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 2019

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 2019, together with the comparative figures for the previous year, as follows:

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	4	**171,266**	187,357
Cost of sales		**(122,745)**	(132,265)
Gross profit		**48,521**	55,092
Other (losses)/gains, net	6	**(341)**	724
Fair value loss on convertible loan notes/ derivative component of convertible loan notes	16	**(2,910)**	(607)
Fair value loss on unlisted property fund	15	**(3,500)**	–
Realised loss on disposals of financial assets at fair value through profit or loss		**–**	(11,269)
Fair value loss on other receivables	12	**(4,053)**	–
Loss on investments in associates	11	**–**	(80,193)
Impairment losses on loans to associates	11	**–**	(13,871)
Gain on disposal of a subsidiary		**–**	50
Selling expenses		**(6,343)**	(8,605)
Administrative expenses		**(72,248)**	(70,103)
Operating loss		**(40,874)**	(128,782)
Finance income		**263**	830
Finance costs		**(2,609)**	(603)
Finance income, net		**(2,346)**	227
Loss before income tax	7	**(43,220)**	(128,555)
Income tax credit/(expense)	8	**404**	(1,232)
Loss for the year attributable to equity holders of the Company		**(42,816)**	(129,787)
Loss per share	9		
Basic and diluted		**HK(2.52) cents**	HK(7.70) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
Loss for the year	**(42,816)**	(129,787)
Other comprehensive loss:		
Items that may be reclassified to profit or loss		
– Exchange difference on translation of financial statements of foreign operations	**(348)**	(483)
Other comprehensive loss for the year, net of tax	**(348)**	(483)
Total comprehensive loss for the year attributable to equity holders of the Company	**(43,164)**	(130,270)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**71,843**	4,105
Investments in associates	*11*	**–**	–
Convertible loan notes	*16*	**32,546**	28,344
Unlisted property fund	*15*	**34,500**	38,000
Other receivables, deposits and prepayments	*12*	**4,676**	23,505
Deferred tax assets		**1,128**	1,088
		144,693	95,042
Current assets			
Inventories		**59,258**	51,186
Trade and other receivables, deposits and prepayments	*12*	**45,466**	52,211
Tax prepaid		**–**	598
Loans to associates	*11*	**–**	345
Cash and cash equivalents		**28,443**	54,686
		133,167	159,026
Current liabilities			
Trade and other payables, deposits received and accruals	*13*	**21,682**	17,560
Other borrowings	*14*	**52,500**	–
Amounts due to immediate holding company		**5,700**	–
		79,882	17,560
Net current assets		**53,285**	141,466

	Note	2019 HK$'000	2018 HK$'000
Total assets less current liabilities		**197,978**	236,508
Net assets		**197,978**	236,508
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*17*	**3,394**	3,394
Reserves		**194,584**	233,114
Total equity		**197,978**	236,508

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the year ended 31 March 2019

	Attributable to equity holders of the Company					
	Share capital *(Note 17)* *HK$'000*	**Share premium** *HK$'000*	**Translation reserve** *HK$'000*	**Share option reserve** *HK$'000*	**Accumulated losses** *(Note a)* *HK$'000*	**Total** *HK$'000*
Balances at 1 April 2017	3,195	334,316	(908)	–	(46,518)	290,085
Loss for the year	–	–	–	–	(129,787)	(129,787)
Other comprehensive loss:						
Exchange difference on translation of financial statements of foreign operations	–	–	(483)	–	–	(483)
Total comprehensive loss for the year	–	–	(483)	–	(129,787)	(130,270)
Issue of consideration shares upon acquisition of associates *(Note 11)*	199	76,494	–	–	–	76,693
Balances at 31 March 2018	3,394	410,810	(1,391)	–	(176,305)	236,508
Balances at 1 April 2018	**3,394**	**410,810**	**(1,391)**	**–**	**(176,305)**	**236,508**
Initial adoption of HKFRS 9 *(Note 3.3)*	**–**	**–**	**–**	**–**	**(3,918)**	**(3,918)**
Balances at 1 April 2018 (restated)	**3,394**	**410,810**	**(1,391)**	**–**	**(180,223)**	**232,590**
Loss for the year	**–**	**–**	**–**	**–**	**(42,816)**	**(42,816)**
Other comprehensive loss:						
Exchange difference on translation of financial statements of foreign operations	**–**	**–**	**(348)**	**–**	**–**	**(348)**
Total comprehensive loss for the year	**–**	**–**	**(348)**	**–**	**(42,816)**	**(43,164)**
Equity-settled share-based payment	**–**	**–**	**–**	**8,552**	**–**	**8,552**
Balances at 31 March 2019	**3,394**	**410,810**	**(1,739)**	**8,552**	**(223,039)**	**197,978**

Note:

(a) The People's Republic of China ("PRC") laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the net profit (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holders. All statutory reserves are created for specific purposes. PRC company is required to appropriate 10% of statutory net profits to statutory surplus reserves, and before distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the companies, to expand the companies' production operations, or to increase the capital of the companies. In addition, a company may make further discretional contribution to the surplus reserve using its post-tax profits in accordance with resolutions of the board of directors. As at 31 March 2019, the statutory surplus reserves is Nil (2018: nil), as the PRC subsidiaries continued to make a loss in its operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Affluent Partners Holdings Limited (the "Company", collectively with its subsidiaries, the "Group") 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 has been changed from Unit 2108, 21/F, Harcourt House, 39 Gloucester Road, Wan Chai, Hong Kong to 12/F, Henan Building, Nos.90 & 92 Jaffe Road and Nos.15-19 Luard Road, Hong Kong with effect from 4 April 2019.

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 real estate agency business and real estate investment funds and other potential investment opportunities.

Upon the completion of acquisition of approximately 49.55% of issued share capital of the Company on 9 May 2018, the immediate holding company of the Company was changed to Pacific Wish Limited, a company incorporated in Hong Kong with limited liability, and the ultimate controlling parties of the Company were changed to Mr. Chan Vincent Wing Sing and Ms. Hui Ka Man Emily. Details of the transaction are set out in the circular of the Company dated 9 August 2018.

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 (the "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 at the end of reporting period.

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 consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the consolidated financial statements for the year ended 31 March 2018 except for the adoption of certain new and revised HKFRSs that are relevant to the Group and effective from the current year as set out below.

3. ADOPTION OF NEW AND REVISED HKFRSs

New and revised HKFRSs that are mandatorily effective for the current year

In the current year, the Group has adopted, for the first time, the following 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 2018.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK (IFRIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfer of Investment Property

Except as described below, the adoption of the new and revised HKFRSs in the current year has had no material impact on the Group's consolidated financial performance and positions for the current and prior years and/or the disclosure set out in the consolidated financial statements.

3.1 HKFRS 15 "Revenue from Contracts with Customers"

The Group has adopted HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has adopted HKFRS 15 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial adopted, 1 April 2018. Any difference at the date of initial adoption is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to adopt the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognised revenue mainly from the following major sources which arise from contracts with customers.

Purchasing, processing, designing, production and wholesale distribution of pearls and jewellery products

HKFRS 15 was generally adopted without restating any comparative information, and there is no impact of transition to HKFRS 15 on the accumulated losses at 1 April 2018.

3.2 HKFRS 9 "Financial Instruments"

In the current year, the Group has adopted HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs, HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit loss ("ECL" for financial assets) and 3) general hedge accounting.

The Group has adopted HKFRS 9 in accordance with the transition provisions set out in HKFRS 9 i.e. applied the classification and measurement requirements (including requirements relating to impairment under expected credit loss model ("ECL model")) retrospectively to the financial instruments that have not been derecognised as at 1 April 2018 (date of initial adoption) and has not adopted the requirements to the financial instruments that have already been decognised as at 1 April 2018. The difference between carrying amounts as at 1 April 2018 are recognised in the opening accumulated losses and other components of equity without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effect arising from initial adoption of HKFRS 9

Below illustrates the classification and measurement (including impairment) of financial assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial adoption, 1 April 2018.

Classification and measurement of financial assets

HKFRS 9 eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Financial assets at amortised cost

All recognised financial assets of the Group are measured at amortised cost on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

– the financial asset is held within a business model whose objective is to collect contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial assets at FVOCI

Financial assets that meet the following conditions are subsequently measured at FVOCI:

– the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combination applied.

Financial assets at FVPL

Financial assets are classified as at FVPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVPL.

The following table shows the original measurement categories for each class of the Group's financial assets as of 1 April 2018 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

Financial assets	*Notes*	**Old classification under HKAS 39**	**New Classification under HKFRS 9**	**Carrying amount under HKAS 39**	**Remeasurement**	**Carrying amount under HKFRS 9**
				HK$'000	*HK$'000*	*HK$'000*
Convertible loan notes, receivable component	*a*	Loans and receivables	FVPL	27,467	(1,280)	26,187
Convertible loan notes, derivative component	*a*	Derivatives	FVPL	877	–	877
Trade and other receivables and deposits	*b*	Loans and receivables	Amortised cost	52,211	(2,638)	49,573
Cash and cash equivalents		Loans and receivables	Amortised cost	54,686	–	54,686

Notes:

(a) Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument would be analysed for classification in its entirety and the underlying conversion option would cause the conversion loan notes to fail the SPPI criterion. Therefore, the convertible loan notes in its entirety would be classified as financial assets at FVPL at the date of initial application (i.e. 1 April 2018). The fair value loss of approximately HK$1,280,000 was adjusted to the accumulated losses as at 1 April 2018.

(b) The amount represents additional impairment losses and written off based on the ECL model under HKFRS 9.

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. There were no financial liabilities which the Group had previously measured at amortised cost under HKAS 39 that were subject to reclassification upon the adoption of HKFRS 9.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology is as follows:

Impairment under ECL model

In relation to the impairment of financial assets, HKFRS 9 requires an ECL model, as opposed to an incurred credit loss model under HKAS 39. The ECL model requires an entity to account for expected credit loss and changes in those expected credit loss at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit loss are recognised.

In the current year, the Group has adopted HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowance for other financial assets at amortised cost mainly comprise of deposits and other receivables and bank balances, and are measured on 12-month ECL ("12m ECL") basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the additional credit loss allowance and written off of approximately HK$2,638,000 has been recognised against opening accumulated losses.

The following table is a reconciliation that shows how the closing loss allowance as at 31 March 2018 determined in accordance with HKAS 39 can be reconciled to the opening loss allowance as at 1 April 2018 determined in accordance with HKFRS 9:

	HK$'000
Loss allowance recognised as at 31 March 2018 under HKAS 39	18,135
– Additional loss allowance as a result of adoption of the ECL model under HKFRS 9 – trade receivables	2,638
– Written off	(920)
Loss allowance recognised as at 1 April 2018 (unaudited) under HKFRS 9	19,853

3.3 *Impacts on opening consolidated statement of financial position arising from the adoption of all new standards*

As a result of the adoption of all new standards stated above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

	At 31 March 2018	HKFRS 9	At 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)		(Restated)
Convertible loan notes	28,344	(1,280)	27,064
Trade and other receivables, deposits and prepayments	52,211	(2,638)	49,573
Accumulated losses	(176,305)	(3,918)	(180,223)

New and revised HKFRSs in issue but not yet effective

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

HKFRS 16	Leases [1]
HKFRS 17	Insurance Contracts [3]
HK (IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments [1]
Amendments to HKFRS 3	Definition of a Business [4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation [1]
Amendments to HKFRS 10 and HKAS 28 *	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [2]
Amendments to HKAS 1 and HKAS 8	Definition of Material [5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement [1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures [1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle [1]

[1] *Effective for annual periods beginning on or after 1 January 2019*

[2] *Effective for annual periods beginning on or after a date to be determined*

[3] *Effective for annual periods beginning on or after 1 January 2021*

[4] *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*

[5] *Effective for annual periods beginning on or after 1 January 2020*

* *On 6 January 2016, the HKICPA issued Effective Date of Amendments to HKFRS 10 and HKAS 28, following the International Accounting Standards Boards equivalent amendments. This update defers/removes the effective date of the amendments in Sale or Contribution of Assets between an Investor or 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. So far, it has concluded that the above new and revised HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on these consolidated financial statements of the Group except for the following:

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at costs and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments are presented as operating cash flows. Upon adoption of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to the lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$12,319,000 (2018: HK$25,829,000). A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases. The new requirement to recognise a right-to-use asset and a related lease liability is expected to have an impact on the amounts recognised in the Group's consolidated financial statements. In addition, the adoption of the new requirements may result in changes in measurement, presentation and disclosure as indicated above.

In addition, the Group currently considers refundable rental deposits paid of approximately HK$4,326,000 (2018: HK$5,702,000) and refundable rental deposits received of approximately HK$423,000 (2018: HK$423,000) as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The directors of the Company expected that, such changes would increase the consolidated assets and consolidated liabilities of the Group, but would not result in a significant impact to the consolidated financial performance in the Group's consolidated financial statements. Furthermore, the Group intends to elect the modified retrospective approach for the adoption of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated losses, right-of-use assets and lease liabilities without restating comparative information.

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 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:

	2019	2018
	HK$'000	*HK$'000*
Sale of pearls and jewellery products	**169,350**	176,519
– Sales of pearls	**35,645**	59,354
– Design and sale of jewellery products	**133,705**	117,165
Interest income from strategic investment and financial services	**1,916**	10,838
	171,266	187,357

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for pearls and jewellery products such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for all contracts that had an original expected duration of one year or less.

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	Real estate financial assets investments 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 2019 by operating segments are as follows:

Segment revenue and results

For the year ended 31 March 2019

	Sale of pearls and jewellery products *HK$'000*	Strategic investment and financial services *HK$'000*	Total *HK$'000*
Segment revenue	**169,350**	**1,916**	**171,266**
Segment loss	**(1,803)**	**(10,841)**	**(12,644)**
Finance income			**263**
Finance costs			**(2,609)**
Equity-settled share-based payments			**(8,552)**
Unallocated corporate expenses			**(19,678)**
Loss before income tax			**(43,220)**

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)

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

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

At 31 March 2019

	Sale of pearls and jewellery products HK$'000	Strategic investment and financial services HK$'000	Total HK$'000
Segment assets			
– Hong Kong	**118,608**	**1,217**	**119,825**
– United Kingdom ("UK")	**–**	**70,512**	**70,512**
– The PRC	**16,890**	**–**	**16,890**
	135,498	**71,729**	**207,227**
Unallocated corporate assets			**70,633**
Total assets			**277,860**
Segment liabilities			
– Hong Kong	**(15,907)**	**(350)**	**(16,257)**
– The PRC	**(3,446)**	**–**	**(3,446)**
	(19,353)	**(350)**	**(19,703)**
Unallocated corporate liabilities			**(60,179)**
Total liabilities			**(79,882)**

At 31 March 2018

	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
– UK	–	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)

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

– all assets are allocated to operating segments other than certain property, plant and equipment, 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 and other borrowings that are not attributable to individual segments.

Other segment information

For the year ended 31 March 2019

	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	**944**	**90**	**1,034**
Depreciation of property, plant and equipment	**(1,419)**	**(152)**	**(1,571)**
Gain on disposals of property, plant and equipment	**–**	**16**	**16**
Fair value loss on convertible loan notes	**–**	**(2,910)**	**(2,910)**
Fair value loss on unlisted property fund	**–**	**(3,500)**	**(3,500)**
Fair value loss on other receivables	**–**	**(4,053)**	**(4,053)**
Reversal of allowance for ECLs on trade receivables, net	**551**	**–**	**551**
Reversal of impairment losses on inventories, net	**3,218**	**–**	**3,218**
Written off of property, plant and equipment	**(1,047)**	**–**	**(1,047)**

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 losses on loans to associates	–	(13,871)	(13,871)
Provision for impairment losses on trade receivables, net	(5,397)	–	(5,397)
Provision for impairment losses on inventories, net	(6,111)	–	(6,111)
Gain on disposal of a subsidiary	–	50	50

Geographical Information

The Group mainly operates in Hong Kong, the PRC, United States of America ("USA"), UK 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*	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
North America#				
– USA	**98,712**	70,254	**–**	–
– Others	**318**	2,093	**–**	–
Europe				
– Germany	**16,917**	29,906	**–**	–
– Italy	**271**	1,592	**–**	–
– UK	**2,159**	602	**–**	–
– Others	**4,306**	6,843	**–**	–
Hong Kong	**21,748**	27,403	**70,837**	2,931
Asian countries (excluding Hong Kong and Korea)				
– PRC	**10,898**	23,297	**1,006**	1,174
– Japan	**10,121**	15,452	**–**	–
– Others	**1,695**	3,428	**–**	–
Others	**4,121**	6,487	**–**	–
	171,266	187,357	**71,843**	4,105

* *Non-current assets excluded deferred tax assets and financial assets.*

\# *Revenue from the transactions with one individual customer amounted to approximately HK$53,788,000 (2018: HK$29,664,000) which represented more than 30% of total revenue of the Group for the year ended 31 March 2019. The customer is situated in the USA, the revenue generated from the USA during the year amounted to approximately HK$98,712,000 (2018: HK$70,013,000). These figures were attributable to North America region of the sales of pearls and jewellery products segment.*

6. OTHER (LOSSES)/GAINS, NET

	2019	2018
	HK$'000	*HK$'000*
Exchange gain	**522**	823
Loss on disposals of property, plant and equipment	**(16)**	(39)
Written off of property, plant and equipment	**(1,172)**	–
Bad debt recovered	**163**	–
Others	**162**	(60)
	(341)	724

7. LOSS BEFORE INCOME TAX

	2019	2018
	HK$'000	*HK$'000*
Costs of inventories sold	**105,051**	105,565
Employee benefit expenses (including directors' emoluments)	**53,218**	44,422
Auditors remuneration		
– Audit services	**1,108**	1,300
– Non-audit services	**236**	284
Acquisition-related cost	**804**	–
Depreciation of property, plant and equipment	**2,105**	2,196
(Reversal of) allowance for ECLs/Provision for impairment losses on trade receivables, net*	**(551)**	5,397
(Reversal of)/provision for impairment losses on inventories, net#	**(3,218)**	6,111
Operating lease payments, gross	**14,744**	15,564
Less: operating lease income on sub-leased premises	**(3,283)**	(3,823)
Operating lease payments, net	**11,461**	11,741
Exhibition expenses	**4,602**	5,901
Commission expenses	**–**	65

* *The amount was included in the administrative expenses in the profit or loss.*

\# *The amount was included in the cost of sales in the profit or loss.*

8. INCOME TAX (CREDIT)/EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**–**	1,319
PRC corporate income tax	**–**	–
	–	1,319
Over provision in prior years:		
Hong Kong profits tax	**(364)**	–
PRC corporate income tax	**–**	–
	(364)	–
Deferred tax:		
Net credit for current year	**(40)**	(87)
Income tax (credit)/expense	**(404)**	1,232

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits for the year ended 31 March 2019.

Hong Kong profits tax has been provided at a rate of 16.5% on the estimated assessable profits for the year ended 31 March 2018.

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 (2018: 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

The calculation of the basic loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2019	2018 (Restated)
Loss attributable to equity holders of the Company *(HK$'000)*	**(42,816)**	(129,787)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share *(thousands)*	**1,696,950**	1,686,335

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. For the year ended 31 March 2018, the number of shares used for the purpose of calculating basic loss per share has been retrospectively adjusted for the issue of shares pursuant to the Share Subdivision (Note 17) as if the Share Subdivision had occurred on 1 April 2018.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. The calculation of share options is determined by the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the year ended 31 March 2019, the conversion of potential ordinary shares in relation to the share option has a dilutive effect to the basic loss per share. For the year ended 31 March 2018, the diluted loss per share were equal to the basic earnings per share because the Company has no potential ordinary shares.

10. DIVIDEND

The directors do not recommend any payment of dividend in respect of the year ended 31 March 2019 (2018: 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 issued share capital of Dellos Group Limited and its subsidiaries (the "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 (Note 17). The aggregate costs of acquisition of the equity interest in Dellos Group were approximately HK$80,193,000.

At 31 March 2019, 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 2019	2018	Principal activities
Directly held				
Dellos Group Limited	the Cayman Islands	**33%**	33%	Investment holding
Indirectly held				
Natural Spring Global Limited	the British Virgin Islands (the "BVI")	**33%**	33%	Investment holding
Dellos F&B Co., Ltd ("Dellos F&B")	Korea	**33%**	33%	Manufacturing, sale and distribution of fruit juice and other beverage products
Dellos International Limited	Hong Kong	**33%**	33%	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 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 was put forward for approval by the creditors and shareholders of Dellos F&B and the Court.

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 would 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 Courts approval; and (iv) there would be no dividend payout during the rehabilitation period. It was 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 financial information for the year ended 31 March 2018 provided by the management of Dellos F&B, the financial position of Dellos F&B is net current liabilities. Furthermore, by reference to the published audited financial statements for the year ended 31 March 2018, all the non-financial assets of Dellos F&B were pledged to certain banks in Korea. 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 was remote, hence, except for the amount of interest of approximately HK$345,000 which was subsequently settled on 13 June 2018 the balances were considered irrecoverable and were 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.

On 17 October 2018, the Court approved the Rehabilitation Plan and under the Rehabilitation Plan, there will be yearly cash payment instalments over a 10-year period (starting from 2019) in respect of the 30% of the outstanding debts and the remaining 70% of the outstanding debts will be converted into the equity of Dellos F&B. However, based on the latest financial information for the year ended 31 March 2019 provided by the management of Dellos F&B, its financial performance continued to deteriorate and its financial position is still in net current liabilities. In view of the diminished shareholding upon the conversion of debts to equity and no reliable estimation of future economic benefits derived, the directors of the Company considered that the above investment cost and loans and interest receivables are unlikely to be recovered. No reversal of loss on investment and allowance for ECL on loans and interest receivables should be made for the year ended 31 March 2019.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Trade receivables *(Note a)*	**34,014**	37,392
Other receivables, deposits and prepayments *(Note b)*	**16,128**	38,324
	50,142	75,716
Less: Non-current portion		
Other receivables, deposits and prepayments *(Note b)*	**(4,676)**	(23,505)
	45,466	52,211

Notes:

(a) Trade receivables

	2019	2018
	HK$'000	*HK$'000*
Trade receivables, gross	**52,187**	55,527
Less: allowance for ECL/provision for impairment losses on trade receivables	**(18,173)**	(18,135)
Trade receivables, net	**34,014**	37,392

The following is an ageing analysis of trade receivables, net of allowance for ECL/provision for impairment losses, as at the reporting date, based on invoice dates which approximate the respective revenue recognition dates:

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**16,378**	11,692
31 to 90 days	**6,551**	10,724
91 to 180 days	**5,290**	6,189
181 to 365 days	**4,834**	8,523
Over 365 days	**961**	264
	34,014	37,392

The Group's retail sales to customers are mainly made in cash or through credit card payments. The trade receivables arising from credit card sales are normally settled in one to two business days in arrears. For the remaining customers, the Group generally grants a credit period of 30 days to 120 days, according to industry practice together with consideration of their credibility, repayment history and years of establishment. A longer credit period may be granted to large or long-established customers with good payment history.

An ageing analysis of these trade receivables, net of allowance for ECL/provision for impairment losses , as at the reporting date, based on due invoice dates, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Not overdue	**10,420**	12,237
Overdue by:		
1 to 30 days	**12,531**	7,961
31 to 90 days	**5,888**	8,131
91 to 180 days past due	**2,414**	3,901
181 to 365 days past due	**2,761**	4,898
Over 365 days past due	**–**	264
	34,014	37,392

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.

Prior to the adoption of HKFRS 9

The management of the Company takes into consideration of the customers' credit history, subsequent settlements and ageing analysis of the trade receivables in determining the recoverability of the trade receivables. At 31 March 2018, the trade receivables of approximately HK$12,237,000 were neither past due nor impaired and they were assessed to be of good credit rating by the Group and for those receivables that were past due but not impaired, these related to a number of independent customers for which there was 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.

The provision for impairment losses 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 losses 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.

Initial adoption of HKFRS 9

The management of the Company makes reference to the historical repayment to assess the impairment for individual debtors with significant balances while the Group collectively assesses the impairment for its remaining customers using a provision matrix with appropriate groupings based on shared credit risk characteristics of customers by reference to geographical area, past default experience and current past due exposure and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates, export data and default rate in respective regions, which reflect the general economic conditions of the regions in which the debtors operate) that is available without undue cost or effort.

The allowance for impairment are measured at lifetime ECL in accordance with simplified approach set out in HKFRS 9. Included in the overdue balances of approximately HK$5,175,000 has been overdue 90 days or more and the directors of the Company consider these are not in default based on the expected subsequent and historical repayment from the major customers and continuous business with the Group.

(b) Other receivables, deposits and prepayments

	2019	2018
	HK$'000	*HK$'000*
Other receivables *(Note d)*	**4,708**	4,687
Deposits	**4,571**	25,702
Prepayments	**6,849**	7,935
	16,128	38,324
Less: Non-current portion		
Other receivables *(Note a)*	**(2,440)**	(524)
Prepayments *(Note b)*	**(2,236)**	(2,981)
Deposits *(Note c)*	**–**	(20,000)
	(4,676)	(23,505)
Current portion	**11,452**	14,819

Notes:

(a) At 31 March 2019, other receivables included the amount of approximately HK$2,440,000 (2018: HK$524,000) interest receivables due from Wonderland (UK) as defined in note 16, the issuer of convertible loan notes which carry interest at 6% per annum and payable on the date on which the convertible loan notes become payable or are redeemed (i.e. 9 November 2020).

(b) 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.

(c) 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 was completed during the year ended 31 March 2019.

(d) On 4 October 2018, the Group had entered into a non-binding memorandum of understanding (the "MOU") with an independent third party (the "Proposed JV Partner") in relation to formation of a joint venture (the "Proposed JV"), pursuant to which the Proposed JV will be formed to acquire and develop properties across the UK especially in the student housing, serviced apartments and invest in other suitable real estate projects. The said Proposed JV will be owned as to 51% by the Group and 49% by the Proposed JV Partner respectively.

Prior to the formation of the Proposed JV, the Group had entered into two interest-free loan agreements of aggregate amount of GBP395,000 (equivalent to approximately HK$4,053,000) with the Proposed JV Partner in relation to financing the deposit paid for acquisition of parcels of lands and the student housing projects (the "Underlying Transactions") to the vendors. In the event that the Underlying Transactions are terminated by the Proposed JV Partner or the vendors and the deposit paid is not repayable to the Proposed JV Partner, the Group shall immediately irrevocably release the Proposed JV Partner from all and any liability (i.e. outstanding loan balances) pursuant to the loan agreements. The terms of the loan agreements failed the SPPI criterion, so that the loans are recognised as financial assets at FVPL.

As at 31 March 2019, in view of the increasing uncertainties on UK's economies resulting from ever-changing BREXIT scenario, the management of the Company and the Proposed JV Partner agreed not to further proceed the Underlying Transactions. One deposit of the Underlying Transactions of GBP195,000 (equivalent to approximately HK$2,000,000) was forfeited upon termination by the Proposed JV Partner. The management of the Company also considered that it is unlikely to recover the remaining deposit of GBP200,000 (equivalent to approximately HK$2,053,000) upon the expiry of the Underlying Transactions. In view of such, the fair value of the said loan as at 31 March 2019 was considered as minimal and the fair value loss of approximately HK$4,053,000 was recognised in profit or loss for the year ended 31 March 2019 accordingly.

13. TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**8,434**	5,677
Accrued payroll and employee benefits	**6,658**	6,375
Other payables and other accruals	**6,167**	4,930
Deposits received	**423**	578
	21,682	17,560

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

	2019	2018
	HK$'000	*HK$'000*
0 to 60 days	**6,894**	5,189
61 to 120 days	**40**	415
More than 120 days	**1,500**	73
	8,434	5,677

14. OTHER BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Other borrowings – secured*:		
Within one year	**52,500**	–

* *The amounts due are based on scheduled repayment dates set out in the respective loan agreements.*

As at 31 March 2019, the Group's fixed rate other borrowings carried interest rates ranging from 11.3% to 18.0% (2018: Nil) per annum. The other borrowings are secured by leasehold land and buildings and jointly guaranteed by the Company and its subsidiary (with an aggregate amount up to HK$52,500,000).

15. UNLISTED PROPERTY FUND

	2019	2018
	HK$'000	*HK$'000*
Unlisted property fund	**34,500**	38,000

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. Upon the adoption of HKFRS 9, the unlisted property fund was mandatorily classified and measured as financial assets at FVPL.

The unlisted property fund is recognised as follows:–

	HK$'000
Subscription	38,000
As at 31 March 2018 and 1 April 2018	38,000
Fair value loss recognised in profit or loss	(3,500)
As at 31 March 2019	34,500

During the year, the unlisted property fund paid the management fee of approximately HK$3,040,000(2018: HK$253,000) 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.

16. CONVERTIBLE LOAN NOTES

	2019	2018
	HK$'000	*HK$'000*
Convertible loan notes	**32,546**	28,344

On 10 November 2017, the Group entered into the investment agreement and subscribed for certain convertible loan notes issued by Wonderland (UK) Holdings Limited ("Wonderland (UK)"). The principal amount is GBP3,500,000 (equivalent to approximately HK$36,050,000) which carries interest at 6% per annum and payable on the date on which the convertible loan notes become payable or are redeemed. The maturity date of the convertible loan notes is on 9 November 2020 and will be redeemed at 100% of the principal amount.

The convertible loan notes can be converted at any time from the date the convertible loan notes are fully subscribed and paid up to the maturity date. Upon the full conversion of the convertible loan notes, the converted shares will represent 65% of the enlarged share capital of Wonderland (UK) immediately after the completion of issuance of new shares. At any time after the convertible loan notes are fully subscribed by the Group, full conversion would be made automatically when the pre-tax audited net profit of Wonderland (UK) exceeded GBP1,000,000 for the financial year immediately prior to the maturity date. The convertible loan notes would become immediately due and payable if Wonderland (UK) ceased to be the exclusive licensee of a global real estate brand in England.

During the year ended 31 March 2019, the Group entered into the deeds of variation to the investment agreement, pursuant to which (i) the conversion rate of the convertible loan notes was varied from 65% to 99.9%; and (ii) the Group and the existing legal and beneficial owner of Wonderland (UK) (the "Selling Shareholder") have the call option to acquire and put option to sell, respectively, the two fully paid ordinary shares (representing the sale shares held by the Selling Shareholder) at a consideration of GBP350 upon the fully subscription of convertible loan notes by the Group.

Pursuant to the investment agreement, the Group has subscribed for the convertible loan notes upon the receipt of notice of drawdown issued by Wonderland (UK). As at 31 March 2019, the Group has subscribed for approximately GBP3,419,000 (equivalent to approximately HK$35,666,000) (2018: GBP2,599,000 (equivalent to approximately HK$27,274,000) convertible loan notes, representing approximately 97.7% of the total subscription amount.

Wonderland (UK) is a company incorporated and registered in England and Wales with limited liability and it is the exclusive licensee of Sotheby's International Realty Limited ("SIRL") and is principally engaged in the operation of realty agency business in England. In addition, Wonderland (UK) holds the entire equity interest of SIRL which mainly deals in residential sales, letting, development sales, investment and international sales in England and Wales and it currently has approximately 20,000 sales associates.

The unlisted property fund classified as financial assets at FVPL (Note 15) has appointed SIRL and Wonderland (UK), acting as real estates agent to assist with the sub-selling of the apartments in the residential real estate project, and the unlisted property fund shall pay the agency fee to SIRL and Wonderland (UK) in return.

Upon the adoption of HKFRS 9, the convertible loan notes were analysed for classification in its entirety as the financial assets at FVPL.

The convertible loan notes are recognised as follows:

	Receivable component	**Derivative Component**	**Financial assets at fair value through profit or loss**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Subscriptions	25,841	1,433	–	27,274
Effective interest income	859	–	–	859
Fair value loss recognised in profit or loss	–	(607)	–	(607)
Interest receivable	(524)	–	–	(524)
Exchange differences	1,291	51	–	1,342
At 31 March 2018	27,467	877	–	28,344
Reclassification upon adoption of HKFRS 9	(27,467)	(877)	28,344	–
Measurement upon adoption of HKFRS 9 *(Note 3.2)*	–	–	(1,280)	(1,280)
At 1 April 2018	–	–	27,064	27,064
Subscriptions	–	–	8,392	8,392
Fair value loss recognised in profit or loss	–	–	(2,910)	(2,910)
At 31 March 2019	–	–	32,546	32,546

17. SHARE CAPITAL

	Number of shares	Share capital
	'000	*HK$'000*
Authorised:		
At 31 March 2018 and 1 April 2018, ordinary shares of HK$0.01 each	1,000,000	10,000
Effect of share subdivision	4,000,000	–
At 31 March 2019, ordinary shares of HK$0.002 each	5,000,000	10,000
Issued and fully paid:		
At 1 April 2017	319,521	3,195
Issue of consideration shares upon acquisition of associates *(Note 11)*	19,869	199
At 31 March 2018 and 1 April 2018	339,390	3,394
Effect of share subdivision *(Note)*	1,357,560	–
At 31 March 2019	1,696,950	3,394

Note: Pursuant to the ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company held on 28 September 2018, a share subdivision was approved with effect from 2 October 2018 in which every one (1) share issued and unissued ordinary share of HK$0.01 each in the share capital of the Company was subdivided into five (5) subdivided shares having a par value of HK$0.002 per subdivided share ("Share Subdivision"). Immediately after the Share Subdivision, the authorised share capital of the Company of HK$1,000,000,000 was divided into 5,000,000,000 subdivided shares, of which 1,696,950,000 subdivided shares were issued and fully paid. Details of the Share Subdivision are disclosed in the circular of the Company dated 10 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The Board hereby reports the results of the Company and the Group for the year ended 31 March 2019 ("**FY19**"). During FY19, the consolidated loss attributable to equity holders of the Company was HK$42.8 million (year ended 31 March 2018 ("**FY18**"): HK$129.8 million), representing a substantial decrease of 67.0% as compared with that in FY18. Basic loss per share was 2.52 HK cents (FY18: 7.70 HK cents), representing a substantial decrease of 67.3% as compared with that in FY18.

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 (FY19: HK$169.4 million; FY18: HK$176.5 million). For FY19, the return on capital of pearls and jewellery products was (1.5)% (FY18: (10.3)%).

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 its diversified customer base.

Strategic Investment and Financial Services Segment

In the wake of rapid transformation in last year, during FY19, the Group maintained gradual expansion in real estate investment business through the Strategic Investment and Financial Services Segment. This segment has been in operation and its objectives include investments in real estate agency business and real estate investment funds as well as other potential investment opportunities.

On 10 November 2017, 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 (the "**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 operates 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 22,000 sales associates, located in approximately 950 offices across 69 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. Pursuant to the deed of variation of the investment agreement entered into on 30 August 2018, the conversion rate of the Loan Notes was varied from 65% to 80%. Pursuant to another deed of variation of the investment agreement and various documents entered into on 26 February 2019, the conversion rate of the Loan Notes was varied from 80% to effectively 100%. As at 31 March 2019, the Group has subscribed a total of approximately GBP3.4 million Loan Notes. Please refer to the Company's announcements dated 1 September 2017, 3 October 2017, 20 October 2017 and 12 November 2017.

On 22 February 2018, 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 specialise 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 2019, 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. Please refer to the Company's announcements dated 22 February 2018 and 2 March 2018.

The Group currently holds 33% of the entire issued share capital of Dellos Group Limited, a company incorporated in the Cayman Islands with its main operating subsidiary in Korea, (collectively the "**Dellos Group**"). Products under Dellos Group are sold in South Korea 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.

In early 2018, the then chief executive officer and a director of Dellos F&B Co., Ltd. ("**Dellos F&B**"), the operating subsidiary of Dellos Group in Korea, resigned. A new chief executive officer took over the role and the management of Dellos F&B discovered that the business of Dellos F&B was mismanaged under the former chief executive officer and some of the assets were inflated, and he misappropriated Dellos F&B's assets through current account with his connected entities. In March 2018, the Group's finance personnel visited Dellos F&B's factory and no signs of any irregularities were noted. However, 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 approved the commencement of the Rehabilitation Proceedings on 7 March 2018. The management of Dellos F&B explained to the Group that the deterioration of Dellos F&B's financial condition was brought by its former chief executive officer and Dellos F&B has already taken legal action against him for misappropriation of assets and for using the Dellos' trademark for selling to customers without permission.

Therefore, the Group immediately sought 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 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 was put forward for approval by the creditors and shareholders of Dellos F&B and the Court. On 17 October 2018, the Court approved the Rehabilitation Plan and under the Rehabilitation Plan, there will be yearly cash payment instalments over a 10 year period (starting from 2019) in respect of the 30% of the outstanding debts and the remaining 70% of the outstanding debts will be converted into the equity of Dellos F&B.

The fair value of the equity interest of Dellos Group at as 31 March 2018 was close to zero which is determined based on the valuation provided by CHFT Advisory and Appraisal Limited ("**CHFT**"), independent professional qualified valuers not connected with the Group. The valuation is prepared using cost approach, where the nature of each account is reviewed and assessed individually. For the fixed assets valuation, another valuation report issued by a Korean valuation firm is adopted for further reference. Nevertheless, no cashflow projection, discount rate or growth rate is adopted in this valuation.

Based on the advice from the Group's legal advisers and CHFT, 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 investment cost of the Group in Dellos Group of approximately HK$80,193,000 was fully written down as at 31 March 2018 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 subject to the Court's final approval. Although the Group, as a potential rehabilitation creditor, may be able to obtain recovery of the loans in accordance with the terms of the Rehabilitation Plan, it is also subject to 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.

Looking forward, with the completion of the Loan Notes, 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 projects, so as to increase its profitability and return.

DISCLOSEABLE TRANSACTION – ACQUISITION OF SUMMIT PACIFIC GROUP LIMITED

In March 2018, the Group entered into an acquisition agreement in relation to the acquisition (the "**Acquisition**") of the sale shares and sale loan of Summit Pacific Group Limited ("**Summit Pacific**") at the consideration of HK$70,000,000 in cash. Summit Pacific is currently holding a property (the "**Property**") with a saleable area of approximately 2,567 sq. ft. located in Wanchai, Hong Kong. The Acquisition, the terms of which were amended by a supplemental agreement entered into by the parties on 19 April 2018, was completed on 4 October 2018 and the Property has been occupied as the headquarters of the Group as from 4 April 2019. Please refer to the Company's announcements dated 23 March 2018, 19 April 2018, 28 September 2018, 4 October 2018 and 4 April 2019.

GENERAL OFFER

On 27 April 2018, the Company was informed that Pacific Wish Limited ("**Pacific Wish**") (as purchaser) and Crown City Inc Limited (as vendor) entered into a sale and purchase agreement (the "**Agreement**") in relation to the sale and purchase of an aggregate of 168,177,382 Shares, representing approximately 49.55% of the issued share capital of the Company, for the total consideration of approximately HK$363 million (equivalent to HK$2.16 per Share). Completion took place on 9 May 2018. Pursuant to Rule 26.1 of the Hong Kong Codes on Takeovers and Mergers, Pacific Wish made a mandatory conditional general cash offer (the "**General Offer**") for all the issued shares (other than those already owned or agreed to be acquired by Pacific Wish and parties acting in concert with it). The General Offer lapsed on 30 August 2018 and Pacific Wish received acceptances in respect of a total of 14,102 Shares, representing approximately 0.004% of the issued share capital of the Company. As the conditions of the General Offer have not been satisfied, the General Offer has not become unconditional and lapsed on 30 August 2018. Please refer to the announcements of the Company dated 7 May 2018, 9 May 2018, 25 May 2018, 3 July 2018, 17 July 2018, 27 July 2018, 9 August 2018 and 30 August 2018 as well as the composite offer and response document dated 9 August 2018, jointly issued by Pacific Wish and the Company for further information relating to the Agreement and the General Offer.

COLLABORATION AGREEMENT

On 26 October 2018, the Company entered into a collaboration agreement (the "**Collaboration Agreement**") with Equitativa Real Estate Limited ("**Equitativa**") in relation to setting up one or more REITs (the "**REITs**") along Eurasia to be managed by an entity or entities established and wholly owned by Equitativa or its affiliates. Under the Collaboration Agreement, the Group will facilitate the implementation of the REITs, identify assets to seed the REITs, refer clients for investment in the REITs and act as an advisor to and work closely with Equitativa in relation to the REITs. Equitativa or its affiliates will be responsible for the establishment and management of the REITs and will be appointed as the manager. The Group shall be entitled to a referral fee equivalent to certain percentage of the transaction value of any assets acquired by the REITs and for any investments in the REITs introduced by the Group. The Group will also be entitled to a one-off performance fee upon the successful listing of the REITs on a recognised stock exchange on a pro rata basis as relative to the assets identified and referred by the Group and acquired by the REITs. Details of the Collaboration Agreement were disclosed in the announcement made by the Company on 28 October 2018.

GRANT OF SHARE OPTIONS

On 29 October 2018, the Board granted and the grants were accepted by the eligible participants as defined in the Share Option Scheme in respect of 64,796,000 share options at an exercise price of HK$1.34 per Share.

On 13 December 2018, the Board granted and the grants were accepted by the eligible participants as defined in the Share Option Scheme in respect of 1,000,000 share options at an exercise price of HK$1.2 per Share.

Details of the above grants of share options were disclosed in the announcements made by the Company on 29 October 2018 and 13 December 2018 respectively.

FINANCIAL GUARANTEE

As at 31 March 2019, the Group had no financial guarantee.

EVENTS AFTER THE BALANCE SHEET DATE

Proposed Acquisition of Sale Shares in Guardian City Limited

On 10 June 2019, the Group and the vendors entered into the sale and purchase agreement, pursuant to which the vendors have agreed to sell and the Group had conditionally agreed to acquire the sale shares ("**Acquisition**"), representing 30% of the issued share capital of Guardian City Limited (the "**Target Company**"), at the total consideration of HK$176,005,000 (the "**Total Consideration**"). The Total Consideration shall be HK$176,005,000 which shall be satisfied by the Group by (i) cash in the sum of HK$10,000,000 and (ii) procure the allotment and issuance of 153,000,000 consideration Shares at the issue price of HK$1.085 per consideration Share by the Company to the vendors upon the completion. The consideration Shares will be allotted and issued under the General Mandate. Upon the completion, the Group, the vendor 1 and the vendor 2 will be interested in 30.0%, 20.4% and 14.4% equity interests in the Target Company respectively. As such, the Target Company will become an associate of the Company. The Target Company is principally engaged in investment holding which holds 62.55% equity interest in Campfire Holdings Company Limited ("**Campfire Holdings**"). Campfire Holdings is principally engaged in investment holding and Campfire Holdings and its subsidiaries are principally engaged in operation of co-working spaces and co-living spaces in Hong Kong and United Kingdom with ongoing expansion plan in Asia Pacific region under the Campfire brand. Details of the Acquisition were disclosed in the announcements made by the Company on 28 May 2019 and 10 June 2019 respectively.

PROSPECTS

Looking forward, with gradual expansion in real estate investment business, our targets are the United Kingdom and the countries along "Eurasia". We anticipate such investments and the 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 to increase its profitability and return. Meanwhile, the Group will continue enhancing the development of the mature pearls and jewellery business, actively participating in various important jewellery & gem fairs around the world and optimising operation efficiency and productivity in a bid to stay competitive.

With the Collaboration Agreement with Equitativa entered into recently, the proposed acquisition of sales shares in Guardian City Limited and the development of the existing Strategic Investment and Financial Services Segment, the Group will focus its investments and operations more in the real estate, co-working spaces and co-living spaces and investment and asset management sectors especially in Europe and Asia.

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 (FY19: HK$171.3 million; FY18: HK$187.4 million), comprised sales of pearl and jewellery of HK$169.4 million (FY18: HK$176.5 million) and interest income on strategic investment and financial services of HK$1.9 million (FY18: HK$10.8 million), mainly as a result of the decrease in interest income from strategic investment and financial services segment.

Gross profit decreased by HK$6.6 million or 12.0% to HK$48.5 million (FY18: HK$55.1 million). The decrease was mainly due to the decrease in gross profit margin during FY19 (FY19: 28.3%; FY18: 29.4%). The decrease in gross profit margin was mainly attributable to the decrease 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$6.3 million (FY18: HK$8.6 million) and administrative expenses of HK$72.2 million (FY18: HK$70.1 million). S&A expenses decreased by HK$0.2 million or 0.3% to HK$78.5 million (FY18: HK$78.7 million) in FY19, as a result of cost control measures deployed by the Group which reduced selling and administrative expenses during the year.

Loss Attributable to Equity Holders of the Company

The loss attributable to equity holders of the Company substantially decreased by HK$87.0 million or 67.0% to HK$42.8 million in FY19 (FY18: HK$129.8 million) mainly due to no realised loss on disposals of financial assets at fair value through profit or loss, no loss on investments in associates and no impairment loss on loans to associates during the year as compared to FY18.

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 2019, the Group's total equity was HK$198.0 million (2018: HK$236.5 million), representing a decrease of 16.3% from last year.

As at 31 March 2019, the Group had cash and cash equivalents of HK$28.4 million (31 March 2018: HK$54.7 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$53.3 million (31 March 2018: HK$141.5 million). The current ratio, represented by the current assets divided by the current liabilities, was 1.7 (31 March 2018: 9.1).

As at 31 March 2019, the Group had outstanding borrowings and amount due to immediate holding company of approximately HK$58.2 million (31 March 2018: nil) in which the borrowings are secured by leasehold property of the Group with net carrying amount of approximately HK$69.3 million (31 March 2018: 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 and Share Subdivision

As at 31 March 2019, the total number of issued shares of the Company was 1,696,949,645 (31 March 2018: 339,389,929) of HK$0.002 each (31 March 2018: HK$0.01 each) (the "**Shares**") and its issued share capital was HK$3,393,899 (31 March 2018: HK$3,393,899).

On 4 September 2018, the Company proposed that each of the then issued and unissued ordinary shares of the Company be subdivided into five (5) subdivided Shares (the "**Share Subdivision**"). The Board considered that the Share Subdivision might facilitate trading and improve the liquidity of the subdivided Shares, thereby enabling the Company to attract more investors and broaden the Shareholders base. As such, the Directors (including independent non-executive Directors) were of the opinion that the Share Subdivision was in the interests of the Company and the Shareholders as a whole. The Share Subdivision was approved by the Shareholders at the extraordinary general meeting of the Company held on 28 September 2018 and became effective from 2 October 2018. Please refer to the Company's announcements dated 4 September 2018 and the Company's circular dated 10 September 2018.

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

Capital Commitments

At 31 March 2019, the Group had commitment, which as contracted but not provided and subject to fulfilment of conditions precedent, to make the remaining capital commitment to the unlisted property fund of HK$38,000,000 (2018: HK$38,000,000).

Save for the above, the Group had no other significant commitments outstanding at 31 March 2019.

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 and FY19.

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 FY18 and FY19.

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 these investments 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 2019, the Group had a total workforce of 260 (31 March 2018: 322), of whom 41 (31 March 2018: 49) were based in Hong Kong. The total staff costs, including directors' emoluments and mandatory provident fund, was approximately HK$53.2 million in 2019 (2018: HK$44.4 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 2019.

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 existing independent non-executive Directors, namely Mr. Lai Yat Yuen, Mr. Lee Kin Keung and Mr. Leung Ka Kui, Johnny 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 2019.

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 2019.

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 Corporate Governance Code (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 2019 and, where appropriate, the applicable recommended best practices of the CG Code, except a deviation as below.

There is currently no officer carrying the title of CEO up to the date of this announcement. In the absence of a CEO, the duties of the CEO have been and will continue to be collectively undertaken by all executive Directors, namely Mr. Archambaud-Chao Percy Henry Junior, Mr. Leung Alex and Mr. Cheung Sze Ming. In the opinion of the Directors, the present arrangement is effective and efficient.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of change in equity, and the related notes thereto for the year ended 31 March 2019 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.

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

Hong Kong, 20 June 2019

As the date of this announcement, the Board comprises Mr. Archambaud-Chao Percy Henry Junior, Mr. Leung Alex and Mr. Cheung Sze Ming as executive Directors; Mr. Yuen Ching Bor, Stephen (Chairman) as non-executive Director; and Mr. Lai Yat Yuen, Mr. Lee Kin Keung and Mr. Leung Ka Kui, Johnny as independent non-executive Directors.

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.