement a prudent strategy in managing its existing business operations, while looking for investment projects with potential and new business opportunities in countries and regions within the scope of the "Belt and Road" policy.

Besides, the Group will put efforts to develop licensed business and continue to develop new markets in order to increase the value of business platform of the licensed business. Based on the businesses of the financial platform, the Group looks for business opportunities in the industries with growth potentials and cooperation. The Group will continue to capture opportunities and expand our international trading business, especially to put more efforts to the commodities logistics with the countries along the "Belt and Road" route. The Group will leverage on financial segment to drive its international trade in order to maximize the income from investments and operations, broaden the source of income and improve the Group's financial performance.

Securities brokerage and asset management

The Group acquired a licensed asset management company and a licensed stockbroker company in year 2016. The operations and businesses of the asset management company and stockbroker company has commenced in 2017.

The revenue for securities brokerage and asset management during the Reporting Period were approximately HK\$0.6 million for the period (June 30, 2017: approximately HK\$0.8 million). The businesses were at its full scale of operation and the Group will seek for business opportunities for future expansion.

Money lending business

With increasing market competition of the money lending industry in Hong Kong during recent years, the growth of the money lending business slowed down during the Reporting Period. There was a decrease in our loan portfolio for the period and the interest income from money lending business were approximately HK\$5.7 million for the period (June 30, 2017: approximately HK\$6.4 million).

The Company will further drive this business by achieving healthy loan growth, while at the same time maintaining strong credit quality and credit risk management to accumulate a stable income stream for the Company.

Credit guarantee and investment business

The Group is involved in credit guarantee and investment business in Mainland China and no revenue was derived from this segment during the Reporting Period (June 30, 2017: approximately HK\$4.0 million). The Group grant loans to companies with pledge of collateral assets in Mainland China for interest income.

Due to global economic slow-down, many financial institutions, including the Company, would like to tighten its credit policy to mitigate its credit risk.

Trading of party products

The Group is involved in trading of party products and the revenue of this segment during the Reporting Period was approximately HK\$22.2 million (June 30, 2017: approximately HK\$26.5 million). The Group traded party products with several major and stable customers, who are corporate customers from North America and Asia.

During the period, the Group purchased party related products including party accessories, decorations, cutlery and eatery wares from suppliers in the PRC. The Group will provide touch-ups to such products in the PRC, which includes but not limited to adding festive elements to such products. The final products would be exported to our overseas customers.

As the market of party products is competitive and shrinking in recent years, the management of the Group will continue closely monitor the market and take corresponding measures where necessary.

Trading of metals and minerals

The metal trading business was commenced in 2014 by the then management of the Group with the intention to diversify its income stream and increase its revenue and the product traded in the metal trading segment was ferrochrome. During the period, there was no revenue (June 30, 2017: approximately HK\$97.4 million) generated from this segment since the price of the commodity is quite fluctuated in recent years and the gross profit margin is relatively low.

In relation to the prospects of the metal trading segment, the Company will continue its metal trading business wherever there is opportunity to achieve a gain through the metal trading activities on an indent sales basis.

Financial Review

During the six months' period ended June 30, 2018, the Group's revenue was approximately HK\$28.5 million representing a decrease of 78.9% from approximately HK\$135.2 million for the six months' period ended June 30, 2017. The decrease in turnover was mainly due to the competitive environment and no sales from credit guarantee service and investment business and trading of metals and minerals.

Gross profit during the six months' period ended June 30, 2018 was HK\$3.8 million, representing a decrease of 64.8% of the HK\$10.8 million for the six months' period ended June 30, 2017. In terms of gross profit margin, the current figure was 13.4%, representing an increase of 5.4% from 8.0% for the six months' period ended June 30, 2017. The increase in gross profit was contributed by the decrease of turnover in the business of trading of metals and minerals which generate a relatively lower gross profit margin.

Other revenue/(expenses) and other net income/(loss) during the six months' period ended June 30, 2018 was approximately HK\$40.6 million (June 30, 2017: approximately HK\$5.3 million), the increase of loss was mainly attributable to combined effect of the (1) the increase of approximately HK\$18.0 million in unrealized loss on fair value change of trading securities; (2) reversal of approximately HK\$11.7 million of bad debt written off from previous years; (3) gain on extension of convertible bonds of approximately HK\$6.5 million comparing with last year; and (4) an increase in impairment on loan and trade receivables from customers and other receivables which were approximately HK\$13.8 million and HK\$18.4 million respectively due to the adoption of an expected credit loss model under Hong Kong Financial Reporting Standard 9 Financial Instruments ("HKFRS 9") issued by the Hong Kong Institute of Certified Public Accountants in 2018.

Operating expenses during the six months' period ended June 30, 2018 was HK\$44.7 million, representing a decrease of approximately 20.6% from approximately HK\$56.3 million for the six months' period ended June 30, 2017, was mainly attributable to the combined effect of (1) the decrease of approximately HK\$17.9 million in human resources, legal and professional and general office expenses resulting from effective implementation of cost control policy during the period; and (2) the increase in recognition of share-based payment expense, which was non-cash in nature, of approximately HK\$7.9 million recorded for the grant of share options comparing with the same period of last year.

Finance costs during the six months' period ended June 30, 2018 were approximately HK\$3.8 million, representing an increase of around 18.8% from HK\$3.2 million for the six months' period ended June 30, 2017. Such finance cost was mainly due to the imputed interest expenses on convertible bonds.

According to HKFRS 9, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk. The adoption of HKFRS 9 by the Company on 1 January 2018 resulted in an impairment for expected credit losses on other receivables of approximately HK\$45.3 million being recognised as at 1 January 2018.

Liquidity and Financial Resources

As at June 30, 2018, net current assets were approximately HK\$134.0 million (December 31, 2017: net current assets was approximately HK\$240.9 million). The Group's current ratio was 1.74 (December 31, 2017: 2.44 times), based on current assets of approximately HK\$314.5 million and current liabilities of approximately HK\$180.5 million. The Group had no bank borrowing as at June 30, 2018 (December 31, 2017: Nil) and short term borrowing of approximately HK\$13.0 million, the gearing ratio was 43.4% (December 31, 2017: Nil), which is calculated on the Group's total liabilities divided by its total assets. As at June 30, 2018, the Group had cash and bank balances of approximately HK\$4.6 million (December 31, 2017: approximately HK\$78.5 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 June 30, 2018, the Group had prepayments, deposits and other receivables of approximately HK\$121.6 million, which represented a decrease of approximately HK\$14.0 million (around 10.3%) from approximately HK\$135.6 million as at December 31, 2017. As at June 30, 2018, the Group had no capital commitments (December 31, 2017: approximately HK\$5.0 million). The operating lease commitment for the Group as at June 30, 2018 was around HK\$28.4 million (December 31, 2017: around HK\$39.7 million).

Material Acquisition and Disposals of Subsidiaries and Associates

The Group had no material acquisition and disposals of subsidiaries and associates during the period.

Significant Investments

For the six months' period ended June 30, 2018, the Group had significant investments in equity securities of companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which were classified as trading securities and the performance of such equity securities are as follows:

Name	(Stock code)	Principle business	Number of share held		Market value		Proportion to the total assets of the Group		Investment cost		Unrealised gain/(loss) on fair value change	
			As at 30 Jun 2018	As at 31 Dec 2017	As at 30 Jun 2018 HK\$'000	As at 31 Dec 2017 HK\$'000	As at 30 Jun 2018	As at 31 Dec 2017	As at 30 Jun 2018 HK\$'000	As at 31 Dec 2017 HK\$'000	For the period ended 30 Jun 2018 HK\$'000	For the period ended 30 Jun 2017 HK\$'000
Hosa International Limited	#2200	Design and production of a wide range of mid-to-high end sportswear products.	10,000,000	10,000,000	2,900	26,400	0.69%	5.02%	26,810	23,846	(23,873)*	-
Huiyin Holdings Group Limited	#01178	Manufacturing and trading of BIOenergy products, healthcare food products, multi-functional water generators, other healthcare products and properties investments.	65,300,000	32,600,000	2,743	2,217	0.66%	0.42%	5,538	2,608	(1,462)*	(4,781)
The People's Insurance Co. (Group) of China Ltd	#1339	Provided integrated financial products and services and were engaged in property and casualty ("P&C") insurance, life and health insurance, asset management and other businesses.	1,980,000	1,000,000	7,306	3,850	1.75%	0.73%	7,738	4,102	(431)	-
Sanai Health Industry Group Co. Ltd	#1889	Development, manufacturing, marketing and sales of pharmaceutical products, sales of pharmaceutical related software, provision of consultancy services, general trading and provision of finance leasing services.	19,500,000	-	10,140	-	2.42%	-	12,085	-	(1,945)*	-
Citic Dameng Holdings Ltd	#1091	Manganese mining, ore processing and downstream processing operations in Mainland China, manganese mining and ore operations in Gabon, as well as trading of manganese ore, manganese alloy and related raw materials.	252,000	-	96	-	0.02%	-	131	-	(35)	-
GCL New Energy Holdings Ltd	#451	Sales of electricity, development, construction, operation and management of solar power plants	-	3,500,000	-	1,925	-	0.37%	-	1,925	-	-
Haitong Securities Co. Ltd	#06837	Engaged in securities and futures contracts dealing and broking, proprietary trading, margin and other financing, underwriting, assets management, direct equity investments, finance lease business, banking services, corporate finance business, individual finance business, fund management business and provision of investment advisory and consultancy services.	-	-	-	-	-	-	-	-	-	(1,401)
Tansh Global Food Group Co. Ltd	#03666	Engaged in the operation of chain restaurants in Chinese Mainland, Hong Kong and other regions.	-	-	-	-	-	-	-	-	-	(2,437)
Jiangxi Copper Co. Ltd	#00358	Copper mining, milling, smelting and refining for the production of copper cathodes, copper rods and wires and other related products, including pyrite concentrates, sulphuric acid, and electrolytic gold and silver, and rare metals such as molybdenum, and trading of copper related products, etc.	-	-	-	-	-	-	-	-	-	(1,080)
					<u>23,185</u>	<u>34,392</u>			<u>52,302</u>	<u>32,481</u>	<u>(27,746)</u>	<u>(9,699)</u>

* Investment cost in these investee companies represented the initial acquisition costs for the respective investee company. Some of the investments in these investee companies were made by the Company in prior years. For those part of investments in these investee companies which were made in prior years, they were subject to fair value adjustments and unrealised gain/(loss) on change in fair value were recognised at the financial year end of the respective years. The unrealised gain/(loss) on change in fair value of these investee companies for the six months ended 30 June 2018 excluded those amount being recognised in prior years.

During the period, the Group's securities investment business recorded a net disposal loss of approximately HK\$1.2 million (June 30, 2017: a net disposal gain of approximately HK\$4.0 million), which was mainly the combined effect of disposed shares of The People's Insurance Co. (Group) of China Limited, GCL New Energy Holdings Limited, CITIC Dameng Holdings Limited and Sanai Health Group. During the period ended June 30, 2018, the dividend received from securities investment were approximately HK\$0.1 million (June 30, 2017: HK\$0.1 million). As at June 30, 2018, the market value of the listed securities being held by the Group was approximately HK\$23.2 million in value (December 31, 2017: approximately HK\$34.4 million) and an unrealized loss on fair value change was approximately HK\$27.7 million (June 30, 2017: approximately HK\$9.7 million).

The Directors believe that the future performance of the equity securities of companies listed on the Stock Exchange held by the Group will be affected by the overall economic environment, equity market conditions, investor sentiment and the business performance of the investee companies. The Board will continue adopts a prudent financial management strategy and look out for opportunities to invest in Main Board Listed Companies to generate better returns to its shareholders.

Contingent Liabilities

As at June 30, 2018 the Group did not have any material contingent liabilities (December 31, 2017: Nil).

Capital Structure

As at June 30, 2018, 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.

During the Reporting Period, there was an outstanding principal amount of HK\$100,000,000 of convertible bond which was granted pursuant to the subscription agreement dated November 5, 2015 (the “Subscription Agreement”). Based on the Subscription Agreement, the Company has allotted (i) 1,000,000,000 subscription shares at the subscription price of HK\$0.10 per subscription share and issued (ii) the convertible bonds (the “Convertible Bonds”) in the principal amount of HK\$100,000,000 to the subscriber, Internet Finance Investment Company Limited (“Internet Finance”), a company which is wholly owned by Ms. Cheung Kwan (a substantial shareholder and an executive Director of the Company).

According to the terms and conditions of the bonds, the bonds bear a nil interest rate and will mature in second anniversary of the date of issue of the bonds. The bondholder has the right to convert the whole or part of the principal amount of the bonds into conversion shares at any time and from time to time, between the date of issue of the bonds and up to the maturity date.

On January 10, 2018, the Company and Internet Finance entered into a deed of variation (the “Deed of Variation”), pursuant to which it is agreed that, subject to the fulfillment of conditions precedent, the maturity date of the outstanding Convertible Bonds in the principal amount of HK\$100,000,000 will be extended from February 18, 2018 to February 18, 2019.

On March 20, 2018, the Deed of Variation has been approved by the independent shareholders at the extraordinary general meeting of the Company. As at the date of this announcement, all conditions precedent have been fulfilled.

Details of the above transactions had been disclosed in the circulars issued by the Company dated January 8, 2016 and February 28, 2018, and the announcements issued by the Company dated February 18, 2016, January 10, 2018 and March 20, 2018 respectively.

Capital Commitment

As at June 30, 2018, the Group had no capital commitment (December 31, 2017: HK\$5.0 million).

Human Resources

As at June 30, 2018, the Group had 54 employees (December 31, 2017: 58 employees). It is the Group's policy to recruit the right person for each position based on the person's qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions.

Share Option Scheme

At the annual general meeting of the Company held on June 26, 2017, the shareholders of the Company approved the adoption of a new share option scheme ("2017 Share Option Scheme") which effective on June 26, 2017 ("Commencement Date") and the termination of the share option scheme adopted by the Company on October 30, 2007 ("2007 Share Option Scheme") at the same time. Upon the termination of the 2007 Share Option Scheme, no further Options will be offered or granted but the provisions of the 2007 Share Option Scheme will remain in full force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2007 Share Option Scheme.

The purpose of the 2017 Share Option Scheme is to provide incentives or rewards to Participants of the 2017 Share Option Scheme for their contribution to, and continuing efforts to promote the interests of the Group. The Participants (as defined in the 2017 Share Option Scheme) include any employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries) and any distributor, contractor, business partner, promoter, service provider, customer, supplier, consultant, agent and adviser or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Unless otherwise cancelled or amended, the 2017 Share Option Scheme will remain in force for ten (10) years from the Commencement Date.

During the period, one executive-director, one non-executive director and one independent non-executive director, who have been granted an aggregate of 129,000,000 share options on July 27, 2017, resigned and retired, with those 129,000,000 share options surrendered with immediate effect. Such resignation and retirement were accepted by the Company and the offer for the grant of the aforesaid 129,000,000 Share Options lapsed accordingly.

As at June 30, 2018, there were a total of 932,717,200 Shares, representing 10% of the issued Shares, available for issue under the 2017 Share Option Scheme.

EVENT AFTER REPORTING PERIOD

Subsequent to June 30, 2018, the Company had the following event:

On July 17, 2018, the Company and China Universities Media Holdings Limited (中國高校傳媒控股有限公司) entered into a supplemental memorandum of understanding (the “Supplemental MOU”) in relation to the acquisition of the entire issued share capital of China Universities Media Limited (中國高校傳媒有限公司) whereby the parties extended the period of Exclusivity to one (1) month from the execution of the Supplemental MOU (or such later date as the parties to the Supplemental MOU may agree in writing) as both parties required more time to discuss the terms and conditions of the formal sale and purchase agreement.

OTHER INFORMATION

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2018.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

For the six months ended June 30, 2018, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as guidelines to reinforce our corporate governance principles, except for one deviation which is summarised below:

Under A.2.1 of the CG Code, the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual and the division of responsibilities between Chairman and Chief Executive Officer should be established and set out in writing. Since January 10, 2011, the Company has not had any Chief Executive Officer. The functions of Chief Executive Officer were performed by the Executive Directors. The Board considers that this structure will not impair the balance of the power and authority between the Board and the management of the Company, and has been effective in discharging its responsibilities satisfactorily and facilitating the Company's operations and business development.

MODEL CODE FOR SECURITIES TRANSACTIONS DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiries to all directors, all directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended June 30, 2018.

INTERIM DIVIDEND

The Board did not recommend any interim dividend for the six months ended June 30, 2018 (June 30, 2017: Nil).

AUDIT COMMITTEE

The Audit Committee was established on October 30, 2007 and it assists the Board in discharging its responsibilities for corporate governance, financial reporting and internal control. As at June 30, 2018, the Audit Committee comprises, Mr. Anthony Espina, Mr. Ho Chun Chung, Patrick and Mr. Ge Ming, all of whom are Independent Non-executive Directors. Mr. Anthony Espina is the Chairman of the Audit Committee.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended June 30, 2018 have not been audited, but have been reviewed by the Board and the Audit Committee.

By Order of the Board
Asia Investment Finance Group Limited
Ling Zack Xiange
Executive Director

Hong Kong, 28 August 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Cheung Kwan, Mr. Ling Zack Xiange and Mr. Liu Hu; one non-executive Director, Mr. Wang Dayong; and three Independent Non-executive Directors, namely Mr. Anthony Espina, Mr. Ho Chun Chung, Patrick and Mr. Ge Ming.