AFFLUENT PARTNERS HOLDINGS LIMITED
錢唐控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1466)

ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

RESULTS

The board of directors (the "**Directors**" or the "**Board**") of Affluent Partners Holdings Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2018, together with the comparative figures for the previous year, as follows:

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	4	**187,357**	212,232
Cost of sales		**(132,265)**	(158,081)
Gross profit		**55,092**	54,151
Other gain, net	6(a)	**724**	296
Fair value loss on derivative component in convertible loan notes		**(607)**	–
Fair value loss on financial assets at fair value through profit or loss		**–**	(1,356)
Realised loss on disposals of financial assets at fair value through profit or loss		**(11,269)**	–
Loss on investments in associates	11	**(80,193)**	–
Impairment loss on loans to associates	11	**(13,871)**	–
Gain on disposal of a subsidiary	6(b)	**50**	–
Selling expenses		**(8,605)**	(8,288)
Administrative expenses		**(70,103)**	(69,159)
Operating loss		**(128,782)**	(24,356)
Finance income		**830**	74
Finance costs		**(603)**	–
Finance income-net		**227**	74
Loss before income tax	7	**(128,555)**	(24,282)
Income tax (expense)/credit	8	**(1,232)**	396
Loss for the year attributable to equity holders of the Company		**(129,787)**	(23,886)
Loss per share attributable to equity holders of the Company			
Basic and diluted	9	**HK(38.48) cents**	HK(7.48) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
Loss for the year	**(129,787)**	(23,886)
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss		
– Exchange difference on translation of financial statements of foreign operations	**(483)**	982
– Reclassification adjustment	**–**	(668)
Other comprehensive (loss)/income for the year, net of tax	**(483)**	314
Total comprehensive loss for the year attributable to equity holders of the Company	**(130,270)**	(23,572)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**4,105**	5,695
Investments in associates	*11*	**–**	–
Convertible loan notes		**28,344**	–
Other receivables, deposits and prepayments	*12*	**23,505**	11,528
Financial assets at fair value through profit or loss	*14*	**38,000**	–
Deferred tax assets		**1,088**	1,001
		95,042	18,224
Current assets			
Inventories		**51,186**	66,661
Loans and interest receivables		**–**	46,878
Trade and other receivables, deposits and prepayments	*12*	**52,211**	75,731
Tax prepaid		**598**	652
Financial assets at fair value through profit or loss	*14*	**–**	42,774
Held-to-maturity investment		**–**	7,976
Loans to associates	*11*	**345**	–
Cash and cash equivalents		**54,686**	54,342
		159,026	295,014
Current liabilities			
Trade and other payables, deposits received and accruals	*13*	**17,560**	23,153
		17,560	23,153

	2018 *HK$'000*	2017 *HK$'000*
Net current assets	**141,466**	271,861
Total assets less current liabilities	**236,508**	290,085
Net assets	**236,508**	290,085
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**3,394**	3,195
Reserves	**233,114**	286,890
Total equity	**236,508**	290,085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 13 May 2014 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's principal place of business in Hong Kong is Unit 2108, 21/F, Harcourt House, 39 Gloucester Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in (i) the purchasing, processing, designing, production and wholesale distribution of pearls and jewellery products and (ii) the operation of strategic investment and financial services segment, with the objective to include investments in stocks, bonds and other forms of securities and other potential investment opportunities, and also money lending business.

In the opinion of Directors, as at 31 March 2018, the immediate holding company of the Company was Crown City Inc Limited ("**Crown City**"), a company incorporated in Hong Kong with limited liability, and the ultimate holding company of the Company was Affluent Block Limited, a company incorporated in the British Virgin Islands ("**BVI**"). The ultimate controlling party of the Company were Mr. Fang Anghong and Ms. Fang Saixiang.

Following the completion of acquisition of shares in the Company by Pacific Wish Limited, a company incorporated in Hong Kong with limited liability, from Crown City on 9 May 2018, the ultimate controlling parties of the Company were changed to Mr. Chan Vincent Wing Sing and Ms. Hui Ka Wan Emily.

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

2 BASIS OF PREPARATION AND PRESENTATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange ("**Listing Rules**").

The consolidated financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair values.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise stated.

The comparative figures of other gain, net and fair value loss on financial assets at fair value through profit or loss have been reclassified to conform with the current year's presentation.

3 APPLICATION OF NEW AND REVISED HKFRS

The HKICPA has issued a number of new and revised HKFRSs which were relevant to the Group and had became effective during the year. In preparing the consolidated financial statements, the Group has applied all these new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the accounting period beginning on 1 April 2017.

(i) Amendments to HKAS 7 Disclosure Initiative

(ii) Amendments to HKAS 12 Recognition of Deferred Tax Assets for Unrealised losses

(iii) Annual Improvements to HKFRSs 2014-2016 Cycle Amendments to a number of HKFRSs

At the date of this announcement, the Group has not early applied any of the following new and revised HKFRSs, that have been issued but are not yet effective, in the consolidated financial statements:

		Effective for annual reporting periods beginning on or after
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or joint Venture	To be determined*

		Effective for annual reporting periods beginning on or after
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to HKAS 40	Transfer of Investment Property	1 January 2018
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle	1 January 2018
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle	1 January 2019
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019

* On 6 January 2016, the HKICPA issued "Effective Date of Amendments to HKFRS 10 and HKAS 28", following the International Accounting Standards Board's equivalent amendments. This update defers/removes the effective date of the amendments in "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs.

4 REVENUE

Revenue from sales of pearls and jewellery represents the amounts received and receivable from customers in respect of goods sold less returns and allowances.

Interest income on financial assets including money lending and held-to maturity investment are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

The Group's revenue recognised during the year is as follows:

	2018	2017
	HK$'000	*HK$'000*
Sales of pearls and jewellery	**176,519**	210,179
Interest income from strategic investment and financial services	**10,838**	2,053
	187,357	212,232

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 investments in associates

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.

An analysis of the Group's reportable segment revenue, results, assets, liabilities and other selected financial information for the year ended 31 March 2018 by operating segments are as follows:

Segment revenue and results

For the year ended 31 March 2018

	Sale of pearls and jewellery products	Strategic investment and financial services	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	**176,519**	**10,838**	**187,357**
Segment loss	**(14,518)**	**(98,284)**	**(112,802)**
Finance income			**830**
Finance costs			**(603)**
Unallocated corporate expenses			**(15,980)**
Loss before income tax			**(128,555)**

For the year ended 31 March 2017

	Sale of pearls and jewellery products	Strategic investment and financial services	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	210,179	2,053	212,232
Segment loss	(11,529)	(2,368)	(13,897)
Finance income			74
Unallocated corporate expenses			(10,459)
Loss before income tax			(24,282)

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 and salaries and other operating expenses incurred by the Company and the investment holding companies, certain other gains and finance income and costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

At 31 March 2018

The following is an analysis of the carrying amount of assets and liabilities analysed by the geographical area of operations of the Group:

	Sale of pearls and jewellery products *HK$'000*	Strategic investment and financial services *HK$'000*	Total *HK$'000*
Segment assets			
– Hong Kong	**119,567**	**38,612**	**158,179**
– United Kingdom	**–**	**66,868**	**66,868**
– The PRC	**17,115**	**–**	**17,115**
	136,682	**105,480**	**242,162**
Unallocated corporate assets			**11,906**
Total assets			**254,068**
Segment liabilities			
– Hong Kong	**(12,992)**	**(500)**	**(13,492)**
– The PRC	**(2,993)**	**–**	**(2,993)**
	(15,985)	**(500)**	**(16,485)**
Unallocated corporate liabilities			**(1,075)**
Total liabilities			**(17,560)**

At 31 March 2017

	Sale of pearls and jewellery products	Strategic investment and financial services	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment assets			
– Hong Kong	156,455	99,093	255,548
– Korea	–	12,800	12,800
– The PRC	22,913	–	22,913
	179,368	111,893	291,261
Unallocated corporate assets			21,977
Total assets			313,238
Segment liabilities			
– Hong Kong	(15,934)	(1)	(15,935)
– The PRC	(3,310)	–	(3,310)
	(19,244)	(1)	(19,245)
Unallocated corporate liabilities			(3,908)
Total liabilities			(23,153)

For the purposes of monitoring segment performance and allocating resources between segments:

– all assets are allocated to operating segments other than certain deposits and prepayments, and certain cash and cash equivalents that are not attributable to individual segments.

– all liabilities are allocated to operating segments other than certain accruals and other payables that are not attributable to individual segments.

Other segment information

For the year ended 31 March 2018

	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			
Additions to property, plant and equipment	**51**	**602**	**653**
Depreciation of property, plant and equipment	**(2,077)**	**(119)**	**(2,196)**
Loss on disposals of property, plant and equipment	**(34)**	**(5)**	**(39)**
Fair value loss on derivative component in convertible loan notes	**–**	**(607)**	**(607)**
Realised loss on disposals of financial assets at fair value through profit or loss	**–**	**(11,269)**	**(11,269)**
Loss on investments in associates	**–**	**(80,193)**	**(80,193)**
Impairment loss on loans to associates	**–**	**(13,871)**	**(13,871)**
Provision for impairment loss on trade receivables, net	**(5,397)**	**–**	**(5,397)**
Provision for impairment loss on inventories, net	**(6,111)**	**–**	**(6,111)**
Gain on disposal of a subsidiary	**–**	**50**	**50**

For the year ended 31 March 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			
Additions to property, plant and equipment	3,350	–	3,350
Depreciation of property, plant and equipment	(2,442)	–	(2,442)
Loss on disposals of property, plant and equipment	(183)	–	(183)
Fair value loss on financial assets at fair value through profit or loss	–	(1,356)	(1,356)
Provision for impairment loss on trade receivables, net	(1,195)	–	(1,195)
Reversal of provision for impairment loss on inventories, net	10,566	–	10,566

Geographical Information

The Group mainly operates in Hong Kong, the PRC, United States of America and Europe. The Group's revenue from external customers based on the locations of operations and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets*	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
North America#				
– USA	**70,254**	84,974	**–**	–
– Others	**2,093**	2,346	**–**	–
Europe				
– Germany	**29,906**	33,644	**–**	–
– Italy	**1,592**	6,638	**–**	–
– Others	**7,445**	10,782	**–**	–
Hong Kong	**27,403**	28,139	**2,931**	3,539
Asian countries (excluding Hong Kong and Korea)				
– PRC	**23,297**	21,590	**1,174**	2,156
– Japan	**15,452**	10,695	**–**	–
– Others	**3,428**	7,558	**–**	–
Others	**6,487**	5,866	**–**	–
	187,357	212,232	**4,105**	5,695

* *Non-current assets excluded deferred tax assets and financial assets.*
The figures of non-current assets disclosed in 2017 annual results announcement excluded deferred tax assets only.

*Revenue from the transactions with one individual customer amounted to approximately HK$29,664,000 (2017: HK$42,161,000) which represented more than 10% of total revenue of the Group for the year ended 31 March 2018. The customer is situated in the United States of America (the "**USA**"), the revenue generated from the USA during the year amounted to approximately HK$70,013,000 (2017: HK$84,974,000). These figures were attributable to North America region of the sales of pearls and jewellery products segment.*

Certain comparative figures of segment information have been reclassified to conform with current year's presentation.

6 OTHER GAIN – NET AND GAIN ON DISPOSAL OF A SUBSIDIARY

(a) Other gain – net

	2018	2017
	HK$'000	*HK$'000*
Exchange gain/(loss)	**823**	(197)
Translation gain released on deregistration of PRC operation of a subsidiary	**–**	668
Loss on disposals of property, plant and equipment	**(39)**	(183)
Others	**(60)**	8
	724	296

(b) Gain on disposal of a subsidiary

On 29 March 2018, the Group entered into an agreement with an independent third party (the "**Purchaser**"), pursuant to which the Group conditionally agreed to sell and the Purchaser conditionally agreed to acquire the entire equity interest of Huge Mind Investment Limited ("**Huge Mind**"), being the wholly owned subsidiary of the Group, at a total consideration of HK$7,000,000 which was determined with reference to their financial positions as at 29 March 2018. The disposal was completed on 29 March 2018.

The assets and liabilities of Huge Mind at the disposal date are disclosed as below:

	Year ended 31 March 2018 *HK$'000*
Net assets disposed of:	
Loans and interest receivables	**8,362**
Deposits and prepayments	**38**
Cash and bank balances	**27**
Other payables and accruals	**(1,477)**
	6,950
Gain on disposal of a subsidiary	**50**
Total consideration	**7,000**
Satisfied by:	
Cash	**2,000**
Promissory note *(Note)*	**5,000**
	7,000
An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:	
Cash consideration	**2,000**
Cash and bank balances disposed of	**(27)**
	1,973

Note: As at 31 March 2018, the above consideration receivable was included in other receivables in the consolidated statement of financial position. No interest is payable on the promissory note, and the balance was fully settled on 21 June 2018.

The directors of the Company considers that it is expected to be recovered within one year. The fair value is not materially different from its carrying amount.

7 LOSS BEFORE INCOME TAX

	2018	2017
	HK$'000	*HK$'000*
Costs of inventories sold	**105,565**	142,922
Employee benefit expenses (including directors' emoluments)	**44,422**	56,340
Auditor's remuneration		
– Audit services	**1,300**	3,300
– Non-audit services	**284**	378
Depreciation of property, plant and equipment	**2,196**	2,442
Provision for impairment loss on trade receivables, net* *(Note 12)*	**5,397**	1,195
Provision for/(reversal of) impairment loss on inventories, net#	**6,111**	(10,566)
Operating lease payments, gross	**15,564**	15,774
Less: operating lease income from sub-leased office premises	**(3,823)**	(2,987)
Operating lease payments, net	**11,741**	12,787
Exhibition expenses	**5,901**	5,008
Commission expenses	**65**	1,175

* *The amount was included in the "administrative expenses" in the consolidated income statement.*

The amount was included in the "cost of sales" in the consolidated income statement.

8 INCOME TAX EXPENSE/(CREDIT)

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**1,319**	157
PRC corporate income tax	**–**	4
	1,319	161
Under/(over)-provision in prior years:		
Hong Kong profits tax	**–**	891
PRC corporate income tax	**–**	(1,537)
	–	(646)
Deferred tax:		
Net (credit)/charge for current year	**(87)**	89
Income tax expense/(credit)	**1,232**	(396)

Hong Kong profits tax

Hong Kong profits tax has been provided at a rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the year.

PRC corporate income tax

In accordance with the relevant PRC corporate income tax laws, regulations and implementation guidance notes, subsidiaries in the PRC are subject to the PRC corporate income tax rate at 25% of the estimated assessable profits during the year (2017: 25%).

Withholding tax on distributed/undistributed profits

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.

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 year.

	2018	2017
Loss attributable to equity holders of the Company *(HK$'000)*	**(129,787)**	(23,886)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share *(thousands)*	**337,254**	319,521
Basic loss per share *(HK cents per share)*	**(38.48)**	(7.48)

No dilutive effect to the loss per share as there were no potential ordinary shares in issue for the years ended 31 March 2018 (2017: Nil).

10 DIVIDEND

The directors do not recommend any payment of dividend in respect of the year ended 31 March 2018 (2017: Nil).

11 INVESTMENTS IN ASSOCIATES

On 18 April 2017, the Group had entered into a sale and purchase agreement with independent third parties (the "**Vendors**"), pursuant to which the Vendors have conditionally agreed to sell and transfer and the Group agreed to acquire 33% of the entire issue share capital of Dellos Group Limited and its subsidiaries ("**Dellos Group**"). On 10 May 2017, the Group completed the transaction and the consideration 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 fair value of HK$76,693,000, based on the fair value of each share of HK$3.86 on 10 May 2017, to the Vendors. The aggregate costs of acquisition of the equity interest in Dellos Group were approximately HK$80,193,000.

At 31 March 2018, the Group had interests in the following associates, of which the particulars are set forth below:

Name of associate	Place of incorporation/operation	Proportion of ownership interest and proportion of voting power held by the Group 2018 %	2017	Principal activities
Directly held				
Dellos Group Limited	the Cayman Islands	**33**	N/A	Investment holding
Indirectly held				
Natural Spring Global Limited	the BVI	**33**	N/A	Investment holding
Dellos F&B Co., Ltd ("**Dellos F&B**")	Korea	**33**	N/A	Manufacturing, sale and distribution of fruit juice and other beverage products
Dellos International Limited	Hong Kong	**33**	N/A	Trading of beverage products

The financial reporting dates of the above associates are not coterminous with those of the Group as they have financial years ending 31 December or 30 June.

During the course of preparation of the consolidated financial statements of the Group for the year ended 31 March 2018, the Group carried out follow up work with the Dellos Group in relation to the determination of the Group's share of net assets and profit or loss of the Dellos Group. During the course of carrying out the follow up work, the Group was informed by the management of Dellos Group on 20 June 2018 that Dellos F&B had filed an application for commencing rehabilitation proceedings (the "**Rehabilitation Proceedings**") with Seoul Rehabilitation Court (the "**Court**") on 13 February 2018 and the Court had approved the commencement of the Rehabilitation Proceedings on 7 March 2018.

Therefore, the Group sought for legal advice from its legal advisers in Korea to assess the implications of the Rehabilitation Proceedings on the Group's interests in the Dellos Group.

The draft rehabilitation plan ("**Rehabilitation Plan**") involves, among other matters, reduction or exemption of the outstanding debts owed by Dellos F&B, conversion of all or part of the creditors' claims into shares of Dellos F&B and repayment plan for the remaining debts. The Rehabilitation Plan will be put forward for approval by the creditors and shareholders of Dellos F&B and the Court on 18 July 2018. Upon obtaining the approvals of the creditors and shareholders of Dellos F&B and the Court, Dellos F&B will become subject to the approved Rehabilitation Plan.

Based on the advices from the Group's legal advisers, the Group considered it is probable that the shareholding of the Group in Dellos F&B will be diminished. Hence, the directors of the Company considered that Dellos F&B had ceased to be an associate of the Group since the date of filing of application for commencing the Rehabilitation Proceedings and that as a result of the Rehabilitation Plan, there was no significant value in the Group's equity interests in the Dellos Group as (i) the main operating subsidiary in the Dellos Group prior to the date of filing of application for commencing the Rehabilitation Proceedings is Dellos F&B; (ii) the shareholding of Dellos Group in Dellos F&B would likely be very significantly diluted; (iii) the important decisions of Dellos F&B would require the Court's approval; and (iv) there would be no dividend payout during the rehabilitation period. It is considered highly unlikely that Dellos Group would bring to the Group any future economic benefits. Therefore, the entire investments cost of the Group in Dellos Group of approximately HK$80,193,000 was fully written down as at 31 March 2018 and the resulting loss of approximately HK$80,193,000 was recognised in consolidated profit or loss for the year ended 31 March 2018 and presented as "loss on investments in associates".

According to the Rehabilitation Plan, the loans made by the Group to Dellos F&B have been made part of the rehabilitation claims, with the Group having been regarded as a rehabilitation creditor. Although the Group, as a rehabilitation creditor, will be able to obtain recovery of the loans in accordance with the terms of the Rehabilitation Plan, it is subject to approval by the Court and also the economic conditions of Dellos F&B. In addition, based on the latest financial information provided by Dellos F&B, the financial position of Dellos F&B is net current liabilities. Furthermore, all the non-financial assets of Dellos F&B were pledged to certain banks in Korea by reference to the latest published audited financial statements. The directors of the Company considered that the likelihood of recovery of the loans and interest receivables owed by Dellos Group to the Group, whose carrying amount as at 31 March 2018 amounting to approximately HK$13,871,000 is remote, hence, except for the amount of interest of approximately HK$345,000 which was subsequently settled on 13 June 2018 the balances are considered irrecoverable and are fully impaired. Accordingly, an impairment loss on the loans and interest receivables amounting to HK$13,871,000 was recognised in consolidated profit or loss for the year ended 31 March 2018.

12 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018	2017
	HK$'000	*HK$'000*
Trade receivables *(Note a)*	**37,392**	59,357
Other receivables, deposits and prepayments *(Note b)*	**38,324**	15,102
Loans to a third party *(Note c)*	**–**	12,800
	75,716	87,259
Less: Non-current portion		
Other receivables, deposits and prepayments *(Note b)*	**(23,505)**	(3,728)
Loans to a third party *(Note c)*	**–**	(7,800)
	(23,505)	(11,528)
	52,211	75,731

Notes:

(a) Trade receivables

	2018	2017
	HK$'000	*HK$'000*
Trade receivables – gross	**55,527**	72,095
Less: provision for impairment loss on trade receivables	**(18,135)**	(12,738)
Trade receivables – net	**37,392**	59,357

The Group generally grants a credit period of 30 days to 120 days to its customers, according to industry practice together with consideration of their credibility, repayment history and years of establishment. 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 one year.

At each balance sheet date, the recoverability of the Group's trade receivables due from individual customers are assessed based on the credit history, subsequent settlements and ageing analysis of its customers, and current market conditions. Consequently, specific impairment provision is recognised.

The Group has made full provision for all receivables when the receivables are long outstanding. When the Group has determined that such balances are not recoverable, in which case the impairment loss is directly written off against the corresponding trade receivables.

Movements in the provision for impairment loss on trade receivables are as follows:

	2018	2017
	HK$'000	*HK$'000*
At beginning of the year	**12,738**	11,543
Provision for impairment loss	**8,940**	2,650
Reversal of provision for impairment loss	**(3,543)**	(1,455)
At end of the year	**18,135**	12,738

The provision for impairment loss on trade receivables was generally made for those receivables that were past due over 90 days with no subsequent settlement while the reversal of provision for impairment loss on trade receivables was only recognised for those receivables which were subsequently settled.

Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

An ageing analysis of trade receivables, net of provision, as at the reporting date, based on invoice dates, is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 to 60 days	**18,381**	26,887
61 to 120 days	**6,984**	11,598
121 to 180 days	**3,240**	9,233
181 to 365 days	**8,523**	7,997
Over 365 days	**264**	3,642
	37,392	59,357

An ageing analysis of these trade receivables, net of provision, as at the reporting date, based on due dates, is as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**12,666**	13,922
1 to 60 days past due	**14,380**	26,579
61 to 120 days past due	**3,018**	7,054
121 to 180 days past due	**2,166**	3,913
181 to 365 days past due	**4,898**	5,633
Over 365 days past due	**264**	2,256
	37,392	59,357

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

As of 31 March 2018, trade receivables of approximately HK$33,964,000 (2017: HK$45,435,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. Based on past experience, management believes that no impairment provision is necessary in respect of these balances as there has not been a significant change in credit quality of these receivables and the balances are still considered fully recoverable.

As of 31 March 2018, trade receivables of approximately HK$18,135,000 (2017: HK$12,738,000) were impaired and fully provided for. The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations. The ageing analysis of these receivables is as follows:

	2018	2017
	HK$'000	*HK$'000*
61 to 120 days past due	**297**	1,000
121 to 180 days past due	**40**	1,485
181 to 365 days past due	**1,972**	5,031
Over 365 days past due	**15,826**	5,222
	18,135	12,738

The Group did not hold any collateral as security or other credit enhancements in respect of trade receivables that are past due but not impaired.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2018	2017
	HK$'000	*HK$'000*
Hong Kong dollar	**2,160**	22,824
Renminbi	**53**	3,450
United States dollar	**35,155**	47,205
Others	**24**	980
	37,392	74,459

(b) Other receivables, deposits and prepayments

	2018	2017
	HK$'000	*HK$'000*
Other receivables	**4,687**	4,831
Deposits	**25,702**	4,582
Prepayments	**7,935**	5,689
	38,324	15,102
Less: Non-current portion		
Other receivables	**(524)**	–
Prepayments *(Note i)*	**(2,981)**	(3,728)
Deposits *(Note ii)*	**(20,000)**	–
	23,505	(3,728)
Current portion	**14,819**	11,374

Notes:

(i) Balance mainly represented prepayments for the IT system maintenance, onsite technical support and IT advisory services which would be amortised over five years from commencement in the year ended 31 March 2018.

(ii) On 23 March 2018, the Group had entered into a sale and purchase agreement with an independent third party, Mr. Chiu Ngai Hung (the "**Vendor**"), pursuant to which the Vendor has conditionally agreed to sell and transfer and the Group agreed to acquire and accept the entire issued share capital of Summit Pacific Group Limited ("**Summit Pacific**") at the consideration of not less than HK$70,000,000, which would be satisfied by cash. On the same date, the deposit in the amount of HK$20,000,000 was paid to the Vendor upon the execution of and in accordance with the terms of the agreement, which should be entirely refundable to the Group upon the written request to the Vendor prior to the completion only if the Vendor failed or is unable to discharge any of its obligation under the agreement. Summit Pacific is a company incorporated in the BVI with limited liability and it is principally engaged in property investment in Hong Kong. Details of the transaction were set out in the Company's announcement dated 23 March 2018. The transaction has not been completed up to the date of this announcement.

The carrying amounts of other receivables, deposits and prepayments approximate their fair values and are denominated in the following currencies:

	2018	2017
	HK$'000	*HK$'000*
Hong Kong dollars	**37,431**	13,574
Renminbi	**363**	399
United States dollars	**6**	1,129
Great Britain Pound	**524**	–
	38,324	15,102

(c) Loans to a third party

	2018	2017
	HK$'000	*HK$'000*
Non-current Portion	**–**	7,800
Current Portion	**–**	5,000
Total	**–**	12,800

The loans to a third party company as at 31 March 2017 related to loans to Dellos Group (Note 11) which were interest bearing at 5% per annum, unsecured and the carrying value approximate 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 31 March 2017 is repayable over one year. The remaining HK$5,000,000 is denominated in Hong Kong dollar and are repayable within one year. Following the completion of the acquisition of 33% of the entire issued share capital of this company by the Group, the outstanding balances as at 31 March 2018 were included in "loans to associates" (Note 11).

13 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED, AND ACCRUALS

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**5,677**	8,543
Accrued payroll and employee benefits	**6,375**	6,427
Other payables and other accruals	**4,930**	7,582
Deposits received	**578**	601
	17,560	23,153

An ageing analysis of trade payables, as at the reporting date, based on invoice dates, is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 to 60 days	**5,189**	6,958
61 to 120 days	**415**	145
More than 120 days	**73**	1,440
	5,677	8,543

The carrying amounts of trade and other payables, deposits received and accruals approximate their fair values, and are denominated in the following currencies:

	2018	2017
	HK$'000	*HK$'000*
Hong Kong dollar	**10,968**	15,916
Renminbi	**3,558**	3,979
United States dollar	**2,974**	3,240
Others	**60**	18
	17,560	23,153

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	HK$'000	*HK$'000*
Equity securities classified as held for trading investments:		
Listed equity securities in Hong Kong *(Note a)*	**–**	29,154
Financial assets designated at fair value through profit or loss *(Note b)*		
Unlisted investment fund *(Note c)*	**–**	13,620
Unlisted property fund *(Note d)*	**38,000**	–
	38,000	42,774

Notes:

(a) Fair values of listed securities were determined with reference to quoted market closing price. The market price of the listed securities has been fluctuating during the year, the Group recognised the realised loss of approximately HK$8,590,000 (2017: Nil) as a result of disposals.

(b) The investments are managed and their performance are evaluated on a fair value basis in accordance with the Group's investment strategy hence the Group designated the investments as financial assets at fair value through profit or loss.

(c) The fair value of the investment in unlisted fund was determined by reference to the NAV of the fund, which was determined as at the close of business in the relevant market or markets on each reporting date. The NAV was 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 was to be made, minus the value of the fund's liabilities on the reporting date.

The Group had placed redemption notice of the unlisted investment fund in August 2017 and the redemption was completed in October 2017. The realised loss of approximately HK$2,679,000 was recognised upon the redemption.

(d) On 23 February 2018, the Group acquired 50%, representing approximately 24,950,000 non-redeemable, non-voting participating shares of the unlisted property fund which was incorporated in the Cayman Islands. The fair value of the unlisted property fund as at 31 March 2018 is approximately HK$38,000,000.

The investment objective of the unlisted property fund is to achieve capital appreciation through investing its assets available for investment in residential real estate projects in the United Kingdom.

The investment is unlisted and the Group has no power to govern or participate the financial and operating policies of the investee so as to obtain benefits from its activities and the directors of the Company designated the unlisted property fund as financial assets at fair value through profit or loss.

The fair value of the unlisted property fund at initial recognition and the end of the reporting period was HK$38,000,000 which was determined based on the valuation provided by GW Financial Advisory Services Limited, independent professional qualified valuers not connected with the Group.

The fair value of the unlisted property fund is level 3 fair value measurement. There is no transfer under the fair value hierarchy classification for the year ended 31 March 2018.

During the year, the unlisted property fund paid the management fee of approximately HK$253,000 (2017: Nil) to its fund manager, a company incorporated in Hong Kong with limited liability, in which a shareholder who has significant influence over the Group also is a shareholder with significant influence over the fund manager.

The methods and assumptions applied for the valuation of the unlisted property fund are as follows:

The unlisted property fund was measured at fair value using the Monte-Carlo Simulation analysis, at initial recognition and at the end of the subsequent reporting period. The inputs into the model as at 31 March 2018 were as follows:

Market value of the project	GBP70,520,000
Expected volatility	5.75%
Time to maturity	2.89 years
Risk-free rate	
– HK	1.625%
– United Kingdom	0.859%

As at 31 March 2018, financial assets at fair value through profit or loss are denominated in Hong Kong dollar for the unlisted property fund (2017: Hong Kong dollar for the listed equity and United States dollar for the unlisted investment fund).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The Board hereby reports the results of the Company and the Group for the year ended 31 March 2018 ("**FY18**"). During FY18, the consolidated loss attributable to equity holders of the Company was HK$129.8 million (year ended 31 March 2017 ("**FY17**"): HK$23.9 million), representing an increase of 443.1% as compared with that in FY17. Basic loss per share was 38.48 HK cents (FY17: 7.48 HK cents), representing an increase of 414.4% as compared with that in FY17. The significant loss for FY18 is mainly due to the realised loss on disposals of financial assets at fair value through profit or loss, the loss on investments in associates and the impairment loss on loans to associates amounted to HK$105.3 million in aggregate.

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 globe. 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 global market sentiment for pearl and fine jewellery continued to be weak during the year which had an adverse impact on demand of the Group's pearl and jewellery products. There was also a weakening consumption sentiment which reduced the total Group's sales contribution in pearl and jewellery products (FY18: HK$176.5 million; FY17: HK$210.1 million). For FY18, the return on capital of pearls and jewellery products was (10.3)% (FY17: (5.4)%).

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 and gem fairs around the world in order to maintain into a diversified customer base.

Strategic Investment and Financial Services Segment

Following the steps of sharp transformation last year, this year the Group gradually achieved business diversification through the strategic investment and financial services segment. This segment has been in operation, and its objectives include provision of money lending service, investments in the stock market, bonds, funds 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.

During the year, the Group 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 holds the entire equity interest of Sotheby's International Realty Limited ("**SIRL**") which is operating a real estate agency business under the Sotheby's International Realty brand in England. 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. SIRL plans to expand the number of offices under operation across London in the next three years to increase brand presence and to capture additional revenue in multiple areas in the city of London. We are convinced that the real estate market in England has a huge potential for future growth. As at 31 March 2018, the Group has subscribed a total of approximately GBP 2.6 million 6% convertible guaranteed redeemable loan notes issued by Wonderland (UK).

During the year, the Group entered into a subscription agreement with Orient Capital Opportunity Fund SPC (the "**Investment Fund**") pursuant to which the Group has agreed to subscribe for Participating Shares of the value equivalent to HK$76,000,000 in the Investment Fund in respect of the Orient Capital Real Estate Fund SP (the "**Sub-Fund**") in accordance with the terms and conditions of the subscription agreement and the private placing memorandum. The principal investment objective of the Sub-Fund is to achieve capital returns by investing solely in a residential estate project (the "**Project**") in West London. The Project comprises 49 apartment units and 31 car parking spaces, which are located at 9 Lillie Square, Lillie Square, London, SW6, United Kingdom. The Project is the fourth block within Phase 2 of a larger development known as Lillie Square. Lillie Square is owned and developed by a joint venture formed by Capital & Counties Properties PLC ("**Capco**"), one of the largest listed property investment and development companies that specialises in central London real estate, and interests of certain members of the Kwok family ("**KFI**"). KFI represents interests of certain members of the Kwok family, who are major shareholders of Sun Hung Kai Properties Limited, one of the largest real estate companies listed on the Stock Exchange. The Project is expected to be completed in 2020. As at 31 March 2018, the Group has contributed HK$38,000,000 to the Sub-Fund and the remaining portion of HK$38,000,000 is subject to be called from time to time.

The Group currently holds 33% of the entire issued share capital of a Korean beverage company, Dellos Group. Products under Dellos Group are sold in Korean and over 40 countries across the world, spanning the European Union, Russia, Middle Asia, South America and Africa. Dellos Group develops the nano water-soluble technology with an independent third party, which could be applied to the manufacturing process of beverage for easily digested and absorbed by human body. During the course of preparation of the consolidated financial statements of the Group for the year ended 31 March 2018, the Group carried out follow up work with the Dellos Group in relation to the determination of the Group's share of net assets and profit or loss of the Dellos Group. During the course of carrying out the follow up work, the Group was informed by the management of Dellos Group on 20 June 2018 that Dellos F&B had filed an application for commencing rehabilitation proceedings (the "**Rehabilitation Proceedings**") with Seoul Rehabilitation Court (the "**Court**") on 13 February 2018 and the Court had approved the commencement of the Rehabilitation Proceedings on 7 March 2018.

Therefore, the Group sought for legal advice from its legal advisers in Korea to assess the implications of the Rehabilitation Proceedings on the Group's interests in the Dellos Group.

The draft rehabilitation plan ("**Rehabilitation Plan**") involves, among other matters, reduction or exemption of the outstanding debts owed by Dellos F&B, conversion of all or part of the creditors' claims into shares of Dellos F&B and repayment plan for the remaining debts. The Rehabilitation Plan will be put forward for approval by the creditors and shareholders of Dellos F&B and the Court on 18 July 2018. Upon obtaining the approvals of the creditors and shareholders of Dellos F&B and the Court, Dellos F&B will become subject to the approved Rehabilitation Plan.

Based on the advices from the Group's legal advisers, the Group considered it is probable that the shareholding of the Group in Dellos F&B will be diminished. Hence, the directors of the Company considered that Dellos F&B had ceased to be an associate of the Group since the date of filing of application for commencing the Rehabilitation Proceedings and that as a result of the Rehabilitation Plan, there was no significant value in the Group's equity interests in the Dellos Group as (i) the main operating subsidiary in the Dellos Group prior to the date of filing of application for commencing the Rehabilitation Proceedings is Dellos F&B; (ii) the shareholding of Dellos Group in Dellos F&B would likely be very significantly diluted; (iii) the important decisions of Dellos F&B would require the Court's approval; and (iv) there would be no dividend payout during the rehabilitation period. It is considered highly unlikely that Dellos Group would bring to the Group any future economic benefits. Therefore, the entire investments cost of the Group in Dellos Group of approximately HK$80,193,000 was fully written down as at 31 March 2018 and the resulting loss of approximately HK$80,193,000 was recognised in consolidated profit or loss for the year ended 31 March 2018 and presented as "loss on investments in associates".

According to the Rehabilitation Plan, the loans made to Dellos F&B have been made part of the rehabilitation claims, with the Group having been regarded as a rehabilitation creditor. Although the Group, as a rehabilitation creditor, will be able to obtain recovery of the loans in accordance with the terms of the Rehabilitation Plan, it is subject to approval by the Court and also the economic conditions of Dellos F&B. In addition, based on the latest financial information provided by Dellos F&B, the financial position of Dellos F&B is net current liabilities. Furthermore, all the non-financial assets of Dellos F&B were pledged to certain banks in Korea by reference to the latest published audited financial statements. The directors of the Company considered that the likelihood of recovery of the loans and interest receivables owed by Dellos Group to the Group, whose carrying amount as at 31 March 2018 amounting to approximately HK$13,871,000 is remote, hence, except for the amount of interest of approximately HK$345,000 which was subsequently settled on 13 June 2018, the balances are considered irrecoverable and are fully impaired. Accordingly, an impairment loss on the loan and interest receivables amounting to HK$13,871,000 was recognised in consolidated profit or loss for the year ended 31 March 2018.

Looking forward, with the completion of our convertible loan notes subscription of Wonderland (UK), its subsequent real estate agency business and the investment in the Sub-Fund, 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.

INVESTMENT REVIEW

Movements in the Hong Kong listed equities and unlisted fund held by the Group during FY18 are as follows:

	2018
	HK$'000
Carrying amount at beginning of year	**42,774**
Acquisitions	**43,967**
Disposals	**(37,472)**
Loss on disposals of financial assets	**(11,269)**
Carrying amount at end of year	**38,000**

Details of the Hong Kong listed equities and unlisted fund held by the Group at 31 March 2018 are as follows:

	Number of Shares held at 31 March 2018	Fair value at 31 March 2018 *HK$'000*	Fair value as compared to the consolidated total assets of the Group at 31 March 2018	Loss on disposals recognised in the year ended 31 March 2018 *HK$'000*	Number of shares held at 31 March 2017	Fair value at 31 March 2017 *HK$'000*	Fair value as compared to the consolidated total assets of the Group at 31 March 2017
Name of Hong Kong listed equities							
Beijing Gas Blue Sky Holdings Limited (Stock code: 6828)	–	–	–	994	25,800,000	14,964	4.8%
China Baoli Technologies Holdings Limited (Stock code: 164)	–	–	–	7,596	66,000,000	14,190	4.5%
Name of unlisted fund							
Quantum Growth Fund	–	–	–	2,679	1,371,599	13,620	4.4%
Orient Capital Opportunity Fund SPC	24,950,000	38,000	15.0%	–	–	–	–
		38,000		11,269		42,774	

During the year, the Group's money lending business generated interest income on loans of HK$10.9 million (FY17: HK$2.1 million). The Group granted new loans in the aggregate principal amount of HK$45.6 million (FY17: HK$45.0 million) to its customers and the associates. Throughout the reporting period, the directors have 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 to its customers was recognised. At 31 March 2018, the Group's loans receivable together with accrued interest receivable amounted to nil (2017: HK$46.9 million). During the year, the Group disposed of the subsidiary engaged in money lending business. Subsequent to the balance sheet date, the Group has no longer been engage in any money lending business.

FINANCIAL REVIEW

The Group currently is principally engaged in purchasing, processing, designing, production and wholesale distribution of pearls and jewellery products and operation of strategic investment and financial services.

Revenue and Gross Profit

Revenue decreased during the year (FY18: HK$187.4 million; FY17: HK$212.2 million), comprised sales of pearl and jewellery of HK$176.5 million (FY17: HK$210.1 million) and interest income on strategic investment and financial services of HK$10.9 million (FY17: HK$2.1 million), mainly as a result of the decrease in revenue from sales of pearls and jewellery products segment.

Gross profit slightly increased by HK$0.9 million or 1.7% to HK$55.1 million (FY17: HK$54.2 million). The increase was mainly due to the increase in gross profit margin during FY18 (FY18: 29.4%; FY17: 25.5%). The increase in gross profit margin was mainly attributable to the increase in gross profit margin of sales of pearls and jewellery products segment and the increase in interest income from strategic investment and financial services during the year.

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

S&A expenses mainly comprised selling expenses of HK$8.6 million (FY17: HK$8.3 million) and administrative expenses of HK$70.1 million (FY17: HK$69.2 million). S&A expenses increased by HK$1.2 million or 1.5% to HK$78.7 million (FY17: HK$77.5 million) in FY18, as a result of cost control measures deployed by the Group which reduced administrative expenses, netted off by the increase in provision for impairment loss on trade receivables during the year.

Loss Attributable to Equity Holders of the Company

The loss attributable to equity holders of the Company increased by HK$105.9 million or 443.1% to HK$129.8 million (FY17: HK$23.9 million) in FY18 mainly due to the realised loss on disposals of financial assets at fair value through profit or loss, the loss on investments in associates and the impairment loss on loans to associates amounted to HK$105.3 million in aggregate.

Liquidity and Capital Resources

During the year, the Group funded its operations through a combination of cash generated from operations and equity attributable to owners of the Company. As at 31 March 2018, the Group's total equity was HK$236.5 million (2017: HK$290.1 million), representing a decrease of 18.5% from last year.

As at 31 March 2018, the Group had cash and cash equivalents of HK$54.7 million (2017: HK$54.3 million). Cash and cash equivalents were mainly denominated in United States dollars, Hong Kong dollars and Renminbi. The Group's net current assets were HK$141.5 million (2017: HK$271.9 million). The current ratio, represented by the current assets divided by the current liabilities, was 9.1 (2017: 12.7).

As at 31 March 2018, the Group did not have any available banking facilities (2017: nil) or unused banking facilities (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.

Capital structure

As at 31 March 2018, the total number of issued shares of the Company was 339,389,929 (31 March 2017: 319,521,163) of HK$0.01 each (the "**Shares**") and its issued share capital was HK$3,393,899 (31 March 2017: HK$3,195,212). On 10 May 2017, the Company issued an aggregate of 19,868,766 Shares to Jade Wheel Limited for acquisition of 28% shareholding in Dellos and the remaining 5% equity interest in Dellos from True Treasure Ventures Limited. The issue price of HK$3.81 per consideration share pursuant to the sale and purchase agreement dated 18 April 2017 was arrived at after arm's length negotiations between the Company.

Save as disclosed above, there was no movements in either the Company's authorised or issued share capital during the year under review.

Material acquisitions and disposals of subsidiaries

During FY18, the Group disposed of Huge Mind Investment Limited, a company engaged in money lending business. Other than that, the Group did not have any material acquisition or disposal of subsidiaries during FY18.

Exposure to fluctuations in exchange rates

The Group principally operates its businesses in Hong Kong and the PRC. The Group is exposed to foreign exchange fluctuations from various currencies, such as United States dollars, Great Britain Pounds, Renminbi and South Korean Won, which were the major foreign currencies transacted by the Group during FY17 and FY18.

Since Hong Kong dollars remain 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 the PRC, in which most of their transactions, including revenue, expenses and other financing activities, are denominated in Renminbi. The Group has investments operating in England and South Korea and are denominated in Great Britain Pounds 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 31 March 2018, the Group had a total workforce of 322 (2017: 384), of whom 49 (2017: 49) were based in Hong Kong. The total staff costs, including directors' emoluments and mandatory provident fund, was approximately HK$44.4 million (2017: HK$56.3 million). Employees were remunerated on the basis of their performance and experience. Remuneration packages, including salary and year-end discretionary bonus, were determined by reference to market conditions and individual performance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange as the code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 March 2018. To ensure Directors' dealings in the securities of the Company (the "**Securities**") are conducted in accordance with the Model Code and securities code of the Company, a Director is required to notify the Chairman in writing and obtain a written acknowledgement from the Chairman prior to any dealings in the Securities.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received confirmation of independence from all four independent non-executive Directors, namely Mr. Pang Siu Yin, Mr. Lai Yat Yuen, Mr. Lee Kin Keung and Mr. Chan Chi Yuen in accordance with Rule 3.13 of the Listing Rules.

The Board has reviewed the independence of all independent non-executive Directors and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the independent non-executive Directors has been impaired up to the date of this announcement.

AUDIT COMMITTEE

The audit committee, which comprises three independent non-executive Directors of the Company, has reviewed with the management in conjunction with the auditor, the accounting principles and practices adopted by the Group and discussed the internal control, risk management and financial reporting matters including the review of the draft consolidated financial statements of the Group for the year ended 31 March 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

CORPORATE GOVERNANCE CODE

The Group recognises 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 to the Listing Rules.

In the opinion of the Directors, the Company has complied with all code provisions as set out in the CG Code throughout the year ended 31 March 2018 and, where appropriate, the applicable recommended best practices of the CG Code, except a deviation as below:

The Company has a Chairman but no Chief Executive Officer (CEO). However, the Board considers that the absence of the post of CEO has not impaired the management of the Group. Decisions of the Company are made collectively by the executive Directors, who execute strategies set by the Board and assume daily management of the Group and report back to the Board on a regular basis.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income and consolidated statement of financial position, and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

BOARD OF DIRECTORS

As at the date of this announcement, the executive Directors are Mr. Archambaud-Chao Percy Henry Junior, Mr. Leung Alex, Mr. Lee Tsz Hang and Mr. Cheung Sze Ming; the non-executive Director is Mr. Yuen Ching Bor Stephen (Chairman); and the independent non-executive Directors are Mr. Pang Siu Yin, Mr. Lai Yat Yuen, Mr. Lee Kin Keung and Mr. Chan Chi Yuen.

By Order of the Board
AFFLUENT PARTNERS HOLDINGS LIMITED
Mr. Yuen Ching Bor Stephen
Chairman

Hong Kong, 29 June 2018

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.