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.

AFFLUENT PARTNERS HOLDINGS LIMITED

錢唐控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1466)

Website: http://www.affluent-partners.com

UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board of directors (the "Board") of Affluent Partners Holdings Limited (the "Company") is pleased to announce the unaudited financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2017, together with the unaudited comparative figures for the corresponding period in 2016.

	For the six months ended 30 September		**Increase/(decrease)**	
	2017	2016		
	HK$'000	*HK$'000*	*HK$'000*	*Percentage*
Revenue	**107,014**	102,037	4,977	4.9%
Gross profit	**33,076**	32,438	638	2.0%
Loss attributable to equity holders of the Company	**(13,171)**	(6,438)	(6,733)	104.6%

* *For identification purposes only*

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 September 2017

		Six months ended 30 September	
		2017	2016
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**107,014**	102,037
Cost of sales		**(73,938)**	(69,599)
Gross profit		**33,076**	32,438
Other losses, net		**(7,899)**	(17)
Selling expenses		**(4,416)**	(5,093)
Administrative expenses		**(34,259)**	(33,193)
Operating loss	*6*	**(13,498)**	(5,865)
Finance income		**447**	52
Finance costs		**(603)**	–
Finance (costs)/income, net		**(156)**	52
Share of results of an associate	*10*	**1,188**	–
Loss before income tax		**(12,466)**	(5,813)
Income tax expenses	*7*	**(705)**	(625)
Loss for the period attributable to equity holders of the Company		**(13,171)**	(6,438)
Loss per share attributable to equity holders of the Company	*9*		
— Basic and diluted		**(3.93) HK cents**	(2.01) HK cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(13,171)**	(6,438)
Other comprehensive income for the period, net of tax	**–**	–
Total comprehensive loss for the period attributable to equity holders of the Company	**(13,171)**	(6,438)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 September 2017

	Note	**30 September 2017** ***HK$'000*** **(Unaudited)**	31 March 2017 *HK$'000* (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**5,055**	5,695
Interest in an associate	*10*	**81,381**	–
Prepayments and other receivables		**12,461**	11,528
Deferred income tax assets		**1,084**	1,001
		99,981	18,224
Current assets			
Inventories		**64,369**	66,661
Loans and other receivables	*12*	**54,591**	46,878
Trade and other receivables	*11*	**82,422**	75,731
Current income tax recoverable		**–**	652
Financial assets at fair value through profit or loss	*13*	**30,739**	42,774
Held-to-maturity investment	*14*	**–**	7,976
Cash and cash equivalents		**44,543**	54,342
		276,664	295,014
Current liabilities			
Trade and other payables	*15*	**22,691**	23,153
Current income tax liabilities		**347**	–
		23,038	23,153
Net current assets		**253,626**	271,861
Total assets less current liabilities		**353,607**	290,085
Net assets		**353,607**	290,085
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**3,394**	3,195
Reserves		**350,213**	286,890
Total equity		**353,607**	290,085

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Affluent Partners Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the purchasing, processing, designing, production and wholesale distribution of pearls and jewellery products and operation of strategic investment and financial service segment.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 October 2014.

This condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 27 November 2017.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation used in the Interim Financial Statement are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2017, except for the inclusion of the following accounting policy:

Associate

An associate is an entity in which the group has significant influence, that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, less any impairment losses, unless it is classified as held for sale. Adjustments are made to bring into line any dissimilar accounting policies that may exist. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the period are recognised in the consolidated income statement, whereas the group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Associate (Continued)

When the group's share of losses exceeds its interest in the associate, the group's interest is reduced to zero and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the group's interest is the carrying amount of the investment under the equity method together with the group's long-term interests that in substance form part of the group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the group and its associates are eliminated to the extent of the group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in income statement. Goodwill arising from the acquisition of associates is included as part of the group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, when the group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in income statement. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

Adoption of New or Revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKAS 7	Amendments Disclosure Initiative
HKAS 12	Amendments Recognition of Deferred Tax Assets for Unrealised Losses

The application of the above amendments to HKFRSs in the current interim period had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

At the date of authorisation of this interim financial report, the Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective for the current period. Currently, the Group is in the midst of assessing the financial impact of the application of these new and revised HKFRSs and a reasonable estimate of the effect will be available once a detailed review has been completed.

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, 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.

Judgement, estimates and assumptions in the Interim Financial Statement are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2017, except for the inclusion of the following :

Impairment of interest in an associate

Management determines whether interest in an associate have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, according to their recoverable amounts determined by the cash-generating units based on value-in-use calculations. The determination of impairment indication requires significant judgement, and the calculations require the use of estimates which are subject to change of economic environment in future.

5. SEGMENT INFORMATION

The Group's operating segments have been determined based on the information reported to the executive directors, being the chief operating decision maker of the Group, that are used for performance assessment and to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments. The Group currently has two operating segments:

(a) Sale of pearls and jewellery products	Design and sale of jewellery products, and sale of pearls
(b) Strategic investment and financial services	Financial assets investment, money lending and investment in an associate

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure and of corporate expenses from the operating segments. Other information provided to the executive directors is measured in a manner consistent with that in the consolidated financial statements.

For the six months ended 30 September 2016, the Group had only identified one operating segment – pearls and jewellery operating segment, and hence segment disclosures are not presented.

5. SEGMENT INFORMATION (Continued)

An analysis of the Group's reportable segment revenue, results, assets, liabilities and other selected financial information for the six months ended 30 September 2017 by operating segments are as follows:

Segment revenue and results

For the six months ended 30 September 2017

	Sale of pearls and jewellery products *HK$'000*	Strategic investment and financial services *HK$'000*	Total *HK$'000*
Segment revenue	**100,403**	**6,611**	**107,014**
Segment loss	**(1,893)**	**(2,108)**	**(4,001)**
Interest income			**447**
Finance costs			**(603)**
Unallocated corporate expenses			**(8,309)**
Loss before income tax			**(12,466)**

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the years.

Segment results represent loss incurred by each segment without allocation of central administrative expenses including directors' emoluments, certain other gains and losses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

5. SEGMENT INFORMATION (Continued)

Other segment information

For the six months ended 30 September 2017

	Sale of pearls and jewellery products *HK$'000*	Strategic investment and financial services *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment loss and segment assets			
Acquisition of an associate	**–**	**80,193**	**80,193**
Additions to property, plant and equipment	**36**	**592**	**628**
Depreciation of property, plant and equipment	**1,223**	**45**	**1,268**
Fair value loss on financial assets at fair value through profit or loss	**–**	**7,331**	**7,331**

Geographical Information

The Group mainly operates in Hong Kong and the PRC. The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets*	
	2017 *HK$'000*	2016 *HK$'000*	**2017** *HK$'000*	2016 *HK$'000*
North America#	**36,197**	44,422	**–**	–
Europe	**25,491**	16,695	**–**	–
Hong Kong	**18,197**	11,973	**16,312**	15,067
Korea	**–**	–	**81,381**	–
Asian countries (excluding Hong Kong and Korea)	**23,654**	26,063	**1,204**	2,156
Others	**3,475**	2,884	**–**	–
	107,014	102,037	**98,897**	17,223

* Non-current assets excluded deferred tax assets.

\# Revenue from the transactions with one individual customer amounted to HK$13,957,000 (2016: HK$21,980,000) was more than 10% of total revenue of the Group for the six months ended 30 September 2017, the customer is situated in the United States of America (the "USA"), the revenue generated from the USA during the period amounted to HK$35,381,000 (2016: HK$43,228,000). This revenue was attributable to North America region of the sales of pearls and jewellery products segment.

6. OPERATING LOSS

An analysis of the amounts presented as operating items charged/(credited) in the interim condensed consolidated income statement is given below.

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories	**57,375**	62,780
Fair value loss on financial assets at fair value through profit or loss	**7,331**	–
Provision for/(reversal of provision for) inventory obsolescence	**5,351**	(7,065)
Staff costs, including directors emoluments	**23,859**	28,558
Provision for impairment of trade receivables	**1,675**	2,309
Depreciation of property, plant and equipment	**1,268**	1,272
Operating lease rental on rented premises	**5,493**	5,138
Loss on disposals of property, plant and equipment	**–**	246
Finance cost – interest expenses	**603**	–
Finance income		
– bank interest income	**(3)**	(52)
– interest on loan to an associate	**(444)**	–

7. INCOME TAX EXPENSES/(CREDIT)

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax:		
Hong Kong profits tax	**789**	–
PRC enterprise income tax	**–**	2
	789	2
Under-provision in prior year:		
Hong Kong profits tax	**–**	758
Deferred income tax:		
Net credit for the period	**(84)**	(135)
	705	625

Hong Kong profits tax has been provided at a rate of 16.5% (2016: 16.5%) on the estimated assessable profits for the six months ended 30 September 2017.

The PRC enterprise income tax in respect of operations in the PRC is calculated at applicable tax rates on the estimated assessable profit for the period based on existing legislation, interpretation and practices in respect thereof.

The PRC tax law imposes a withholding tax at 10%, unless reduced by a tax treaty, for dividends distributed by PRC subsidiaries to its immediate holding company outside the PRC for earnings generated beginning on 1 January 2008.

8. DIVIDEND

At a meeting of the board of directors held on 27 November 2017, the directors resolved not to declare an interim dividend to shareholders for the six months ended 30 September 2017 (2016: nil).

9. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the Company	**(13,171)**	(6,438)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (thousands)	**335,156**	319,521
Basic loss per share (HK cents)	**(3.93)**	(2.01)

There is no dilutive potential ordinary share during the six months ended 30 September 2017 (2016: same).

10. INTEREST IN AN ASSOCIATE

On 10 May 2017, the Group completed a transaction to acquire 33% of equity interest of Dellos Group Limited at aggregate consideration of HK$80,193,000, which was satisfied by the payment of the cash consideration of HK$3,500,000 and the allotment and issue of 19,868,766 consideration shares of the Company in the aggregate value of HK$76,693,000 of the fair value of HK$3.86 to the venders.

The aggregate cost of acquisition of the equity interest in Dellos Group Limited were approximately HK$80,193,000.

10. INTEREST IN AN ASSOCIATE (Continued)

Reconciliation of the below summarised financial information to the carrying amount of the interest in the associate recognised in the condensed consolidated financial statements.

	At 30 September 2017 *HK$'000* **(unaudited)**	At 31 March 2017 *HK$'000* (audited)
Cost of investment in an associate		
Provisional share of fair value of identifiable assets and liabilities as at date of acquisition	**9,730**	–
Goodwill	**70,463**	–
Share of post-acquisition profit and other comprehensive expenses	**1,188**	–
	81,381	–

As at the date of approval for issuance of this interim report, the fair value assessments of the identifiable assets and liabilities of Dellos as at the date of acquisition have not yet been completed. Accordingly, the Group's share of the relevant fair values of the net assets acquired has been determined on a provisional basis. For the purpose of initial recognition of the investment in the associate and application of the equity method of accounting, the directors of the Company have determined the best estimates for the value of these assets and liabilities based on the net book values of Dellos as at acquisition date.

Provisional goodwill arose in the above acquisition because the consideration paid for the acquisition effectively included amounts in relation to the benefit of revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the provisional goodwill arising on acquisition is expected to be deductible for tax purpose.

11. TRADE AND OTHER RECEIVABLES

The Group grants a credit period of 30 days to 120 days to its customers. The carrying amounts of the trade and other receivables approximate their fair values as these financial assets, which are measured at amortised cost, are expected to be received within a short period of time, such that the impact of the time value of money is not significant.

As at 30 September 2017, included in trade and other receivables of the Group are trade receivables, net of allowance for doubtful debts, of HK$57,710,000 (31 March 2017: HK$59,357,000) and their ageing analysis based on invoice dates is as follows:

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 60 days	**28,848**	26,887
61 to 120 days	**7,709**	10,598
More than 120 days	**21,153**	21,872
Trade receivables net of allowance for doubtful debts	**57,710**	59,357

Included in the trade and other receivables of the Group are loans to an associate of HK$13,868,000 (31 March 2017: loan to a third party of HK$12,800,000).

Loans to an associate/loan to a third party

Name of Company	Highest balance during the period	**At 30 September 2017**	At 31 March 2017
	HK$'000	***HK$'000***	*HK$'000*
		(unaudited)	(audited)
Dellos F&B Co., Ltd	12,950	**12,950**	12,800
Dellos International Limited	918	**918**	–
	13,868	**13,868**	12,800

11. TRADE AND OTHER RECEIVABLES (Continued)

Loans to an associate/loan to a third party (Continued)

	At 30 September 2017 *HK$'000* **(unaudited)**	At 31 March 2017 *HK$'000* (audited)
Non Current Portion	**8,734**	7,800
Current Portion	**5,134**	5,000
	13,868	12,800

Loans to an associate or third party as at 30 September 2017 and 31 March 2017 are interest bearing at 5% per annum, unsecured and the carrying value approximate to its fair value. Included in the loans consist of HK$7,800,000 that is denominated in the United States dollar, the term of the loan is two years of which the balance outstanding as at 30 September 2017 and 31 March 2017 is repayable over one year. The remaining balances of HK$5,000,000 and HK$900,000 are denominated in Hong Kong dollar and are repayable within one year and over one year respectively.

12. LOANS AND INTEREST RECEIVABLES

	30 September 2017 *HK$'000*	31 March 2017 *HK$'000*
Loans to individuals	**52,250**	45,000
Interest receivables	**2,341**	1,878
	54,591	46,878
Less: impairment loss recognised	**–**	–
	54,591	46,878

All loans are denominated in Hong Kong dollars. The loans receivable carry effective interest rate ranging from 18% to 19% per annum (31 March 2017: 18% to 19%). A maturity profile of the loans receivable (net of impairment loss recognised, if any) at 30 September 2017 and 31 March 2017, based on the maturity date is as follows:

	30 September 2017 *HK$'000*	31 March 2017 *HK$'000*
Current assets		
Mature within one year	**54,591**	46,878

12. LOANS AND INTEREST RECEIVABLES (Continued)

At 30 September 2017, the loans to customers were unsecured personal loans and not subject to any personal guarantee.

In determining the recoverability of the loans receivable, the Group considers any change in the credit quality of the loans receivables from the date credit was initially granted up to the reporting date. The management has assessed the loans and interest receivables and believes that no impairment provision is necessary in respect of these balances.

The directors of the Company considered that the carrying amount of loans and interest receivable recorded at amortised cost in the consolidated financial statements approximate to fair value.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2017 *HK$'000*	31 March 2017 *HK$'000*
Equity securities classified as held for trading investments:		
Listed equity securities in Hong Kong	**19,798**	29,154
Financial assets designated at fair value through profit or loss:		
Unlisted fund	**10,941**	13,620
	30,739	42,774

Fair values of listed securities are determined with reference to quoted market closing price.

The fair value of the investment in unlisted fund is determined by reference to the net asset value ("NAV") of the fund, which is determined as at the close of business based on the market closing prices in the relevant market or markets on each reporting date. The NAV is calculated based on the value of the fund's assets and/or investments quoted, listed, traded or dealt on any stock exchange, commodities exchange or futures made by reference to the exchange close price on the principal stock exchange for such investments as at the close of business in such place on the reporting date as of which such calculation is to be made, minus the value of the fund's liabilities on the reporting date.

Financial assets at fair value through profit or loss are denominated in Hong Kong dollar for the listed equity, and is denominated in United States dollar for the unlisted fund.

Financial assets at fair value through profit or loss are presented within "operating activities" as part of changes in working capital in the consolidated statement of cash flows.

As at 30 September 2017, the Group had served notice for redemption of the unlisted fund. The Group has received the money from redemption of the unlisted fund in November 2017, amounting to HK$10,698,000.

14. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investment comprise of:

	30 September 2017 *HK$'000*	31 March 2017 *HK$'000*
Debt debenture	**–**	7,976
Analysed for reporting purposes as:		
Current asset	**–**	7,976

The Group's held-to-maturity investment represented debt debenture with maturity of 120 days at an interest rate of 9% per annum.

Held-to-maturity investment was denominated in the United States dollar and matured in August 2017. It is unsecured and the carrying value approximates to its fair value.

15. TRADE AND OTHER PAYABLES

The carrying amounts of the trade and other payables approximate their fair values as these financial liabilities, which are measured at amortised cost, are expected to be paid within a short period of time, such that the impact of the time value of money is not significant.

As at 30 September 2017, included in trade and other payables of the Group are trade payables of HK$9,470,000 (31 March 2017: HK$8,543,000) and their ageing analysis based on invoice date is as follows:

	30 September 2017 *HK$'000* **(Unaudited)**	31 March 2017 *HK$'000* (Audited)
0 to 60 days	**6,762**	6,958
61 to 120 days	**1,244**	145
More than 120 days	**1,464**	1,440
	9,470	8,543

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

The board of directors (the "Board") of Affluent Partners Holdings Limited (the "Company") is pleased to report the results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2017 (the "Period" or "HY17"). During the Period, the unaudited consolidated loss attributable to equity holders of the Company was HK$13.2 million (six months ended 30 September 2016 ("HY16"): loss of HK$6.4 million).

Business Review

Pearls and Jewellery Business Segment

The Group is one of the world's largest merchants, purchasers and processors of pearls, with its customers spanning through 50 countries and regions around the world. Leveraging its own competitive advantages, which include the close and stable relationship with customers and suppliers, the Group has offered vertically integrated product chain and built a renowned reputation in the pearl and jewellery industry.

The pearl and fine jewellery market remains sluggish, with a prospect still clouded by many uncertainties, whereas the constant decline recorded in relevant business over previous years are not reduced in this period. As such, the Group will continue to monitor the high-consumption product market, and review and adjust its strategies for business development when appropriate, as part of the Group's deployment to attain steady and better performance in the future. The sales contribution from our prestigious showroom ("VIP showroom") in our Hong Kong headquarters (HY17: HK$5.1 million; HY16: HK$3.3 million).

The Group will continue to strictly control costs and improve operation efficiency and productivity in a bid to stay competitive. The Group will continue to actively participate in various important jewellery & gem fairs around the world in order to expand into a diversified customer base.

Business Review (Continued)

Strategic Investment and Financial Services Segment

Following the steps of sharp transformation last year, this year Affluent Partners gradually achieved business diversification, and established new business segment – strategic investment and financial services segment. This segment has been in operation, and its objectives include provision of money lending service and investments in the stock market, bonds and other forms of securities, which may include long-term and short-term investments in listed securities in Hong Kong and other recognized overseas securities markets as well as other potential investment opportunities. The Company has a wholly-owned subsidiary which holds a money lenders licence under the Money Lenders Ordinance (Cap. 163, the Laws of Hong Kong), and has obtained a renewed licence.

Meanwhile, we have entered into an investment agreement with Wonderland (UK) Holdings Limited ("Wonderland (UK)") to subscribe up to GBP3.5 million 6% convertible guaranteed redeemable loan notes. Wonderland (UK) is the exclusive licensee of the Sotheby's International Realty brand in England and is operating a real estate agency business. The Sotheby's International Realty brand primarily deals in residential sales, lettings, development sales, investment and international sales and its franchise network currently has approximately 20,000 sales associates, located in approximately 870 offices across 70 countries. We are convinced that the real estate market in England has a huge potential for future growth.

Furthermore, we have completed the acquisition of 33% of the entire issued share capital of a Korean beverage company, Dellos Group Limited ("Dellos"). Products under Dellos sell in Korean and over 40 countries across the world, spanning the European Union, Russia, Middle Asia, South America and Africa. Dellos develops the nano water-soluble technology with an independent third party, which could be applied to the manufacturing process of beverage. The Group is of the view that Dellos has a promising prospect. Based on the profit certificate of Dellos F&B Co., Ltd, the operating profit before working capital changes (the "OPWCC") for the year ended 30 June 2017 was not less than KRW2,250,000,000 for the profit guarantee.

Looking forward, with the gradual completion of our convertible bond subscription of Wonderland (UK) and its subsequent real estate agency business, we expect that our strategic investment and financial services segment will diversify the income streams of the Group, and generate additional investment returns on the available funds of the Company from time to time. We expect that the segment will be the growth driver of the Company, and will actively make continuous efforts to find appropriate investment projects in the future.

The Group will further use its resources as a listed company to add value for the acquisition project, so as to increase its profitability and return. Dellos will continue to actively expand its distribution network, especially the local sales network in Korea and etc.

Investment Review

Movements in the Hong Kong listed equities and unlisted fund held by the Group during the six months ended 30 September 2017 are as follows:

	2017 *HK$'000*
Carrying amount at 1 April 2017	**42,774**
Acquisitions	**5,967**
Disposals	**(10,671)**
Loss arising on change in fair value of financial assets at fair value through profit or loss	**(7,331)**
Carrying amount at 30 September 2017	**30,739**

Details of the Hong Kong listed equities and unlisted fund held by the Group at 30 September 2017 are as follows:

	Number of shares held at 30 September 2017	Fair value at 30 September 2017 *HK$'000*	Fair value as compared to the consolidated total assets of the Group at 30 September 2017	Loss arising on change in fair value recognised in the year ended 30 September 2017 *HK$'000*
Name of Hong Kong listed equities				
Beijing Gas Blue Sky Holdings Limited (Stock code: 6828)	**18,456,000**	**9,597**	**2.6%**	**894**
China Baoli Technologies Holdings Limited (Stock code: 164)	**64,975,000**	**10,201**	**2.7%**	**3,758**
Name of unlisted fund				
Quantum Growth Fund	**1,371,599**	**10,941**	**2.9%**	**2,679**
		30,739		**7,331**

Investment Review (Continued)

During the six months ended 30 September 2017, the Group's money lending business generated interest income on loans of HK$6,436,000. The Group granted new loans in the aggregate principal amount of HK$44,670,000 to its customers. Throughout the reporting period, the directors has continuously assessed the collectability of loans receivable. As there was no objective evidence that the Group would not be able to collect all amounts due, no impairment loss on loans receivable was recognised. At 30 September 2017, the Group's loans receivable together with accrued interest receivable amounted to HK$54,591,000 (31 March 2017: HK$46,878,000). Return on loans and interest receivables for HY17 was 14.5% (HY16: Nil). Subsequent to the reporting period, the Company has received loans interest of HK$2,189,000, which is timely according to payment schedule.

Financial Review

The Group currently is principally engaged in purchasing, processing, designing, production and wholesale distribution of pearls and jewellery products and financial assets investment and money lending.

Revenue and Gross Profit

Revenue increased slightly during the Period (HY17: HK$107 million; HY16: HK$102 million), comprised sales of pearl and jewellery of HK$100.4 million (HY16: HK$102.0 million) and interest income on strategic investment and financial services of HK$6.6 million (HY16: Nil), mainly as a result of the new income stream from money lending business.

Gross profit increased by HK$0.7 million or 2.2% to HK$33.1 million (HY16: HK$32.4 million). There was a decrease in gross profit margin during HY17 (HY17: 30.9%; HY16: 31.8%). The decrease in gross profit margin was mainly attributable to an inventory provision of HK$5.4 million during the Period while a reversal of inventory provision of HK$7.1 million was recorded in HY16.

Selling and Administrative Expenses (the "S&A expenses")

S&A expenses mainly comprised selling expenses of HK$4.4 million (HY16: HK$5.1 million) and administrative expenses of HK$34.3 million (HY16: HK$33.2 million). S&A expenses increased by HK$0.4 million or 1.0% to HK$38.7 million (HY16: HK$38.3 million) in HY17, as a result of the increase in expenses of the newly established business segment during the Period, netted off by cost control measures implemented by the Group which reduced advertising expenses.

Financial Review (Continued)

Loss Attributable to Equity Holders of the Company

The loss attributable to equity holders of the Company increased by HK$6.8 million or 106.3% to HK$13.2 million (HY16: HK$6.4 million) in HY17 mainly due to the fair value loss on financial asset at fair value through profit or loss of the Group.

Liquidity and Capital Resources

During the Period, the Group funded its operations through a combination of cash generated from operations and equity attributable to owners of the Company. As at 31 September 2017, the Group's total equity was HK$353.6 million (30 March 2017: HK$290.1 million), representing an increase of 21.9% from last year.

As at 30 September 2017, the Group had cash and cash equivalents of HK$44.5 million (31 March 2017: HK$54.3 million). Cash and cash equivalents were mainly denominated in United States dollars, Hong Kong dollars and Chinese Renminbi. The Group's working capital or net current assets were HK$253.6 million (31 March 2017: 271.9 million). The current ratio, represented by the current assets divided by the current liabilities, was 12.0 (31 March 2017: 12.7).

As at 30 September 2017, the Group did not have any available banking facilities (31 March 2017: nil) or unused banking facilities (31 March 2017: nil). With the available cash and cash equivalents and cash generated from operations, the Group has adequate financial resources to meet the anticipated future liquidity requirements and capital expenditure commitment.

Material Acquisition and Capital Structure

On 10 May 2017, the Group completed a transaction to acquire 33% of equity interest of Dellos Group Limited at aggregate consideration of HK$80,193,000, which was satisfied by the payment of the cash consideration of HK$3,500,000 and the allotment and issue of 19,868,766 consideration shares of the Company in the aggregate value of HK$76,693,000 of the fair value of HK$3.86 to the venders. The share capital of the Group has increased from HK$3,195,000 to HK$3,394,000.

CAPITAL EXPENDITURE

The Group's capital expenditure during the Period, which was primarily related to purchase of property, plant and equipment, amounted to HK$0.6 million.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group principally operates its businesses in Hong Kong and Mainland China. The Group is exposed to foreign exchange fluctuations from various currencies, such as United States dollars, Hong Kong dollars and Chinese Renminbi, which were the main currencies transacted by the Group during the Period.

Since Hong Kong dollars remains pegged to the United States dollars within a defined range, the Group is not exposed to any significant foreign exchange risk against the United States dollars. The Group has subsidiaries operating in Mainland China, in which most of their transactions are denominated in Chinese Renminbi. The Group is not exposed to any significant foreign exchange transaction risk in relation to Chinese Renminbi and has not entered into any foreign exchange contract as hedging measures.

Notwithstanding the above, the Group is subject to foreign currency risk arising from certain transactions that are denominated in other currencies, such as Euro and South Korean Won. The Group manages its foreign currency risk against other currencies by closely monitoring the movement of the foreign currency rates and may use hedging derivative, such as foreign currency forward contract, to manage its foreign currency risk as appropriate.

HUMAN RESOURCES

As at 30 September 2017, the Group had a total workforce of approximately 384, of which approximately 49 were based in Hong Kong. The total staff cost, including directors' emoluments and mandatory provident fund, was approximately HK$23.9 million (HY16: HK$28.6 million) during the Period. Employees were remunerated on the basis of their performance and experience. Remuneration package, including salary and year-end discretionary bonus, was determined by reference to market conditions and individual performance.

FINANCIAL GUARANTEE

As at 30 September 2017, the Group had no financial guarantee.

EVENTS AFTER THE REPORTING PERIOD

On 10 November 2017, the Group, Wonderland (UK), Wonderland (Jersey) Limited and the Founders of Wonderland (UK) entered into the Investment Agreement, pursuant to which the Group has conditionally agreed to subscribe for the Loan Notes which are to be issued to the Group or its nominee in multiple tranches on, and subject to, the terms of the Investment Agreement. The Consideration for the Subscription (assuming all Loan Notes are subscribed for and issued) is GBP3,500,000 (equivalent to approximately HK$36,050,000). The completion of the first tranche of the Subscription ("First Tranche Completion") of GBP1,700,000 (equivalent to approximately HK$17,510,000), resulting in the issue of Loan Notes to the same value, took place on 10 November 2017.

Wonderland (UK) is the exclusive licensee of Sotheby's International Realty in England and is principally engaged in the operation of real estate agency business.

Please refer to the announcement dated 12 November 2017 for details.

PROSPECTS

Looking forward, the strategic investment and financial services segment of the Group will continue to look for new investment opportunities and exercise due care in examining its risks and returns so as to diversify business lines and enhance shareholders' values.

For pearls and jewellery business segment, the Group will continue to strictly control costs and improve operation efficiency and productivity in a bid to stay competitive. The Group will continue to actively participate in various important jewellery & gem fairs around the world in order to expand into a diversified customer base.

CORPORATE GOVERNANCE CODE

The Company and its subsidiaries (collectively the "Group") recognise the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders, and the Board is fully committed to doing so. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders' interests.

The Group has adopted a corporate governance statement of policy which provides guidance on the application of the corporate governance principles on the Group, with reference to the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of Listing Rules on the Stock Exchange.

In the opinion of the directors of the Company, the Company has complied with all code provisions as set out in the CG Code throughout the six months ended 30 September 2017 and, where appropriate, the applicable recommended best practices of the CG Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules on the Stock Exchange for securities transactions by the Directors. The Company confirms that, having made specific enquiry of all Directors, all of the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2017.

BOARD OF DIRECTORS

As at 30 September 2017 and the date of this report, the Board comprises five executive directors, namely Mr. Lan Zhi Cheng (Chairman), Mr. Leung Alex, Mr. Archambaud-Chao Percy Henry Junior, Mr. Luk Siu Fung Mark and Mr. Lee Tsz Hang, and four independent non-executive directors, namely Mr. Pang Siu Yin, Mr. Lai Yat Yuen, Mr. Lee Kin Keung and Mr. Chan Chi Yuen.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 September 2017.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company, which comprises three Independent Non-Executive Directors, namely Mr. Lai Yat Yuen, Mr. Pang Siu Yin and Mr. Lee Kin Keung, has reviewed the unaudited interim results of the Group for the six months ended 30 September 2017 and has recommended their adoption to the Board.

In addition, the Company's auditor, Moore Stephen CPA Limited, has conducted a review of the aforesaid unaudited interim financial information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

On behalf of the Board
Affluent Partners Holdings Limited
Lan Zhi Cheng
Chairman

Hong Kong, 27 November 2017

Remark:

This results announcement is published on the website of the Company at www.affluent-partners.com and the Stock Exchange's website at www.hkexnews.hk.

As at the date of this announcement, the executive Directors are Mr. Lan Zhi Cheng (Chairman), Mr. Archambaud-Chao Percy Henry Junior, Mr. Leung Alex, Mr. Luk Siu Fung Mark and Mr. Lee Tsz Hang; and the independent non-executive Directors are Mr. Pang Siu Yin, Mr. Lai Yat Yuen, Mr. Lee Kin Keung and Mr. Chan Chi Yuen.