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 2021

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 2021, together with the comparative figures for the previous year, as follows:

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Revenue	*4*	**43,324**	111,978
Cost of sales		**(51,947)**	(83,429)
Gross (loss)/profit		**(8,623)**	28,549
Other gains/(losses), net	*6*	**4,305**	(19,508)
Fair value loss on convertible loan notes	*16*	**(4,168)**	(1,365)
Fair value loss on unlisted property fund	*15*	**(4,710)**	(33,590)
Share of loss on investments in associates	*11*	**–**	(28,614)
Impairment losses on investments in associates	*11*	**–**	(147,391)
Provision for allowance for expected credit losses ("**ECL**") on trade receivables, net		**(12,905)**	(309)
Provision for allowance for ECL on other receivables		**(289)**	–
Selling expenses		**(582)**	(4,225)
Administrative expenses		**(20,667)**	(65,771)
Operating loss		**(47,639)**	(272,224)
Finance income		**7**	371
Finance costs		**(4,445)**	(8,549)
Finance costs, net		**(4,438)**	(8,178)
Loss before income tax	*7*	**(52,077)**	(280,402)
Income tax credit/(expense)	*8*	**292**	(1,420)
Loss for the year attributable to equity holders of the Company		**(51,785)**	(281,822)
Loss per share	*9*		(Restated)
Basic and diluted		**HK$(0.23)**	HK$(1.55)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021	2020
	HK$'000	*HK$'000*
Loss for the year	**(51,785)**	(281,822)
Other comprehensive (loss)/income:		
Item that may be reclassified to profit or loss		
— Exchange difference on translation of financial statements of foreign operations	**(1,140)**	175
Other comprehensive (loss)/income for the year, net of tax	**(1,140)**	175
Total comprehensive loss for the year attributable to equity holders of the Company	**(52,925)**	(281,647)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**533**	1,874
Right-of-use assets		**1,216**	8,626
Investments in associates	*11*	**–**	–
Financial asset at fair value through other comprehensive income		**–**	–
Unlisted property fund	*15*	**–**	4,710
Prepayments	*12*	**–**	1,491
		1,749	16,701
Current assets			
Inventories		**24,827**	34,102
Trade and other receivables, deposits and prepayments	*12*	**40,765**	41,371
Convertible loan notes	*16*	**–**	31,992
Cash and cash equivalents		**24,424**	34,491
		90,016	141,956
Current liabilities			
Trade and other payables, contract liabilities and accruals	*13*	**13,922**	32,547
Lease liabilities		**1,271**	2,856
Other borrowings	*14*	**30,000**	30,734
Amounts due to director/former director		**–**	848
Amount due to immediate holding company		**339**	339
		45,532	67,324
Net current assets		**44,484**	74,632
Total assets less current liabilities		**46,233**	91,333

	Note	2021 *HK$'000*	2020 *HK$'000*
Non-current liabilities			
Lease liabilities		**288**	5,909
Deferred tax liabilities		**–**	292
		288	6,201
Net assets		**45,945**	85,132
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*17*	**5,328**	3,700
Reserves		**40,617**	81,432
Total equity		**45,945**	85,132

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to equity holders of the Company					
	Share capital	**Share premium**	**Translation reserve**	**Share option reserve**	**Accumulated losses**	**Total**
	(Note 17)	*(Note a)*	*(Note b)*	*(Note c)*	*(Note d)*	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balances at 1 April 2019	3,394	410,810	(1,739)	8,552	(223,039)	197,978
Loss for the year	–	–	–	–	(281,822)	(281,822)
Other comprehensive income:						
Exchange difference on translation of financial statements of foreign operations	–	–	175	–	–	175
Total comprehensive loss for the year	–	–	175	–	(281,822)	(281,647)
Issue of consideration shares upon acquisition of associates *(Note 11)*	306	165,699	–	–	–	166,005
Equity-settled share-based payments	–	–	–	2,796	–	2,796
Balances at 31 March 2020	3,700	576,509	(1,564)	11,348	(504,861)	85,132
Balances at 1 April 2020	**3,700**	**576,509**	**(1,564)**	**11,348**	**(504,861)**	**85,132**
Loss for the year	**–**	**–**	**–**	**–**	**(51,785)**	**(51,785)**
Other comprehensive loss:						
Exchange difference on translation of financial statements of foreign operations	**–**	**–**	**(1,140)**	**–**	**–**	**(1,140)**
Total comprehensive loss for the year	**–**	**–**	**(1,140)**	**–**	**(51,785)**	**(52,925)**
Equity-settled share-based payments	**–**	**–**	**–**	**30**	**–**	**30**
Lapse of share options	**–**	**–**	**–**	**(1,917)**	**1,917**	**–**
Placing of new shares *(Note 17(b))*	**1,628**	**12,080**	**–**	**–**	**–**	**13,708**
Balances at 31 March 2021	**5,328**	**588,589**	**(2,704)**	**9,461**	**(554,729)**	**45,945**

Notes:

(a) Share premium account of the Company represents the excess of the proceeds received over the nominal value of the Company's shares issued.

(b) Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of certain subsidiaries whose functional currencies are different from that of presentation currency.

(c) Share option reserve represents the portion of grant date fair value of the actual or estimated number of unexercised share options of the Company.

(d) The People's Republic of China (the "**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 2021 and 2020, no statutory surplus reserves is provided as the PRC subsidiaries continued to make losses in their 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 is located at Office A, 6/F, Valiant Commercial Building, 22–24 Prat Avenue, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in (i) the purchasing, processing, designing, production and wholesale distribution of pearls and jewellery products and (ii) the operation of strategic investment and financial services segment, with the objective to include investments in real estate agency business and real estate investment funds and other potential investment opportunities.

As at 31 March 2021 and 2020, in the opinion of the directors of the Company, the ultimate holding company and the ultimate controlling parties of the Company were Pacific Wish Limited, a company incorporated in Hong Kong with limited liability, and Mr. Chan Vincent Wing Sing and Ms. Hui Ka Man Emily, respectively.

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 the 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.

It should be noted that accounting estimates and assumptions have been used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

3. ADOPTION OF AMENDED HKFRSs

Amended HKFRSs that are mandatorily effective for the current year

In the current year, the Group has adopted, for the first time, the following amended HKFRSs issued by the HKICPA, which are effective for the Group's consolidated financial statements for the accounting period beginning on 1 April 2020.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of the amended 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.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[6]
Amendment to AG 5	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)[5]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[2]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[6]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[6]
Amendments to HKAS 8	Definition of Accounting Estimates[6]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[6]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[5]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[5]

[1] Effective for annual periods beginning on or after a date to be determined
[2] Effective for annual periods beginning on or after 1 June 2020
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Effective for annual periods beginning on or after 1 April 2021
[5] Effective for annual periods beginning on or after 1 January 2022
[6] Effective for annual periods beginning on or after 1 January 2023

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 is 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:

	2021	2020
	HK$'000	*HK$'000*
Sales of pearls and jewellery from contracts with customers within the scope of HKFRS 15 recognised at a point in time	**41,244**	109,791
— Sales of pearls	**1,987**	26,092
— Design and sales jewellery products	**39,257**	83,699
Revenue from other sources outside the scope of HKFRS 15		
Interest income from strategic investment and financial services	**2,080**	2,187
	43,324	111,978

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

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)	Sales of pearls and jewellery products	Design and sales of jewellery products, and sales 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 by operating segments are as follows:

	Sales of pearls and jewellery products *HK$'000*	Strategic investment and financial services *HK$'000*	Total *HK$'000*
For the year ended 31 March 2021			
Segment revenue	**41,244**	**2,080**	**43,324**
Segment loss	**(39,664)**	**(2,600)**	**(42,264)**
Finance income			**7**
Finance costs			**(4,445)**
Equity-settled share-based payments			**(30)**
Unallocated corporate expenses			**(5,345)**
Loss before income tax			**(52,077)**
For the year ended 31 March 2020			
Segment revenue	109,791	2,187	111,978
Segment loss	(25,240)	(211,855)	(237,095)
Finance income			371
Finance costs			(8,549)
Equity-settled share-based payments			(2,796)
Unallocated corporate expenses			(32,333)
Loss before income tax			(280,402)

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/(losses) 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 2021

	Sales of pearls and jewellery products *HK$'000*	Strategic investment and financial services *HK$'000*	Total *HK$'000*
Segment assets			
— Hong Kong	52,468	60	52,528
— The United Kingdom (the "**UK**")	–	33,394	33,394
— The PRC	3,227	–	3,227
	55,695	33,454	89,149
Unallocated corporate assets			2,616
Total assets			91,765
Segment liabilities			
— Hong Kong	(4,138)	(1,536)	(5,674)
— The PRC	(1,013)	–	(1,013)
	(5,151)	(1,536)	(6,687)
Unallocated corporate liabilities			(39,133)
Total liabilities			(45,820)

At 31 March 2020

	Sales of pearls and jewellery products	Strategic investment and financial services	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment assets			
— Hong Kong	102,576	865	103,441
— The UK	–	41,329	41,329
— The PRC	13,871	–	13,871
	116,447	42,194	158,641
Unallocated corporate assets			16
Total assets			158,657
Segment liabilities			
— Hong Kong	(9,936)	(5,132)	(15,068)
— The PRC	(17,876)	–	(17,876)
	(27,812)	(5,132)	(32,944)
Unallocated corporate liabilities			(40,581)
Total liabilities			(73,525)

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, amounts due to director/former director/immediate holding company and other borrowings that are not attributable to individual segments.

Other segment information

For the year ended 31 March 2021

	Sales 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	**25**	**–**	**25**
Depreciation of property, plant and equipment	**(466)**	**(62)**	**(528)**
Depreciation of right-of-use assets	**(1,236)**	**(415)**	**(1,651)**
Gain on disposals of property, plant and equipment	**156**	**–**	**156**
Fair value loss on convertible loan notes	**–**	**(4,168)**	**(4,168)**
Fair value loss on unlisted property fund	**–**	**(4,710)**	**(4,710)**
Written off of prepayments	**(1,491)**	**–**	**(1,491)**
Provision for allowance for ECL on trade receivables, net	**(12,905)**	**–**	**(12,905)**
Provision for allowance for ECL on other receivables	**–**	**(289)**	**(289)**
Provision for impairment losses on inventories, net	**(9,995)**	**–**	**(9,995)**
Impairment loss on property, plant and equipment and right-of-use assets	**–**	**(378)**	**(378)**
Written off of property, plant and equipment	**(888)**	**–**	**(888)**

For the year ended 31 March 2020

	Sales 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	928	100	1,028
Depreciation of property, plant and equipment	(1,048)	(64)	(1,112)
Depreciation of right-of-use assets	(427)	(934)	(1,361)
Loss on disposals of property, plant and equipment	(39)	(2)	(41)
Fair value loss on convertible loan notes	–	(1,365)	(1,365)
Fair value loss on unlisted property fund	–	(33,590)	(33,590)
Share of loss on investment in associates	–	(28,614)	(28,614)
Impairment losses on investment in associates	–	(147,391)	(147,391)
Written off of prepayments	–	(1,026)	(1,026)
Provision for allowance for ECL on trade receivables, net	(309)	–	(309)
Reversal of impairment losses on inventories, net	33,363	–	33,363
Written off of property, plant and equipment	(161)	(253)	(414)

Geographical Information

The Group mainly operates in Hong Kong, the PRC, the United States of America ("**USA**"), the 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 of the assets are detailed below:

	Revenue from external customers		Non-current assets*	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
North America[#]				
— The USA	**30,098**	62,281	**–**	–
— Others	**37**	327	**–**	–
Europe				
— Germany	**–**	8,705	**–**	–
— Italy	**–**	18	**–**	–
— The UK	**2,329**	2,187	**–**	–
— Others	**1,328**	3,003	**–**	–
Hong Kong	**6,786**	20,355	**1,098**	3,073
Asian countries				
— PRC (excluding Hong Kong)	**966**	828	**651**	7,427
— Japan	**84**	10,167	**–**	–
— Others	**22**	841	**–**	–
Others	**1,674**	3,266	**–**	–
	43,324	111,978	**1,749**	10,500

* *Non-current assets included property, plant and equipment and right-of-use assets only.*

[#] *Included in the sales of pearls and jewellery products segment, revenue from the transactions with one individual customer, which is located in the USA, amounted to approximately HK$25,336,000 (2020: HK$39,312,000) which represented approximately 58% (2020: 35%) of total revenue of the Group for the year ended 31 March 2021.*

6. OTHER GAINS/(LOSSES), NET

	2021	2020
	HK$'000	*HK$'000*
Exchange gain/(loss), net	**6,331**	(1,526)
Gain/(loss) on disposals of property, plant and equipment	**156**	(17,678)
Written off of property, plant and equipment	**(888)**	(477)
Impairment loss on property, plant and equipment and right-of-use assets	**(378)**	–
Gain/(loss) on early termination of lease premises	**33**	(233)
Compensation of early termination of leases	**(1,840)**	–
Government grants	**381**	–
Others	**510**	406
	4,305	(19,508)

7. LOSS BEFORE INCOME TAX

	2021	2020
	HK$'000	*HK$'000*
Costs of inventories sold, before reversal of impairment on inventories	**38,362**	101,725
Employee benefit expenses (including directors' emoluments)	**16,003**	49,085
Auditor's remuneration		
— Audit services		
— current year	**550**	700
— overprovided in prior years	**–**	(200)
— Non-audit services	**10**	238
Depreciation of property, plant and equipment	**528**	2,376
Depreciation of right-of-use assets	**1,651**	1,361
Written off of prepayments	**1,491**	1,026
Provision for allowance for ECL on trade receivables, net *(Note 12(a))*	**12,905**	309
Provision for/(reversal of) impairment loss on inventories, net[#]	**9,995**	(33,363)
Provision for allowance for ECL on other receivables *(Note 12(b))*	**289**	–
Operating lease payments, gross	**174**	11,308
Less: operating lease income on sub-premises	**–**	(3,009)
Operating lease payments, net	**174**	8,299
Exhibition expenses	**96**	2,742
Commission expenses	**53**	185

[#] The amount was included in the cost of sales in the consolidated profit or loss.

8. INCOME TAX (CREDIT)/EXPENSE

	2021	2020
	HK$'000	*HK$'000*
Deferred tax:		
Net (credit)/charge for current year	**(292)**	1,420
Income tax (credit)/expense	**(292)**	1,420

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 2021 (2020: Nil). Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of entity not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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 (2020: 25%). No provision for PRC corporate income tax have been made as the Company's subsidiaries in the PRC have tax losses brought forward which are available for off-set against the estimated assessable profits for the year ended 31 March 2021 (2020: Nil).

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. No withholding tax on distributed/undistributed profits of the Group for the year ended 31 March 2021 (2020: Nil).

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.

	2021	2020
Loss attributable to equity holders of the Company (*HK$'000*)	**(51,785)**	(281,822)
		(Restated)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share *(thousands)*	**224,317**	181,432

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. The weighted average number of shares used for the purpose of calculating basic loss per share for the years has been adjusted for the issue of shares pursuant to the Share Consolidation (Note 17(a)) as if the Share Consolidation had occurred on 1 April 2019. Accordingly, the basic and diluted loss per share for the year ended 31 March 2020 have been restated.

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 potential ordinary shares of the Company are share options. The calculation of dilutive effect 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 years ended 31 March 2021 and 2020, the assumed conversion of potential ordinary shares in relation to the share option has an anti-dilutive effect to the basic loss per share.

10. DIVIDEND

The directors do not recommend any payment of dividend in respect of the year ended 31 March 2021 (2020: Nil).

11. INVESTMENTS IN ASSOCIATES

	2021	2020
	HK$'000	*HK$'000*
Share of fair value of net assets on acquisition	**–**	4,865
Goodwill	**–**	171,140
Share of post-acquisition profit or loss	**–**	(28,614)
	–	147,391
Less: Impairment loss	**–**	(147,391)
	–	–

Campfire Group (as defined below)

On 10 June 2019, the Group and the two independent third parties entered into the sale and purchase agreement, pursuant to which the vendors have agreed to sell and the Group has conditionally agreed to acquire the sale shares, representing 30% of the issued share capital of Guardian City Limited ("**Guardian City**") at a total consideration of approximately HK$176,005,000, of which is satisfied by cash as to HK$10,000,000 and 153,000,000 shares issued by the Company at HK$1.085 per share (equivalent to HK$166,005,000) (Note 17). On 25 June 2019, the acquisition was completed. Upon the completion of the transaction, Guardian City became an associate of the Company. Guardian City is principally engaged in investment holding which holds 62.55% equity interest in Campfire Holdings Company Limited (collectively as "**Campfire Group**"). Campfire Group is principally engaged in operation of co-working spaces and co-living spaces in Hong Kong and the UK. At the date of acquisition, Campfire Group operates a total of 12 co-working/co-living spaces.

At the completion date, the fair value of net identifiable assets of Campfire Group was amounting to approximately HK$25,926,000. The management assessed the consideration by referencing to the valuation of the fair value of 100% equity interests in the Campfire Group, estimated by CHFT Advisory and Appraisal Ltd ("**CHFT**"), an independent firm of professional qualified valuer, based on market approach for the starting-up business. In view of the future development potential of the co-working spaces industry in Hong Kong, goodwill of approximately HK$171,140,000 was recognised by the Group and presented included in the investments in associates.

On 1 August 2019, the Group had entered into the loan facilities agreement with the Campfire Group for granting the loan in the principal amount up to HK$25,000,000 carried with interest rate at 15% per annum to Campfire Group for the period of 12 months from the drawdown date to the final repayment date subject to the terms and conditions at the discretionary right of the Group. The loan facilities agreement was expired on 31 July 2020 and no amount was utilised during the facilities term.

In February 2021, Campfire Group was under the capital restructured by transferring and allotting shares of Guardian City and Campfire Holdings Company Limited among the shareholders. Upon the completion of the capital restructuring and as at 31 March 2021, the Group no longer holds any equity interests in Guardian City and has directly held 2.5% of Campfire Holdings Company Limited. In view of such, the directors of the Company have classified the investment of Campfire Group from investment in associate to financial assets at fair value through other comprehensive income at the completion date as the purpose of the investment is for long term investment.

Up to 31 March 2021, the Group paid partial cash consideration of HK$6,000,000 to vendors for the acquisition and the outstanding balance of HK$4,000,000 is recognised as other payables (Note 13) in the consolidated statement of financial position.

Particulars of investments of associates as at 31 March 2021 and 2020 are set forth below:

Name of associates	**Place of incorporation/operation**	**Proportion of ownership interest and proportion of voting power held by the Group**		**Principal activities**
		2021	2020	
Directly held				
Guardian City#	the British Virgin Islands (the "**BVI**")	**N/A**	30%	Investment holding
Indirectly held				
Campfire Holdings Company Limited#	Hong Kong	**N/A**	18.77%	Operation of co-working spaces and co-living spaces

Not audited by Moore Stephens CPA Limited or another member firm of Moore global network

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

The following table illustrates the summarised financial information in respect of Campfire Group adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	HK$'000
As at 31 March 2020	
Current assets	36,028
Current liabilities	(114,652)
Non-current liabilities	(45,712)
Net liabilities	(124,336)
For the period from 25 June 2019 to 31 March 2020	
Revenue	76,395
Loss for the period	(152,486)

Impairment assessment

Since June 2019, the social movement has been dampening the economic activities in Hong Kong. The business operating environment in Hong Kong became uncertain and challenging, as well as weaker consumer sentiment, decline of visitor arrivals from mainland China to Hong Kong. Business of the clients of Campfire Group has been affected significantly and it resulted in a decline in demand of co-working spaces of Campfire Group. In addition, since the outbreak of novel coronavirus (the "**COVID-19**") in January 2020, travel restrictions, public health measures and quarantine requirement of travelers imposed by The Government of the Hong Kong Special Administrative Region ("**HKSAR**") and other countries have adversely affected the operation of Campfire Group, which has further result in a drop in demand of co-working space, and the average rental income of co-working space. In order to reduce losses and maintain the business of Campfire Group, the management of the Campfire Group has downsized the co-working space network in Hong Kong by closing down 9 out of the 13 sites in Hong Kong.

At 31 March 2020, the management of the Group carried out impairment assessment on the carrying amount of its interest in Campfire Group. The management considered that it is not possible to measure fair value less costs of disposal under current market conditions. Therefore, the management of the Group used the interest in associates' value in use as its recoverable amount. In determining the value in use of the associates, the directors of the Company estimated the present value of the estimated future cash flows expected to arise from its share of the present value of the estimated future cash flows expected to be generated by Campfire Group, including the cash flows from the operations of Campfire Group and the proceeds from the ultimate disposal of the investment in Campfire Group. Based on the assessment, the recoverable amount is equal to zero. Accordingly, the Group has recognised the impairment loss of investment in Campfire Group of approximately HK$147,391,000 for the year ended 31 March 2020 based on the above assessment. The key assumptions included no growth rate and use of 15% to discount the cash flow projections to net present value.

Dellos Group (as defined below)

At 31 March 2021, the Group had hold 33% equity interests of Dellos Group Limited and its subsidiaries (the "**Dellos Group**"), of which the particulars of investments in associates are set forth below:

Name of associates	Place of incorporation/operation	Proportion of ownership interest and proportion of voting power held by the Group		Principal activities
		2021	2020	
Directly held				
Dellos Group Limited#	the Cayman Islands	**33%**	33%	Investment holding
Indirectly held				
Natural Spring Global Limited#	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

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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.

Investments in and loans to Dellos Group were fully written down during the year ended 31 March 2018. 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.

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 was 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.

According to the Rehabilitation Plan, the loans made by the Group to Dellos F&B had been made part of the rehabilitation claims, with the Group having been regarded as a rehabilitation creditor. Although the Group, as a rehabilitation creditor, will be able to obtain recovery of the loans in accordance with the terms of the Rehabilitation Plan, it is subject to approval by the Court and also the economic conditions of Dellos F&B. In addition, based on the latest financial information provided by 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 statement 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 was low.

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 2020) 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 were still unlikely to be recovered.

Based on the advices from the Group's legal advisers, the management of Dellos F&B entered into the bankruptcy proceeding to the Korean court on 16 July 2020. Once the bankruptcy proceedings confirmed, the Rehabilitation Plan would no longer exist and the probability of the Group getting back any of the outstanding debts is low. In view of this, the directors of the Company considered that the investment cost and loans and interest receivables are unlikely to be recovered to the date of this announcement.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021	2020
	HK$'000	*HK$'000*
Trade receivables *(Note (a))*	**5,480**	26,496
Other receivables, deposits and prepayments *(Note (b))*	**35,285**	16,366
	40,765	42,862
Less: Non-current portion		
Prepayments *(Note (b))*	**–**	(1,491)
	40,765	41,371

Notes:

(a) Trade receivables

	2021	2020
	HK$'000	*HK$'000*
Trade receivables, gross	**31,751**	43,594
Less: allowance for ECL on trade receivables	**(26,271)**	(17,098)
Trade receivables, net	**5,480**	26,496

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

	2021	2020
	HK$'000	*HK$'000*
0 to 30 days	**4,501**	10,504
31 to 90 days	**494**	6,332
91 to 180 days	**485**	4,280
181 to 365 days	**–**	4,418
Over 365 days	**–**	962
	5,480	26,496

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, as at the reporting date, based on due dates, is as follows:

	2021	2020
	HK$'000	*HK$'000*
Not overdue	**383**	13,293
Overdue by:		
1 to 30 days	**4,170**	2,825
31 to 90 days	**442**	5,683
91 to 180 days	**485**	1,576
181 to 365 days	**–**	3,119
	5,480	26,496

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

The 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. Included in the overdue balances of approximately HK$485,000 (2020: HK$4,695,000) 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 certain largest customers and continuous business with the Group.

Movements in the allowance for ECL on trade receivables under HKFRS 9 are as follows:

	Lifetime ECL — not credit impaired	**Lifetime ECL — credit impaired**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 1 April 2019	558	17,615	18,173
Changes in the loss allowance:			
— Written off	–	(1,384)	(1,384)
— Transferred to Lifetime ECL — credit impaired	(74)	74	–
— Charged/(credited) to consolidated profit or loss *(Note 7)*	1,883	(1,574)	309
As at 31 March 2020 and 1 April 2020	**2,367**	**14,731**	**17,098**
Changes in the loss allowance:			
— Written off	**–**	**(3,732)**	**(3,732)**
— Transferred to Lifetime ECL — credit impaired	**(806)**	**806**	**–**
— (Credited)/charged to consolidated profit or loss *(Note 7)*	**(1,547)**	**14,452**	**12,905**
As at 31 March 2021	**14**	**26,257**	**26,271**

Notes:

(a) There has been no change in the estimation techniques or significant assumptions made during the year in assessing the loss allowance for the trade receivables.

(b) As of 31 March 2021, trade receivables with gross carrying amount of approximately HK$26,257,000 (2020: HK$14,731,000) were fully impaired and provided for those credit-impaired customers which are in unexpectedly difficult economic situations.

(b) Other receivables, deposits and prepayments

	2021	2020
	HK$'000	*HK$'000*
Other receivables *(Note (i))*	**33,684**	7,846
Deposits	**539**	4,171
Prepayments *(Note (ii))*	**1,062**	4,349
	35,285	16,366

Notes:

(i) As at 31 March 2020, other receivables included the amount of approximately HK$4,627,000 interest receivables due from Wonderland (UK), as define 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) (Note 16).

As at 31 March 2021, as detailed in Note 16, the outstanding principal amount of convertible loan notes was recognised as receivables and included in other receivables. As at 31 March 2021, gross carrying amount of the outstanding principal and its accumulated interest receivables of approximately HK$29,907,000 and approximately HK$2,364,000 were not yet settled and allowance for credit loss of approximately HK$289,000 was made. In the opinion of the directors of the Company, the outstanding principal amount and interest receivables will be settled by the end of year of 2021 and July 2021, respectively. The receivables are guaranteed by the shareholders of Wonderland (UK) and pledged to the other borrowing of HK$28,000,000 (Note 14(i)).

(ii) As at 31 March 2020, balance included prepayments for the IT system maintenance, onsite technical support and IT advisory services of HK$1,491,000 which would be amortised over five years from commencement in the year ended 31 March 2018. During the year, the management revisited the usage of system and services after the closure of certain factories in the PRC and considered it is appropriate to write off the remaining balance of approximately HK$1,491,000 and recognised the loss in the "administrative expenses" of the consolidated income statement.

The carrying amounts of the trade and other receivables approximate their fair values as these financial assets, which are measured at amortised cost, are expected to be received within one year.

13. TRADE AND OTHER PAYABLES, CONTRACT LIABILITIES AND ACCRUALS

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**2,453**	3,376
Accrued payroll and employee benefits	**722**	13,308
Other payables and other accruals	**10,747**	15,433
Contract liabilities	**–**	430
	13,922	32,547

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

	2021 *HK$'000*	2020 *HK$'000*
0 to 60 days	**2,153**	1,065
61 to 120 days	**141**	464
More than 120 days	**159**	1,847
	2,453	3,376

As at 31 March 2021, consideration payables for acquisition of associates and loan interest payables of HK$4,000,000 (2020: HK$4,000,000) (Note 11) and approximately HK$1,109,000 (2020: HK$1,061,000) were included in other payables, respectively.

The carrying amounts of trade and other payables, contract liabilities and accruals approximate their fair values.

14. OTHER BORROWINGS

	2021 *HK$'000*	2020 *HK$'000*
Other borrowings — secured		
Within one year or on demand *(Notes (i) and (ii))*	**28,000**	25,650
Other borrowings — unsecured		
On demand *(Note (iii))*	**2,000**	5,084
	30,000	30,734

Notes:

(i) As at 31 March 2021, the Group's secured other borrowing with carrying amount of HK$28,000,000 bearing fixed interest rate at 15.0% per annum and repayable on 25 July 2022 with demand clause. The borrowing is provided by a company, which is an independent third party of the Group. During the year ended 31 March 2021, the interest expense of approximately HK$760,000 was recognised in the consolidated profit or loss. The other borrowing is secured by other receivables (Note 12(b)(i)) with an aggregate borrowing amount of HK$28,000,000 and accrued interests, if any.

(ii) As at 31 March 2020, the Group's secured other borrowing with carrying amount of HK$25,650,000 bearing fixed interest rate at 15.0% per annum. The borrowing is provided by a company, of which Mr. Leung Alex is a common director. During the year ended 31 March 2021, the interest expense of approximately HK$3,147,000 (2020: HK$3,064,000) was recognised in the consolidated profit or loss. The other borrowing was secured by convertible loan notes (Note 16) with an aggregate borrowing amount of HK$25,650,000 and accrued interests, if any. Pursuant to the supplemental deed, the Group shall remain as the registered holder of the convertible loan notes and repay the outstanding amount when the convertible loan notes redeemed. On 25 January 2021, the Group has fully repaid the borrowing.

(iii) An unsecured other borrowing with a carrying amount of HK$2,000,000 (2020: HK$2,000,000) bearing fixed interest rate at 12% per annum and repayable within 12 months from the date of 8 November 2019. The borrowing was due on 7 November 2020 and no repayment was made on due date. As at 31 March 2021, the borrowing is repayable on demand with a fixed interest rate at 12% per annum. The borrowing is provided by the Company's beneficial owner, Mr. Chan Vincent Wing Sing. During the year ended 31 March 2021, the interest expense of approximately HK$240,000 (2020: HK$109,000) was recognised in the consolidated profit or loss.

As at 31 March 2020, unsecured other borrowings with carrying amount of HK$3,084,000 carried fixed interest rate at 18.0% per annum. The balance was overdue and under the litigation from the lender as at 31 March 2020 and fully settled on 3 June 2020. A notice of discontinuance had been received to confirm the legal proceedings closed.

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

15 UNLISTED PROPERTY FUND

	HK$'000
As at 1 April 2019	34,500
Subscription	3,800
Fair value loss recognised in consolidated profit or loss	(33,590)
As at 31 March 2020 and 1 April 2020	**4,710**
Fair value loss recognised in consolidated profit or loss	**(4,710)**
As at 31 March 2021	**–**

On 23 February 2018, the Group acquired 3,800 non-redeemable, non-voting participating shares ("**Fund Shares**") which represents 50% of an unlisted property fund (the "**Fund**") incorporated in the Cayman Islands. During the year ended 31 March 2020, the Group further subscribed 380 Fund Shares at a consideration of HK$3,800,000.

The investment objective of the Fund is to achieve capital appreciation through investing its assets available for investment in residential real estate projects in the UK.

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 Fund was mandatorily classified and measured as financial assets at FVPL.

During the year ended 31 March 2021, the uncertainty in Brexit and the outbreak of the Covid-19 pandemic have profound impact on the property market of the UK. The directors of the Company noted that the property market has been adversely affected in a wide array of aspects, including for instance, pricing of properties and financing. It could be observed that prices of properties in London have slid in 2020. Despite that Brexit happened on 31 January 2020, its related uncertainties over regulatory, labour and trade relationships with the European Union continue to affect businesses and investment sentiment. Brexit and the Covid-19 pandemic continue to represent major uncertainties to the economy of the UK, and Covid-19 mutated strains and further coronavirus wave and Brexit could further stall the economic recovery following a pandemic-induced recession. The Group considered that, should the major uncertainties linger, there is a risk that property prices will see a major downturn in the UK.

Given the circumstances surrounding the property market of the UK as described above, the Group considers that it provides an opportunity of the Group to be released and discharged from its onerous obligations of making further payments in the aggregate amount of approximately HK$34,200,000 for a property project with major risks and uncertainties associated with it. Furthermore, taking into account the financial position and business strategy of the Group, the Group considers that the such release would have the effect of freeing up capital and enhancing liquidity of the Group. The Group would then be able to enjoy increased flexibility in utilizing and reallocating its resources, including making investments in other appropriate investment projects. The Group will further use its resources as a listed company to add value for viable and profitable acquisition projects with reasonable certainty, so as to increase its profitability and return. Details of the transaction were disclosed in the announcement of the Company dated 14 May 2021. In view of such, the directors of the Company assessed the fair value of the Fund approximates to zero and, therefore, the fair value loss of approximately HK$4,710,000 was recognised during the year.

16. CONVERTIBLE LOAN NOTES

	HK$'000
At 1 April 2019	32,546
Subscriptions	811
Fair value loss recognised in consolidated profit or loss	(1,365)
At 31 March 2020 and 1 April 2020	**31,992**
Fair value loss recognised in consolidated profit or loss	**(4,168)**
Exchange difference	**2,083**
Reclassification *(Note 12(b)(i))*	**(29,907)**
At 31 March 2021	**–**

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 was GBP3,500,000 (equivalent to approximately HK$36,050,000) which carried 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 was on 9 November 2020 and would be redeemed at 100% of the principal amount.

The convertible loan notes could 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.

The Group entered into the deeds of variation to the investment agreement, pursuant to which 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 2020, the Group has subscribed for approximately GBP3,500,000 convertible loan notes, representing approximately 100% 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 22,700 sales associates.

As at 31 March 2020, the Group's convertible loan notes with carrying amount amounting to approximately HK$31,992,000 has been pledged to secure the other borrowings granted to the Group (Note 14(ii)).

The convertible loan notes were analysed for classification in its entirety as the financial assets at FVPL.

The fair value of the convertible loan notes was determined based on the valuation provided by CHFT, independent professional qualified valuer not connected with the Group.

The fair value of the convertible loan notes is level 3 fair value measurement. There is no transfer under the fair value hierarchy classification for the years ended 31 March 2020.

As at 31 March 2020, the convertible loan notes contained both receivable component and derivative component which are not separated out and are classified as financial asset at FVPL.

The methods and assumptions adopted for the valuation of the convertible loan notes are as follows:

Valuation of convertible loan notes as a whole

The convertible loan notes was measured at fair value using the binomial option pricing model and the key inputs into the model were as follows:

	2020
Enterprise value of Wonderland (UK)	GBP 1,583,818
Conversion ratio	99.9%
Volatility	69.8%
Time to maturity	0.62 year
Credit spread	19.4%
Risk-free rate	0.11%

Note: The enterprise value of Wonderland (UK) was determined by applying the price to sales revenue ratio analysis ("**P/S ratio**" of 1.09) based on a number of comparable companies in similar business nature of Wonderland (UK) which are engaged in the real estate agency business in the UK and their shares are listed on London Stock Exchange and adjusted with the discount for lack of marketability of 20%.

The key significant unobservable inputs to determine the fair value of the derivative component are the enterprise value and expected volatility. A higher enterprise value and expected volatility used in the valuation would result in an increase in the fair value of the derivative component, and vice versa.

The convertible loan notes are denominated in GBP at the end of reporting period.

On 9 November 2020, all convertible loan notes expired and no conversion option was exercised by the Group. The outstanding principal amount of GBP3,500,000 and accrued interest of approximately GBP571,000 were not yet settled. At the date of expiry, the directors of the Company reassessed the business strategy over holding the convertible loan notes. In the opinion of the directors of the Company, the Group opts for not converting any conversion option to convert the loan notes to the ordinary share of Wonderland UK and the purpose of the Group holds such receivables are for collecting contractual cash flows which are solely payments of principal and interest on the principal amount outstanding, as such, the receivables are classified as financial asset measured at amortised cost. Accordingly, the Group has reclassified the convertible loan notes at fair value through profit or loss measurement category into the amortised cost measurement category and its fair value amount of approximately GBP2,930,000 (equivalent to approximately HK$29,907,000) becomes the gross carrying amount of other receivables in the consolidated statement of financial position upon its expiry (see Note 12(b)(i)).

17. SHARE CAPITAL

	Number of shares *'000*	Share capital *HK$'000*
Authorised:		
At 1 April 2019, 31 March 2020 and 1 April 2020, ordinary shares of HK$0.002 each	5,000,000	10,000
Effect of Share Consolidation *(Note (a))*	(4,500,000)	–
At 31 March 2021, ordinary shares of HK$0.02 each	500,000	10,000
Issued and fully paid:		
At 1 April 2019	1,696,950	3,394
Issuance of consideration share upon acquisition of associates *(Note 11)*	153,000	306
At 31 March 2020 and 1 April 2020	**1,849,950**	**3,700**
Placing of new shares before Share Consolidation *(Note (b))*	**369,900**	**740**
Effect of Share Consolidation *(Note (a))*	**(1,997,865)**	**–**
Placing of new shares after Share Consolidation *(Note (b))*	**44,392**	**888**
At 31 March 2021	**266,377**	**5,328**

Notes:

(a) Pursuant to the ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company held on 3 September 2020, a share consolidation was approved with effect from 7 September 2020 in which every ten shares issued and unissued ordinary share of HK$0.002 each in the share capital of the Company was consolidated into one consolidated share having a par value of HK$0.02 per consolidated share ("**Share Consolidation**"). Immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company of HK$10,000,000 was divided into 500,000,000 consolidated shares, of which 221,984,964 consolidated shares were issued and fully paid. Details of the Share Consolidation was disclosed in the circular of the Company dated 10 August 2020.

(b) Placing before Share Consolidation

On 14 May 2020, the Company entered into the placing agreement with the placing agent pursuant to which the Company has conditionally agreed to place, through the placing agent on a best efforts basis, up to 369,900,000 placing shares at the placing price of HK$0.025 per placing share to certain independent placees. The net proceeds (after deducting the placing commission and other related expenses and professional fees of approximately HK$461,000) from the placing has been used for general working capital for the Group including the settlement of the writ of summons as detailed in the Company's announcement dated 17 March 2020. Accordingly, the Group's share capital increased by approximately HK$740,000 and the remaining balance of approximately HK$8,047,000 was credited to the share premium account.

Placing after Share Consolidation

On 7 January 2021, the Company entered into the placing agreement with the placing agent pursuant to which the Company has conditionally agreed to place, through the placing agent on a best efforts basis, up to 44,392,000 placing shares at the placing price of HK$0.116 per placing share to certain independent placees. The net proceeds (after deducting the placing commission and other related expenses and professional fees of approximately HK$229,000) from the placing has been used for general working capital for the Group including the partial repayment of the Group's loan and accrued interests due on 12 January 2021. Accordingly, the Group's share capital increased by approximately HK$888,000 and the remaining balance of approximately HK$4,033,000 was credited to the share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The Board hereby reports the results of the Company and the Group for the year ended 31 March 2021 ("**FY21**"). During FY21, the consolidated loss attributable to equity holders of the Company was HK$51.8 million (year ended 31 March 2020 ("**FY20**"): HK$281.8 million), representing a substantial decrease of 81.6% as compared with that in FY20. Basic loss per share was HK$0.23 (FY20: HK$1.55 (as restated)), representing a substantial decrease of 85.2% as compared with that in FY20 mainly due to the absence of impairment losses on investments in associates and the loss on disposals of property, plant and equipment and the decrease in fair value loss on unlisted property fund in FY21.

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 very weak during the year which had an adverse impact on demand of the Group's pearl and jewellery products. Since January 2020, many countries have imposed travel restrictions, public health measures and quarantine requirement of travellers in order to contain the outbreak of coronavirus disease (COVID-19) (the "**Outbreak**") which resulted in the weakened consumer sentiment all over the world which substantially reduced the total Group's sales contribution pearl and jewellery products (FY21: 41.2 million; FY20: HK$109.8 million). For FY21, the return on capital of pearls and jewellery products was (57.0) % (FY20: (24.7)%).

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 when the Outbreak is stable in order to maintain its diversified customer base.

Strategic Investment and Financial Services Segment

During FY21, the Group maintained the 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, real estate investment funds and co-working space industry as well as other potential investment opportunities.

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 million 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. As at 31 March 2021, the Group has contributed HK$41.8 million to the Sub-Fund.

Upon negotiations between the vendor of the Project (the “**Vendor**”) and the Investment Fund, the Vendor has expressed its agreement to (i) rescind the sale and purchase agreement of the Property (the “**SPA**”) and release the purchaser, a wholly-owned subsidiary of the Sub-Fund, (the “**Purchaser**”) from all its liabilities and obligations under the SPA; and (ii) release the guarantors (including the Company) from their liabilities and obligations in respect of the guarantee (collectively, the “**Rescission and Release**”) whereas the deposit and instalments will be forfeited in favour of the Vendor (the “**Forfeiture**”).

The Company, having considered the property market of the United Kingdom after Brexit, having regard to the outlook of global economy under the continuing impact of the COVID-19 pandemic and the opportunity of the Group to be released and discharged from its onerous obligations of making further payments in the aggregate amount of approximately HK$34.2 million for a property project with major risks and uncertainties associated with it, has endorsed the Rescission and Release and the Forfeiture.

Subsequent to the balance sheet date, the Company has been informed by the Investment Fund that the Rescission and Release has become effective pursuant to a rescission agreement entered into between the Vendor and the Purchaser and a deed of release given by the Vendor in favour of the Company. During FY21, the Group further recognised a fair value loss on the investment in the Sub-Fund amounting to approximately HK$4.7 million.

Please refer to the Company’s announcements dated 22 February 2018, 2 March 2018 and 14 May 2021.

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 "**Guardian City**"), 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. On 25 June 2019, the consideration Shares were allotted and issued to the vendors under the general mandate approved by the Shareholders at the annual general meeting of the Company held on 28 September 2018. At the completion, the Group, the vendor 1 and the vendor 2 were interested in 30.0%, 20.4% and 14.4% equity interests in Guardian City respectively. As such, Guardian City became an associate of the Company. Guardian City 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 ("**Campfire Group**") are principally engaged in the operation of co-working spaces in Hong Kong under the Campfire brand. Details of the Acquisition were disclosed in the announcements made by the Company on 28 May 2019, 10 June 2019 and 25 June 2019.

Since June 2019, the social movement has been dampening the economic activities in Hong Kong. The business operating environment in Hong Kong became uncertain and challenging, as well as weaker consumer sentiment, decline of visitor arrivals from mainland China to Hong Kong. As a result, the clients of Campfire Group have been affected significantly and it attributed to the decline of the demand of co-working spaces of Campfire Group. In addition, since the Outbreak in January 2020, the travel restrictions, public health measures and quarantine requirement of travellers which were imposed by Hong Kong government and other countries have adversely affected the operation of Campfire Group, which has in turn affected the demand of co-working space, as well as the average rental income of co-working space. In order to reduce losses and maintain the business of Campfire Group, the management of the Campfire Group has downsized the co-working space network in Hong Kong. As a result, Campfire Group has closed down 11 out of the 13 sites in Hong Kong and the Group has recognised the impairment loss of investment in Guardian City of approximately HK$147,391,000 for the year ended 31 March 2020 based on the above assessment.

During FY21, the Group has derecognised the investment in Campfire Group as investment in associate and recognised the investment as financial assets at fair value through other comprehensive income.

Looking forward, with the completion of the loan notes, its subsequent real estate agency business and the investment in the co-working space industry, 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. In view of the recent market downturns and the uncertainty in Brexit, we considered to minimise our investments in the United Kingdom. We expect that the segment will be one of the growth drivers of the Company in the future and we will make continuous efforts to find appropriate investment projects. 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.

PROVISION OF FINANCIAL ASSISTANCE TO AN AFFILIATED COMPANY

On 1 August 2019, Thriving Oasis Limited (the "**Lender**"), a wholly-owned subsidiary of the Company, and Campfire Holdings, entered into the loan agreement (the "**Loan Agreement**"). Pursuant to the Loan Agreement, the Lender has agreed to grant the loan (the "**Loan**") in the principal amount of up to HK$25,000,000 at the interest rate of 15% per annum to Campfire Holdings for the period of 12 months from the drawdown date to the final repayment date subject to the terms and conditions of the Loan Agreement . From 1 August 2019 up to the balance sheet date, no amount of the Loan was utilised. For more details of the Loan Agreement, please refer to the Company's announcement dated 1 August 2019.

MAJOR TRANSACTION — DISPOSAL OF PROPERTY

In March 2018, the Group entered into an acquisition agreement in relation to the acquisition of the sale shares and sale loan of Summit Pacific Group Limited ("**Summit Pacific**") at the consideration of HK$70 million in cash. Summit Pacific held 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 had been occupied as the headquarters of the Group as from 4 April 2019.

On 5 December 2019, Summit Pacific, the purchaser and the agent entered into the provisional agreement, pursuant to which Summit Pacific would sell and the purchaser would acquire the Property at the consideration of HK$53 million in cash (the "**Disposal**"). The Disposal constituted a major transaction for the Company under the Listing Rules and was therefore subject to the Shareholders' approval in the EGM. At the EGM held on 16 January 2020, the Disposal was duly passed by the Shareholders by way of poll.

The completion of the Disposal took place on 16 January 2020. Upon the completion, the Property was no longer the asset of the Group and the Group recorded a loss on disposals of property, plant and equipment amounted to approximately HK$17.7 million during FY20.

Please refer to the Company's announcements dated 23 March 2018, 19 April 2018, 28 September 2018, 4 October 2018, 4 April 2019, 5 December 2019, 7 January 2020 and 16 January 2020 and the Company's circular dated 31 December 2019.

FINANCIAL GUARANTEE

As at 31 March 2021, the Group had no financial guarantee.

LITIGATION

On 16 March 2020, the Company and its subsidiary received a writ of summons endorsed with a statement of claim under action number HCA 248 of 2020 issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "**High Court**") by the solicitors acting for Great View Finance Limited (the "**Plaintiff**") against the Company and its subsidiary for demand immediate repayment of overdue borrowing of approximately HK$3,084,000 (the "**Claims**") and the interest on the Claims at the rate of 18% per annum from 17 January 2020 to the date of settlement.

After the settlement of the Claims by the Group, on 8 June 2020, the Group had received a notice of discontinuance filed in the High Court by the Plaintiff, confirming that the legal proceedings closed.

Please refer to the Company's announcements dated 17 March 2020 and 8 June 2020.

Other than the above, as at the balance sheet date, the Group was not involved in any other material litigation or arbitration.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 1 June 2020, a total of 369,900,000 placing Shares were placed by Kingston Securities Limited (the "**Placing Agent**") to not less than six placees at placing price of HK$0.025 per placing Share pursuant to the terms and conditions of the placing agreement entered into between the Company and the Placing Agent on 14 May 2020, representing approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of the placing Shares immediately upon completion of the placing.

The above placing Shares were allotted and issued under the general mandate granted to the Board at the annual general meeting of the Company held on 27 September 2019. The net proceeds from the placing, after deduction of the placing commission and other related expenses, amounted to approximately HK$8.72 million will be used for general working capital for the Group including the settlement of the writ of summons as detailed in the Company's announcement dated 17 March 2020. Details of the transaction were disclosed in the Company's announcements dated 14 May 2020, 15 May 2020 and 1 June 2020.

During FY21, the Company received the net proceeds of approximately HK$8.82 million of which HK$3.29 million was used to settle the Claims and the remaining amount of around HK$5.53 million was utilized as working capital.

On 21 January 2021, a total of 44,392,000 placing Shares were placed by the Placing Agent to not less than six placees at placing price of HK$0.116 per placing Share pursuant to the terms and conditions of the placing agreement entered into between the Company and the Placing Agent on 7 January 2021, representing approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the placing Shares immediately upon completion of the placing.

The above placing Shares were allotted and issued under the general mandate granted to the Board at the annual general meeting of the Company held on 10 September 2020. The net proceeds from the placing, after deduction of the placing commission and other related expenses, amounted to approximately HK$4.9 million will be used for partial repayment of the Group's loan and accrued interests of approximately HK$3.8 million and the remaining amount will be used for the general working capital for the Group. Details of the transaction were disclosed in the Company's announcements dated 7 January 2021 and 21 January 2021.

As at the date of this announcement, the Company received the net proceeds of approximately HK$4.9 million of which HK$3.8 million was used to partially settle the outstanding Group's loan and accrued interests and the remaining amount of around HK$1.1 million was utilized as working capital.

EVENTS AFTER THE BALANCE SHEET DATE

Rescission of Sale and Purchase Agreement in respect of the Project and Release of Guarantee

For details, please refer to "Strategic Investment and Financial Services Segment" sections.

PROSPECTS

Looking forward, with the real estate investment business and the co-working space industry, our targets are the countries along Eurasia. We anticipate that 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.

Overall speaking, the social movement in Hong Kong and the Outbreak is expected to adversely impact on the business performance of the Group but the actual impact has yet to be quantified. Based on the Company's current observation and estimation, the downtrend on the Group's revenue is expected to be carried forward to certain extent for the second half of 2021 due to the slow down of economic activities and the change of consumption pattern caused by the Outbreak. The Group is taking all practicable measures to cope with the challenges ahead, while striving for the highest caution standard to protect the health and safety of our staff and our customers. The Company will continue to monitor the development of the Outbreak and its impact on the Company's operations and react actively to its impacts on the financial position and operating results of the Group.

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. While the Outbreak being yet stable, the Directors expected that the revenue from pearls and jewellery business will continue to further deteriorate.

With 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 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 to HK$43.3 million for FY21 (FY20: HK$112.0 million), comprised sales of pearl and jewellery of HK$41.2 million (FY20: HK$109.8 million) and interest income on strategic investment and financial services of HK$2.1 million (FY: HK$2.2 million), mainly as a result of the substantial decrease in the sales of pearl and jewellery.

Gross profit decreased by HK$37.1 million to gross loss of HK$8.6 million (FY20: gross profit of HK$28.5 million). The gross loss margin of 19.9% during FY21 was mainly due to the provision for impairment loss on inventories amounted to HK$10.0 million (FY20: gross profit margin of 25.5%).

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

S&A expenses mainly comprised selling expenses of HK$0.6 million (FY20: HK$4.2 million) and administrative expenses of HK$20.7 million (FY20: HK$65.8 million). S&A expenses decreased by HK$48.7 million or 69.6% to HK$21.3 million (FY20: HK$70.0 million) in FY21. The decrease in S&A expenses was mainly due to the decrease in share-based payments expenses in administrative expenses and as a result of cost control measures deployed by the Group during FY21.

Loss Attributable to Equity Holders of the Company

The loss attributable to equity holders of the Company substantially decreased by HK$230.0 million or 81.6% to HK$51.8 million in FY21 (FY20: HK$281.8 million) was mainly due to the absence of impairment losses on investments in associates and the loss on disposal of property, plant and equipment during the year as compared to FY20.

Liquidity and Capital Resources

During the year, the Group funded its operations through a combination of cash generated from operations and equity attributable to equity holders of the Company and proceeds from placing of new shares. As at 31 March 2021, the Group's total equity was HK$45.9 million (2020: HK$85.1 million), representing a decrease of 46.1% from last year.

As at 31 March 2021, the Group had cash and cash equivalents of HK$24.4 million (31 March 2020: HK$34.5 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$44.5 million (31 March 2020: HK$74.6 million). The current ratio, represented by the total current assets divided by the total current liabilities, was 2.0 (31 March 2020: 2.1).

As at 31 March 2021, the Group had outstanding borrowings of HK$30.0 million (31 March 2020: HK$30.7 million) of which a borrowing amount of HK$28.0 million (2020: HK$25.7 million) is secured by other receivables reclassified from convertible loan notes with carrying value of HK$31.3 million and is at interest rate of 15% per annum and the tenor of which is 18 months (2020: such borrowing was provided by a company of which Mr. Leung Alex was a common director and was at interest rate of 15% per annum and the tenor of which was 12 months). 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 Consolidation

As at 31 March 2021, the total number of issued shares of the Company was 266,376,964 (31 March 2020: 1,849,949,645) of HK$0.02 each (31 March 2020: HK$0.002 each) (the "**Shares**") and its issued share capital was HK$5,327,539 (31 March 2020: HK$3,699,899).

On 25 June 2019, as part of the payment of the Total Consideration in the Acquisition, the Company allotted and issued 153,000,000 consideration Shares at the issue price of HK$1.085 per consideration Shares to the vendors.

On 14 May 2020, the Company entered into the placing agreement with the placing agent pursuant to which the Company has conditionally agreed to place, through the placing agent on a best-efforts basis, up to 369,900,000 placing shares at the placing price of HK$0.025 per placing share to certain independent placees. Accordingly, the Group's share capital increased by approximately HK$740,000 and the remaining balance of approximately HK$8,047,000 was credited to the share premium account.

On 7 August 2020, the Company proposed on the basis that every ten (10) issued and unissued ordinary Shares be consolidated into one (1) consolidated Share (the "**Share Consolidation**"). The Directors also proposed to change the board lot size for trading on the Stock Exchange from 2,000 existing Shares to 8,000 consolidated Shares (the "**Change in Board Lot Size**") upon the Share Consolidation becoming effective. The Board considered that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Shares. As such, the Directors (including independent non-executive Directors) were of the opinion that the Share Consolidation was in the interests of the Company and the Shareholders as a whole. The Share Consolidation was approved by the Shareholders at the extraordinary general meeting of the Company held on 3 September 2020 and the Share Consolidation and the Change in Board Lot Size have become effective on 7 September 2020. Please refer to the Company's announcements dated 7 August 2020, 12 August 2020, 13 August 2020, 20 August 2020 and 3 September 2020 and the Company's circular dated 11 August 2020.

On 7 January 2021, the Company entered into the placing agreement with the placing agent pursuant to which the Company has conditionally agreed to place, through the placing agent on a best-efforts basis, up to 44,392,000 placing shares at the placing price of HK$0.116 per placing share to certain independent placees. Accordingly, the Group's share capital increased by approximately HK$888,000 and the remaining balance of approximately HK$4,033,000 was credited to the share premium account.

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 2021, the Group had commitment, which was contracted but not provided and subject to fulfilment of conditions precedent, to make the remaining capital commitment to the unlisted property fund of HK$34.2 million (2020: HK$34.2 million).

Save for the above, the Group had no other significant commitments outstanding at 31 March 2021.

Material Acquisitions and Disposals of Subsidiaries

The Group did not have any material acquisition or disposal of subsidiaries during FY20 and FY21.

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 FY20 and FY21.

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 2021, the Group had a total workforce of 49 (31 March 2020: 201), of whom 18 (31 March 2020: 22) were based in Hong Kong. The total staff costs, including Directors' emoluments and mandatory provident fund, was approximately HK$16.0 million in 2021 (2020: HK$49.1 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 on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") 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 throughout the year ended 31 March 2021.

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 three independent non-executive Directors, namely Mr. Lee Kin Keung, Mr. Chiu Sin Nang, Kenny and Mr. Dong Bo, Frederic 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 of the Company, 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 audited consolidated financial statements of the Group for the year ended 31 March 2021.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2021.

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 interests 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 2021 and, where appropriate, the applicable recommended best practices of the CG Code, except for the deviations disclosed below.

1. There is currently no officer carrying the title of Chief Executive Officer ("**CEO**") up to the date of this announcement. In the absence of a CEO, the duties of the CEO have been/ will continue to be collectively undertaken by all executive Directors, namely Mr. Cheng Chi Kin, Mr. Leung Alex and Mr. Cheung Sze Ming. In the opinion of the Directors, the present arrangement is effective and efficient.

2. Under code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to all Directors an opportunity to attend. During the year ended 31 March 2021, certain regular Board meetings were convened with less than 14 days' notice to enable the Directors' to react timely and make expeditious decisions in respect of transactions which were of significance to the Group's business. As a result, the aforesaid regular Board meetings were held with a shorter notice period than required with no objection by all the Directors. The Board will do its best endeavours to meet the requirement of code provision A.1.3 of the CG Code in future.

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 changes in equity, and the related notes thereto for the year ended 31 March 2021 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
Cheng Chi Kin
Chairman

Hong Kong, 30 June 2021

As the date of this announcement, the Board comprises Mr. Cheng Chi Kin (Chairman), Mr. Leung Alex and Mr. Cheung Sze Ming as executive Directors; Mr. Lee Kin Keung, Mr. Chiu Sin Nang, Kenny and Mr. Dong Bo, Frederic as independent non-executive Directors.