

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**AFFLUENT PARTNERS HOLDINGS LIMITED**

**錢唐控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1466)**

**Website: <http://www.affluent-partners.com>**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The board of directors (the “**Board**”) of Affluent Partners Holdings Limited (the “**Company**”) hereby presents the condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2024, together with the comparative figures for the corresponding period in 2023.

\* *For identification purposes only*

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

*For the six months ended 30 September 2024*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2024</b>	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	4	<b>70,900</b>	25,121
Cost of sales		<u><b>(54,095)</b></u>	<u>(17,508)</u>
Gross profit		<b>16,805</b>	7,613
Other gains, net		<b>3,617</b>	605
(Provision for)/reversal of allowance for expected credit loss (“ECL”) on trade receivables, net	5	<b>(362)</b>	644
Reversal of allowance for ECL on other receivables, net	5	<b>331</b>	–
Provision for allowance for ECL on other deposit, net		<b>(111)</b>	–
Selling expenses		<b>(3,250)</b>	(102)
Administrative expenses		<u><b>(16,236)</b></u>	<u>(11,666)</u>
Operating profit/(loss)		<b>794</b>	(2,906)
Finance income		<b>609</b>	690
Finance costs		<u><b>(697)</b></u>	<u>(102)</u>
Finance (costs) income, net		<u><b>(88)</b></u>	<u>588</u>
<b>Profit/(loss) before income tax</b>	5	<b>706</b>	(2,318)
Income tax expense	6	<u><b>(2,607)</b></u>	<u>–</u>
<b>Loss for the period</b>		<u><u><b>(1,901)</b></u></u>	<u><u>(2,318)</u></u>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		<b>(6,227)</b>	(2,318)
Non-controlling interests		<u><b>4,326</b></u>	<u>–</u>
		<u><u><b>(1,901)</b></u></u>	<u><u>(2,318)</u></u>
<b>Loss per share</b>	8		
— Basic and diluted		<u><u><b>(0.92) HK cents</b></u></u>	<u><u>(0.36) HK cents</u></u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME**

*For the six months ended 30 September 2024*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss for the period	(1,901)	(2,318)
Other comprehensive expense:		
<i>Items that may be reclassified to profit or loss</i>		
— Exchange difference on translation of financial statements of foreign operations	(3,455)	(761)
<b>Other comprehensive expense for the period, net of tax</b>	<u>(3,455)</u>	<u>(761)</u>
<b>Total comprehensive expense for the period</b>	<u>(5,356)</u>	<u>(3,079)</u>
<b>Total comprehensive (expense)/income for the period attributable to</b>		
Owners of the Company	(9,682)	(3,079)
Non-controlling interests	4,326	—
	<u>(5,356)</u>	<u>(3,079)</u>

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

*As at 30 September 2024*

		30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		6,288	6,839
Intangible assets		6,614	7,346
Right-of-use assets		16,723	1,944
Goodwill	9	48,363	48,363
Prepayments	10(b)	10,954	10,954
Financial asset at fair value through other comprehensive income		–	–
Deferred tax assets		36	36
		<b>88,978</b>	75,482
<b>Current assets</b>			
Inventories		48,825	44,340
Costs to fulfil contracts		30	30
Trade and other receivables, deposits and prepayments	10	53,633	38,212
Contract assets		859	854
Cash and cash equivalents		44,370	37,884
		<b>147,717</b>	121,320
<b>Current liabilities</b>			
Trade and other payables and accruals	11	53,159	24,180
Contract liabilities		2,038	4,753
Lease liabilities		2,177	1,112
Bank borrowings	12	6,540	5,421
Other borrowings	13	4,000	4,000
Tax payable		1,521	1,528
Amount due to a director	14	4,450	–
		<b>73,885</b>	40,994
<b>Net current assets</b>		<b>73,832</b>	80,326
<b>Total assets less current liabilities</b>		<b>162,810</b>	155,808

		<b>30 September 2024</b>	31 March 2024
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	<b>(Unaudited)</b>	(Audited)
<b>Non-current liabilities</b>			
Lease liabilities		<b>13,227</b>	948
Convertible bond	15	<b>39,768</b>	39,712
Defined benefits plan obligations		<b>489</b>	466
Deferred tax liabilities		<b>1,890</b>	1,890
		<u><b>55,374</b></u>	<u>43,016</u>
<b>Net assets</b>		<u><b>107,436</b></u>	<u>112,792</u>
<b>EQUITY</b>			
Share capital	16	<b>13,585</b>	13,585
Reserves		<b>73,041</b>	82,723
		<u><b>86,626</b></u>	<u>96,308</u>
Equity attributable to equity holders of the Company		<b>86,626</b>	96,308
Non-controlling interests		<b>20,810</b>	16,484
		<u><b>107,436</b></u>	<u>112,792</u>
<b>Total equity</b>		<u><b>107,436</b></u>	<u>112,792</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Affluent Partners Holdings Limited was incorporated in the Cayman Islands on 13 May 2014 as an exempted company with limited liability under the Companies Law, Cap 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business has been changed from Room 906, 9/F, Wings Building, 110-116 Queen's Road Central, Central, Hong Kong to Office B, 9/F, Pico Tower, 66 Gloucester Road, Wan Chai, Hong Kong with effect from 30 October 2024.

The Company is an investment holding company. The principal activities of the Group are (i) the purchasing, processing, designing, production and wholesale distribution of pearls and fine jewellery products; (ii) the provision of skincare solutions through self-transformed skincare brand and mid-to-high end functional skincare products; (iii) the provision of scientific and pharmaceutical research and development services; (iv) the provision of branding marketing and consulting services; and (v) the operation of strategic investment and financial services segment.

As at 30 September 2024 and 31 March 2024, in the opinion of directors of the Company, the substantial shareholder of the Company is Pacific Wish Limited, a company incorporated in Hong Kong with limited liability, with entire issued ordinary shares held by Mr. Chan Vincent Wing Sing and Ms. Hui Ka Man Emily, respectively, and the Company has no controlling shareholder.

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 condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 13 of the Main Board Listing Rules and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2024.

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

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

The condensed consolidated financial statements have not been audited by the Company's independent auditor, but have been reviewed by the Company's audit committee (the "Audit Committee").

### 3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in preparing the condensed consolidated financial statements were consistent with those applied for the consolidated financial statements of the Group for the year ended 31 March 2024 other than changes in accounting policies resulting from adoption of new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) effective for the accounting periods beginning on or after 1 April 2024.

#### Adoption of amended HKFRSs

In the current interim period, the Group has adopted, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2024 for the preparation of the Group’s condensed consolidated interim financial statements:

Amendment to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

The adoption of amended HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

#### 4. 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. Upon completion of the acquisition of Tonnnett Julis Holdings Limited and its subsidiaries (collectively, the "**Tonnnett Group**") on 9 February 2024, the Group currently has five operating segments:

- |   |  |
|---|--|
| (a) Sales of pearls and fine jewellery products     | Design and sales of fine jewellery products and sales of pearls  |
| (b) Skincare solutions business segment             | Sales of skincare solution products to cosmetic stores and hospitals by sales contracts, and individuals via online sales platforms, under the brand name — "FO" |
| (c) Research and development services segment       | Provision of professional scientific services based on contracts with agreed terms of services   |
| (d) Brand marketing and consulting services segment | Provision of brand marketing and consulting services based on contracts with agreed terms of services  |
| (e) Strategic investment and financial services     | Real estate financial assets investment  |

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 condensed consolidated interim financial statements.



An analysis of the Group's reportable segment revenue, results, assets, liabilities and other selected financial information for the six months ended 30 September 2024 by operating segments are as follows:

### Segment revenue and results

#### For the six months ended 30 September 2024

	Sales of pearls and fine jewellery products <i>HK\$'000</i> (Unaudited)	Skincare solutions business <i>HK\$'000</i> (Unaudited)	Research and development services <i>HK\$'000</i> (Unaudited)	Brand marketing and consulting services <i>HK\$'000</i> (Unaudited)	Strategic investment and financial services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>50,417</u>	<u>15,156</u>	<u>849</u>	<u>4,478</u>	<u>-</u>	<u>70,900</u>
Segment profit/(loss)	<u>(2,078)</u>	<u>7,204</u>	<u>(1,502)</u>	<u>1,709</u>	<u>(245)</u>	<u>5,088</u>
Unallocated finance income						609
Unallocated finance costs						(697)
Unallocated corporate expenses						<u>(4,294)</u>
Profit before income tax						<u>706</u>

#### For the six months ended 30 September 2023

	Sales of pearls and fine jewellery products <i>HK\$'000</i> (Unaudited)	Strategic investment and financial services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>25,121</u>	<u>-</u>	<u>25,121</u>
Segment profit/(loss)	<u>137</u>	<u>(269)</u>	<u>(132)</u>
Unallocated finance income			690
Unallocated finance costs			(102)
Unallocated corporate expenses			<u>(2,774)</u>
Loss before income tax			<u>(2,318)</u>

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

Segment results represent profit or (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 (losses)/gains and finance income and costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

### Segment assets and liabilities

#### At 30 September 2024

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

	Sales of pearls and fine jewellery products <i>HK\$'000</i> (Unaudited)	Skincare solutions business <i>HK\$'000</i> (Unaudited)	Research and development services <i>HK\$'000</i> (Unaudited)	Brand marketing and consulting services <i>HK\$'000</i> (Unaudited)	Strategic investment and financial services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Segment assets</b>						
— Hong Kong	68,298	-	-	-	25,653	93,951
— The People's Republic of China (the "PRC")	7,803	30,428	26,299	29,644	-	94,174
	<u>76,101</u>	<u>30,428</u>	<u>26,299</u>	<u>29,644</u>	<u>25,653</u>	<u>188,125</u>
Unallocated goodwill*						48,363
Unallocated corporate assets						207
Total assets						<u>236,695</u>
<b>Segment liabilities</b>						
— Hong Kong	(8,232)	-	-	-	(6,427)	(14,659)
— The PRC	(7,975)	(23,946)	(23,300)	-	-	(55,221)
	<u>(16,207)</u>	<u>(23,946)</u>	<u>(23,300)</u>	<u>-</u>	<u>(6,427)</u>	<u>(69,880)</u>
Unallocated corporate liabilities						<u>(59,379)</u>
Total liabilities						<u>(129,259)</u>

#### Note:

- \* In current period, the Group has not completed the initial allocation of goodwill acquired in a business combination before the end of last financial year in which the business combination is effected, the initial allocation will be completed in this financial year.

**At 31 March 2024**

	Sales of pearls and fine jewellery products <i>HK\$'000</i> (Audited)	Skincare solutions business <i>HK\$'000</i> (Audited)	Research and development services <i>HK\$'000</i> (Audited)	Brand marketing and consulting services <i>HK\$'000</i> (Audited)	Strategic investment and financial services <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
<b>Segment assets</b>						
— Hong Kong	69,079	-	-	-	25,633	94,712
— The PRC	<u>1,072</u>	<u>3,598</u>	<u>16,114</u>	<u>7,423</u>	<u>-</u>	<u>28,207</u>
	<u>70,151</u>	<u>3,598</u>	<u>16,114</u>	<u>7,423</u>	<u>25,633</u>	122,919
Unallocated goodwill						48,363
Unallocated corporate assets						<u>25,520</u>
Total assets						<u>196,802</u>
<b>Segment liabilities</b>						
— Hong Kong	(9,810)	-	-	-	(16,066)	(25,876)
— The PRC	<u>(1,265)</u>	<u>(2,342)</u>	<u>(1,084)</u>	<u>-</u>	<u>-</u>	<u>(4,691)</u>
	<u>(11,075)</u>	<u>(2,342)</u>	<u>(1,084)</u>	<u>-</u>	<u>(16,066)</u>	(30,567)
Unallocated corporate liabilities						<u>(53,443)</u>
Total liabilities						<u>(84,010)</u>

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 convertible bond, certain accruals and other payables and other borrowings that are not attributable to individual segments.

## Other segment information

### For the six months ended 30 September 2024

	Sales of pearls and fine jewellery products <i>HK\$'000</i> (Unaudited)	Skincare solutions business <i>HK\$'000</i> (Unaudited)	Research and development services <i>HK\$'000</i> (Unaudited)	Brand marketing and consulting services <i>HK\$'000</i> (Unaudited)	Strategic investment and financial services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Amounts included in the measure of segment profit/(loss) and segment assets</b>						
Additions to property, plant and equipment	65	-	314	-	-	379
Depreciation of property, plant and equipment	(36)	(356)	(584)	-	(9)	(985)
Depreciation of right-of-use assets	(247)	(356)	(718)	(782)	-	(2,103)
Reversal of/(provision for) allowance for ECL on trade receivables, net	-	(393)	280	(249)	-	(362)
Reversal of allowance for ECL on other receivables, net	-	42	114	175	-	331
Provision for allowance for ECL on deposit, net	-	(111)	-	-	-	(111)

### For the six months ended 30 September 2023

	Sales of pearls and fine jewellery products <i>HK\$'000</i> (Unaudited)	Strategic investment and financial services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Amounts included in the measure of segment profit/(loss) and segment assets</b>			
Depreciation of property, plant and equipment	(84)	(9)	(93)
Depreciation of right-of-use assets	(598)	-	(598)
Reversal of allowance for ECL on trade receivables, net	644	-	644

## Geographical Information

The Group mainly operates in Hong Kong, the PRC, United States of America (“USA”) 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*	
	Six months ended 30 September 2024 <i>HK\$’000</i> (Unaudited)	Six months ended 30 September 2023 <i>HK\$’000</i> (Unaudited)	At 30 September 2024 <i>HK\$’000</i> (Unaudited)	At 31 March 2024 <i>HK\$’000</i> (Audited)
The USA#	33,962	22,342	–	–
Europe	–	711	–	–
Hong Kong	16,363	2,017	1,296	1,528
Asian countries				
— The PRC (excluding Hong Kong)	20,575	–	39,283	25,555
Others	–	51	–	–
	<u>70,900</u>	<u>25,121</u>	<u>40,579</u>	<u>27,083</u>

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

# *Included in the sales of pearls and fine jewellery products segment, revenue from the transactions with one individual customer, which is located in the USA, amounted to approximately HK\$33,822,000 (2023: HK\$22,225,000) which represented more than 47% (2023: 88%) of total revenue of the Group for the six months ended 30 September 2024.*

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

## 5. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold, excluding provision for impairment on inventories	52,873	17,350
Costs of services	686	–
Employee benefit expenses (including directors' emoluments)*	9,368	8,620
Provision for/(reversal of) allowance for ECL on trade receivables, net	362	(644)
Reversal of allowance for ECL on other receivables, net	(331)	–
Depreciation of property, plant and equipment	985	93
Depreciation of right-of-use assets	2,103	598
Operating lease payment	588	1

\* No forfeited contribution available for offset against existing contributions to pension costs defined contribution plans and social security costs during the six months ended 30 September 2024 (2023: Nil).

## 6. INCOME TAX

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax	2,607	–

### Hong Kong profits tax

No provision for Hong Kong Profits tax has been made as the Group has tax losses brought forward which are available for off-set against the estimated assessable profits for the period (2023: 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% or 5% for certain subsidiaries which are qualified as small low-profit enterprises under the Announcement of the State Administration of Taxation on Issues Relating to Implementation of Inclusive Income Tax Relief Policy for Small Low-profit Enterprises, of the estimated assessable profits during the period (2023: 25%).

## Withholding tax on distributed/undistributed profits

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

## 7. DIVIDEND

The directors do not recommend any payment of interim dividend for the six months ended 30 September 2024 (2023: Nil).

## 8. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to equity holders of the Company of approximately HK\$6,227,000 (2023: loss of HK\$2,318,000) and the weighted average number of ordinary shares of 679,252,266 (2023: 639,297,928) in issue during the period.

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 period.

As at 30 September 2024, the Company has outstanding convertible bond (2023: share options), of which the conversion of convertible bond will result in an antidilution on loss per share for the period ended 30 September 2024, and the exercise price of the share options exceeded the average market price of ordinary shares, thus share option was not considered to be exercised during the period ended 30 September 2023.

## 9. GOODWILL

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Goodwill	<u>48,363</u>	<u>48,363</u>

Goodwill was arisen from the acquisition of Tonnott Group on 9 February 2024.

As of 30 September 2024 and 31 March 2024, the Group has not completed the initial allocation of goodwill acquired in a business combination in which the business combination is effected on 9 February 2024, therefore the initial allocation will be completed in this financial year. For the purpose of impairment testing, goodwill and trademarks included in intangible assets, with indefinite lives are not allocated and are expected to benefit from the Tonnnett Group. The subsidiaries within Tonnnett Group are identified at the lowest level at which goodwill and trademarks are monitored for internal management purposes. Goodwill and trademarks of the Group are monitored by management at the level of Tonnnett Group based on the information available to the directors of the Company.

In the opinion of the directors, there was no indication that the Tonnnett Group may be impaired, by comparing the carrying amount of Tonnnett Group, including the goodwill and intangible assets with indefinite lives, with the recoverable amount of the unit.

#### 10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Trade receivables ( <i>Note a</i> )	26,392	15,037
Other receivables, deposits and prepayments ( <i>Note b</i> )	<u>27,241</u>	<u>23,175</u>
	<u><u>53,633</u></u>	<u><u>38,212</u></u>

*Notes:*

##### (a) Trade receivables

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Trade receivables — gross	31,584	27,929
Less: allowance for ECL on trade receivables	<u>(5,192)</u>	<u>(12,892)</u>
Trade receivables — net	<u><u>26,392</u></u>	<u><u>15,037</u></u>



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:

	At <b>30 September</b> <b>2024</b> <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
0 to 30 days	<b>18,413</b>	7,119
31 to 90 days	<b>2,551</b>	2,798
91 to 180 days	<b>124</b>	4,740
181 to 365 days	<b>5,304</b>	380
	<b>26,392</b>	15,037

For pearls and fine jewellery segment, 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.

For other business segments, the Groups may request certain advance payment for the contract amount according to signed agreement for services, and may offer credit period up to 180 days depending on client's credit rating assessed by management, further extension would be additionally reviewed and approved by management.

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

	At <b>30 September</b> <b>2024</b> <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Not overdue	–	2,219
Overdue by:		
1 to 30 days	<b>19,867</b>	10,280
31 to 90 days	<b>2,522</b>	2,538
91 to 180 days	<b>1,485</b>	–
181 to 365 days	<b>2,518</b>	–
	<b>26,392</b>	15,037

The Group did not hold any collaterals as security or other credit enhancements in respect of above 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. For pearls and fine jewellery business segment, the management use 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.

For other business segments, the management use expected loss rates with appropriate grouping based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtors, and the expected loss rates are based on the corresponding credit losses probability of a receivable progressing through successive stages of delinquency to write-off. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the probabilities of default and recovery ratio to be the most relevant factors, which is available without undue cost or effort.

**(b) Other receivables, deposits and prepayments**

	At <b>30 September</b> <b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 31 March 2024 <i>HK\$'000</i> <b>(Audited)</b>
Other receivables, gross	<b>17,792</b>	15,654
Less: allowance for ECL on other receivables ( <i>Note (i)</i> )	<b>(1,021)</b>	(1,346)
Other receivables, net	<b>16,771</b>	14,308
Deposits	<b>588</b>	709
Prepayments ( <i>Note (ii)</i> )	<b>9,882</b>	8,158
Prepayment non-current ( <i>Note (iii)</i> )	<b>27,241</b> <b>10,954</b>	23,175 10,954
	<b>38,195</b>	34,129

*Notes:*

- (i) Movements in the allowance for ECL on other receivables under HKFRS 9 are as follows:

	<b>Total</b> <i>HK\$'000</i>
As at 31 March 2024 and 1 April 2024	1,346
Changes in the loss allowance:	
— Exchange difference of ECL	6
— Debited to consolidated profit or loss ( <i>Note 5</i> )	<u>(331)</u>
<b>As at 30 September 2024</b>	<b><u>1,021</u></b>

As at 30 September 2024, the gross balance of other receivables mainly represented other receivables for advances to business partners of approximately HK\$7,222,000 (31 March 2024: HK\$8,016,000), and refundable of prepayment in acquisition of property, plant and equipment of approximately HK\$3,395,000 (31 March 2024: HK\$5,002,000), which are arisen from acquisition of Tonnnett Group. Certain guarantors have provided indemnities to the Group for any loss arisen from uncollected amount of the relevant other receivables.

- (ii) As at 30 September 2024, the balance of current prepayments mainly represented purchases of pearls of approximately HK\$5,460,000 (31 March 2024: HK\$3,900,000 with provision of impairment of HK\$2,284,000).
- (iii) As at 30 September 2024, the balance of non-current prepayments mainly represented prepayments for acquisition of property, plants and equipment of approximately HK\$10,954,000 (31 March 2024: HK\$10,954,000), which are arisen from acquisition of Tonnnett Group. Certain guarantors have provided indemnities to the Group for any loss arisen from uncollected amount of the relevant prepayments.

## 11. TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Trade payables	8,297	7,874
Accrued payroll and employee benefits	5,496	4,146
Other payables and other accruals	<u>39,366</u>	<u>12,160</u>
	<u><u>53,159</u></u>	<u><u>24,180</u></u>

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

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
0 to 60 days	3,503	3,245
61 to 120 days	456	3,168
Over 120 days	<u>4,338</u>	<u>1,461</u>
	<u><u>8,297</u></u>	<u><u>7,874</u></u>

As at 30 September 2024, consideration payables of HK\$4,000,000 (31 March 2024: HK\$4,000,000) for acquisition of 30% of the issued share capital of Guardian City Limited and loan interest payables of approximately HK\$120,000 (31 March 2024: HK\$58,000) were included in other payables.

As at 30 September 2024, gross proceeds from the issue of new shares of HK\$13,334,100 was included in other payables. Issue of new shares has been completed on 4 October 2024. Details of the transaction were disclosed in the Company's announcements dated 12 September 2024, 16 September 2024 and 30 September 2024.

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

## 12. BANK BORROWINGS

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Bank borrowings — secured		
Within one year or on demand (Note)	<u>6,540</u>	<u>5,421</u>

Note:

As at 30 September 2024 and 31 March 2024, the secured bank borrowings due to Xiaoshan Rural Commercial Bank in Zhejiang Province (浙江省蕭山農村商業銀行) with effective interest rates ranging from 3.95% to 4.35% per annum and guaranteed by Hangzhou Xiaoshan Financing Guarantee Co, Ltd. (杭州爾山融資擔保有限公司) (“**Xiaoshan Financing Guarantee Co.**”), which is a financial institution providing financing and guarantee services.

As at 30 September 2024 and 31 March 2024, Dr. Li Yijia, the guarantor and a substantial shareholder holding 13.5% of equity interest in 杭州清大科瑞生物科技有限公司 (Hangzhou Qingda Kequi Biological Technology Company Limited, “**Qingda Kequi**”) provided a pledge over his equity interest in Qingda Kequi to Xiaoshan Financing Guarantee Co. for the purpose of obtaining banking facilities in Xiaoshan Rural Commercial Bank not exceeding RMB3,000,000 (equivalent to approximately HK\$3,252,000), with validity period from 5 August 2021 to 31 December 2030. The Xiaoshan Financing Guarantee Co has not requested any additional guarantee over the bank borrowings.

As at 30 September 2024, the secured bank borrowings due to Bank of Hangzhou Co., Ltd. (杭州銀行股份有限公司) with fixed interest rate of 4.35% per annum with fixed repayment term of one year and guaranteed by Hangzhou Fantianou Health Management Co., Ltd (杭州梵天歐健康管理有限公司) and Baijin (Hangzhou) Life Science Co., Ltd (佰金(杭州)生命科學有限公司), which are subsidiaries of the Group.

## 13. OTHER BORROWINGS

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Other borrowing — unsecured		
Within one year (Note)	<u>4,000</u>	<u>4,000</u>
	<u>4,000</u>	<u>4,000</u>

Note:

As at 30 September 2024, the Group’s other borrowing with carrying amount of HK\$4,000,000 (31 March 2024: HK\$4,000,000) bears fixed interest rate of 6% per annum with fixed repayment term of one year, of which HK\$3,000,000 has been extended for the repayment date by six months with same fixed interest rate per annum during the period ended 30 September 2024. The borrowing is provided by an independent third party of the Group.

#### 14. AMOUNT DUE TO A DIRECTOR

The amount is unsecured, interest-free and repayable on demand.

#### 15. CONVERTIBLE BOND

	Total <i>HK\$'000</i> (Unaudited)
Convertible bond classified as non-current liabilities:	
At beginning of the period	39,712
Change in fair value	<u>56</u>
At end of the period	<u><u>39,768</u></u>

Convertible bond with principal amount of HK\$31,500,000 was arisen according to the sale and purchase agreement dated 29 June 2023, in respect of the acquisition of Tonnett Group (“**Convertible Bond**”).

Convertible Bond is carrying no interest, non-listed and in the principal amount of HK\$31.5 million to be issued by the Company to the Vendor to satisfy partial payment of the consideration for acquisition of Tonnett Group.

The conversion price is HK\$0.2628, being the initial conversion price per ordinary share of the Company, during the period commencing from the date of the Accumulated Guarantee Certificate or Compensation Confirmation (“**Conversion Commencement Date**”) and ending on the second anniversary of the Conversion Commencement Date (“**Maturity Date**”).

Convertible Bond will be locked up until the Accumulated Profit Guarantee is achieved, and where it cannot be achieved, the consideration of the acquisition of Tonnett Group will be adjusted (“**Lock-up period**”). During the Lock-up Period, the consideration shares shall not be offered, sold, transferred, contracted for sale or otherwise disposed of. For the avoidance of doubt, there will be no restriction on the subsequent sale of the consideration shares after the Lock-up Period.

The fair value of Convertible Bond for the period ended 30 September 2024 includes the consideration of the Accumulated Profit Guarantee of approximately HK\$39,768,000 (31 March 2024: HK\$39,712,000) based on fair value valuation by independent valuer.

Valuation of Convertible Bond is conducted by binomial option pricing model, a standard valuation model commonly used for valuation of financial derivative instruments. The model incorporates both contractual terms from the Convertible Bond issuance documents, as well as valuation parameters observed from market sources and the consideration of the Accumulated Profit Guarantee of approximately HK\$39,768,000 (31 March 2024: HK\$39,712,000) based on valuation. Key parameters adopted in the Convertible Bond and Accumulated Profit Guarantee valuation models are summarised as follows:

For the Convertible Bond with maturity date on 28 February 2027, the fair value of the Convertible Bond is measured at approximately HK\$70,900,000 (31 March 2024: HK\$70,800,000), with key parameters adopted listed below:

	<b>As at 30 September 2024</b>	As at 31 March 2024
Share price ( <i>note i</i> )	<b>HK\$0.65</b>	HK\$0.65
Risk free rates ( <i>note ii</i> )	<b>2.57%</b>	3.55%
Credit spread ( <i>note iii</i> )	<b>2.99%</b>	3.08%
Discount rates ( <i>note iv</i> )	<b>6.4%</b>	7.62%
Volatility ( <i>note v</i> )	<b>96.93%</b>	92.02%

In respect of the Accumulated Profit Guarantee, the independent valuer has set up five scenarios to analyse possible outcomes, resulting the fair value of approximately HK\$31,132,000 (31 March 2024: HK\$31,088,000).

*Notes:*

- (i) It represents the Company's quoted price as at 30 September 2024 and 31 March 2024 of the Convertible Bond
- (ii) It is sourced from yield of HKMA Exchange Fund Notes with similar remaining maturity with the Convertible Bond
- (iii) It is sourced from US corporate index option-adjusted spread
- (iv) It is determined with reference to credit spread of comparable bonds and risk-free rate, as well as liquidity premium
- (v) It is calculated from historical share price of the Company

## 16. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
At 1 April 2023, 30 September 2023, 1 April 2024 and 30 September 2024(Unaudited), ordinary shares of HK\$0.02 each	<u>10,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 April 2023 (Audited) and 30 September 2023 (Unaudited)	639,298	12,786
Allotment and issues of consideration shares on 9 February 2024 (Note)	<u>39,954</u>	<u>799</u>
At 1 April 2024 (Audited) and 30 September 2024 (Unaudited)	<u>679,252</u>	<u>13,585</u>

*Note:*

In respect of the acquisition of Tonnett Group, allotment and issue of 39,954,338 new shares at issue price of HK\$0.2628 to satisfy the aggregate consideration for the sale and purchase of the sale share of the Tonnett Group contemplated under the sale and purchase agreement dated 29 June 2023, the issue of new shares took place on 9 February 2024 with the closing share price of HK\$0.69, details of which are disclosed in the announcement of the Company dated 9 February 2024.

## 17. CAPITAL COMMITMENTS

As each of the reporting period ended, the Group have following material capital expenditures commitment:

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Capital expenditures contracted:		
Property, plant and equipment	<u>2,914</u>	<u>2,898</u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL OVERVIEW

The board of directors (the “**Board**”) of Affluent Partners Holdings Limited (the “**Company**”) hereby presents the unaudited results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2024 (the “**Period**” or “**HY24**”). During the Period, the consolidated loss attributable to equity holders of the Company was approximately HK\$6.2 million (six months ended 30 September 2023 (“**HY23**”): HK\$2.3 million). The loss of the Group for HY24 amounted to HK\$1.9 million (HY23: HK\$2.3 million) and is mainly due to the increase in provision for impairment loss on inventories of pearls and fine jewellery and the increase in administrative expenses from the newly acquired business.

### BUSINESS REVIEW

#### Pearls and Fine 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 total Group’s sales contribution in pearl and fine jewellery products increased from HK\$25.1 million in HY23 to HK\$50.4 million in HY24. For HY24, the return on capital of pearls and fine jewellery products was approximately (3.5)% (HY23: 0.2%).

Although the global market sentiment for pearl and fine jewellery remained unsteady during the Period, the Group considers the global jewellery market will recover to the normal level in the foreseeable future.

The Group has been looking into various materials for its jewellery design to enrich the product collection in its pearls and fine jewellery business. During the Period, the Group is cooperating with a local brand to explore the fine jewellery market in Hong Kong.

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 and looking for opportunities to expand and diversify its customer base.

## **Skincare Solutions Business, Research and Development Services and Brand Marketing and Consulting Services Segment**

On 29 June 2023, the Company, the vendor (the “**Vendor**”), the ultimate beneficial owner of the Vendor and the guarantors entered into the sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which the Vendor has conditionally agreed to sell and the Group has conditionally agreed to acquire the sale of 100% shareholding in Tonnett Julis Holdings Limited (the “**Target Company**”) and a group of companies (the “**Target Group**”) (the “**Acquisition**”). The Target Group is principally engaged in providing scientific and pharmaceutical research and development services and skincare solutions through self-transformed skincare brand and mid-to-high-end functional skincare products. The Target Group is also engaged in brand marketing and consulting service. The consideration of the Acquisition is HK\$42.0 million, which has been satisfied as to (i) HK\$10.5 million by the allotment and issue of the consideration shares by the Company; and (ii) HK\$31.5 million by the issue of the convertible bond by the Company. The consideration shares comprising 39,954,338 shares, represent approximately 6.25% of the issued share capital of the Company as at the date of the Sale and Purchase Agreement. Upon full conversion of the convertible bond, 119,863,013 conversion shares will be issued, which represent approximately 18.75% of the issued share capital of the Company as at the date of the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Vendor and the guarantors jointly and irrevocably guarantee to the Company that the aggregate audited consolidated net profit for the two years ending 31 December 2024 shall not be less than HK\$21.05 million.

On 8 February 2024, an extraordinary general meeting of the Company was convened and the Shareholders approved the Acquisition and the transactions contemplated thereunder, including the issue of the consideration shares, the convertible bond and the conversion shares.

Agreement had been fulfilled and the completion took place in accordance with the terms and conditions of the Sale and Purchase Agreement. During HY24, upon the completion, the Company indirectly owns the entire issued share capital of the Target Company. As such, the Target Company has become an indirectly wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group’s financial statements. Pursuant to the Sale and Purchase Agreement, the Company (i) has allotted and issued the 39,954,338 consideration shares at the issue price of HK\$0.69 per consideration Share to the Vendor which was the closing share price at the date of issue; and (ii) has issued the convertible bond to the Vendor in the principal amount of HK\$31.5 million entitling the Vendor to convert into maximum number of 119,863,013 conversion shares at the conversion price of HK\$0.2628 per conversion share (subject to adjustment) to satisfy the consideration under the Acquisition.

Details of the Acquisition were disclosed in the Company's announcements dated 11 August 2022, 10 November 2022, 29 June 2023, 30 November 2023, 2 January 2024, 8 February 2024 and 9 February 2024 and the circular of the Company dated 25 January 2024.

During HY24, the Target Group contributed revenue and results to the Group from its skincare solutions business, research and development services and brand marketing and consulting services business segment. The total Group's revenue contribution from the newly acquired skincare solutions business segment was HK\$20.5 million in HY24 (HY23: Nil) of which HK\$15.2 million from skincare solutions business, HK\$0.8 million from research and development services and HK\$4.5 million from brand marketing and consulting services.

The Group understands that the skincare market has immense potential and there are product crossover between the Group's pearl products and the Group's skincare products, one of the synergies being processing pearls to become one of the ingredients in skincare products. The Group has developed FO brand skin whitening products with pearls ingredients and has launched the FO Pearl Whitening Cream during the Period and will launch the FO Pearl Whitening Essence by December 2024.

### **Strategic Investment and Financial Services Segment**

Since the downturn of the economy, it has adversely affected the operation of the co-working business, 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, the management of co-working business had downsized the co-working space network in Hong Kong. During the Period, the Group disposed one ordinary share representing entire issued ordinary share of a subsidiary which held the relevant investment, to an independent third party, at a consideration of HK\$1, on 29 July 2024.

### **LITIGATION**

As at the balance sheet date, the Group was not involved in any other material litigation or arbitration.

## MAJOR TRANSACTION

On 29 June 2023, the Company, the Vendor, the ultimate beneficial owner of the Vendor and the guarantors entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Group has conditionally agreed to acquire the sale of a group of companies. The Target Group is principally engaged in providing scientific and pharmaceutical research and development services and skincare solutions through self-transformed skincare brand and mid-to-high-end functional skincare products. The Target Group is also engaged in brand marketing and consulting service. The consideration of the Acquisition is HK\$42.0 million, which shall be satisfied as to (i) HK\$10.5 million by the allotment and issue of the consideration shares by the Company; and (ii) HK\$31.5 million by the issue of the convertible bond by the Company. The consideration shares comprising 39,954,338 Shares, represent approximately 6.25% of the issued share capital of the Company as at the date of the Sale and Purchase Agreement. Upon full conversion of the convertible bond, 119,863,013 conversion shares will be issued, which represent approximately 18.75% of the issued share capital of the Company as at the date of the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Vendor and the guarantors jointly and irrevocably guarantee to the Company that the aggregate audited consolidated net profit for the two years ending 31 December 2024 shall not be less than HK\$21.05 million.

On 8 February 2024, an extraordinary general meeting of the Company was convened and the Shareholders approved the Acquisition and the transactions contemplated thereunder, including the issue of the consideration shares, the convertible bond and the conversion shares.

On 9 February 2024, all conditions precedent set out in the Sale and Purchase Agreement had been fulfilled and the completion took place in accordance with the terms and conditions of the Sale and Purchase Agreement. Upon Completion, the Company indirectly owns the entire issued share capital of the Target Company. As such, the Target Company has become an indirectly wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group's financial statements. Pursuant to the Sale and Purchase Agreement, the Company (i) has allotted and issued the 39,954,338 consideration shares at the issue price of HK\$0.69 per consideration share to the Vendor which was the closing share price at the date of issue; and (ii) has issued the convertible bond to the Vendor in the principal amount of HK\$31.5 million entitling the Vendor to convert into maximum number of 119,863,013 conversion shares at the conversion price of HK\$0.2628 per conversion share (subject to adjustment) to satisfy the consideration under the Acquisition.

Details of the Acquisition were disclosed in the Company's announcements dated 11 August 2022, 10 November 2022, 29 June 2023, 30 November 2023, 2 January 2024, 8 February 2024 and 9 February 2024 and the circular of the Company dated 25 January 2024.

## STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The Group entered into a strategic cooperation framework agreement (the “**Cooperation Framework Agreement**”) with Hangzhou Changwei Hospital Company Limited\* (“**Hangzhou Changwei**”) (杭州長衛醫院有限公司) on the collaboration in the establishment of a smart medical service model (the “**Smart Medical Service Model**”) with specialised expertise and treatment. Hangzhou Changwei, a company established in China, is a medical institution with technical advantages, market potential and scientific research achievements. Hangzhou Changwei intends to cooperate with Beijing Baijin, on the basis of the complementary advantages of the two sides, to create a set of smart medical service system encompassing medical treatment, teaching and scientific research, to enhance the level of medical services, to improve the experience of patients, and to promote the high quality development of the medical industry.

The development of the Smart Medical Service Model is mainly achieved through the following aspects, namely the establishment of (a) a cell-enabled (細胞賦能) speciality disease-specific (專科專病專治) smart medical information system; (b) cell-enabled speciality and disease-specific treatment and management smart medical service platforms; and (c) a cell-enabled speciality-specific smart medical management system.

The Board is of the view that the entering into of the Cooperation Framework Agreement represents the Group’s efforts to diversify its business and broaden its income stream. The Board wishes to emphasise that the Cooperation Framework Agreement only sets out the preliminary cooperation intentions of the Group and Hangzhou Changwei, which does not constitute any substantive right and obligation of any parties thereto and is subject to further formal agreement(s) and/or arrangement(s) to be entered into by the parties, which may or may not materialise.

Subsequent to the reporting period, the Group started to develop and design customised Smart Medical Service Model software with Hangzhou Changwei.

Details of the transaction were disclosed in the Company’s announcement dated 25 September 2024.

## ISSUE OF NEW SHARES UNDER GENERAL MANDATE

On 4 October 2024, a total of 27,779,373 subscription shares were issued by the Company to not less than six subscribers at the subscription price of HK\$0.48 per share pursuant to the terms and conditions of the subscription agreements entered into between the Company and each of the subscribers on 12 September 2024, representing approximately 3.93% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares immediately upon completion of the subscription.

The above subscription shares were allotted and issued under the general mandate granted to the Board at the annual general meeting of the Company held on 30 August 2023. The net proceeds of the subscriptions, after deducting the relevant expenses, are approximately HK\$13.2 million which was used for general working capital of the Group. Details of the transaction were disclosed in the Company's announcements dated 12 September 2024, 16 September 2024 and 30 September 2024.

## **FINANCIAL REVIEW**

The Group is principally engaged in purchasing, processing, designing, production and wholesale distribution of pearls and fine jewellery products and operation of strategic investment and financial services, in addition with the new principal activities engaged in the provision of skincare solutions through self-transformed skincare brand and mid-to-high end functional skincare products; and the provision of scientific and pharmaceutical research and development services and the provision of branding marketing and consulting services.

### **Revenue and Gross Profit**

Revenue increased during the Period (HY24: HK\$70.9 million; HY23: HK\$25.1 million), comprised sales of pearl and fine jewellery of approximately HK\$50.4 million (HY23: HK\$25.1 million) and newly acquired business of skincare solutions and scientific and pharmaceutical research and development services and branding marketing and consulting services of HK\$20.5 million (HY23: Nil).

Gross profit increased by approximately HK\$9.2 million to approximately HK\$16.8 million (HY23: HK\$7.6 million) due to the increase in sales of pearl and fine jewellery and the newly acquired business. The gross profit margin of 23.7% during HY24 decreased as compared to that of 30.3% during HY23 due to the drop in the gross profit margin of pearl and fine jewellery segment.

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

S&A expenses mainly comprised selling expenses of approximately HK\$3.3 million (HY23: HK\$0.1 million) and administrative expenses of approximately HK\$16.2 million (HY23: HK\$11.7 million). S&A expenses increased by approximately HK\$7.7 million or 65.3% to approximately HK\$19.5 million (HY23: HK\$11.8 million) in HY24 was due to expenses incurred by the newly acquired business.

## **(Loss) Profit for the Period Attributable to Equity Holders of the Company**

The Group recorded the loss attributable to equity holders of the Company of approximately HK\$6.2 million in HY24 as compared to the loss attributable to equity holders of the Company of approximately HK\$2.3 million in HY23 mainly due to the increase in provision for impairment loss on inventories of pearls and fine jewellery and the increase in administrative expenses from the Acquisition. The loss of the Group for HY24 amounted to HK\$1.9 million (HY23: HK\$2.3 million).

## **Liquidity and Capital Resources**

During the Period, the Group funded its operations through a combination of cash generated from operations and equity attributable to equity holders of the Company. As at 30 September 2024, the Group's total equity was approximately HK\$107.4 million (31 March 2024: HK\$112.8 million), the decrease was mainly due to the loss for the Period.

As at 30 September 2024, the Group had cash and cash equivalents of approximately HK\$44.4 million (31 March 2024: HK\$37.9 million). Cash and cash equivalents were mainly denominated in United States dollar, Hong Kong dollar and Renminbi. The Group's net current assets were approximately HK\$73.9 million (31 March 2024: HK\$80.3 million). The current ratio as at 30 September 2024, represented by the current assets divided by the current liabilities, was 2.0 (31 March 2024: 3.0).

As at 30 September 2024, the Group had outstanding bank borrowings of HK\$6.5 million (31 March 2024: HK\$5.4 million) with effective interest rates ranging from 3.95% to 4.35% per annum and other borrowings of HK\$4 million which is at interest rate of 6% per annum, of which HK\$3 million and HK\$1 million are scheduled to be repayable on 11 December 2024 and 28 February 2025 respectively (31 March 2024: HK\$4 million with fixed interest rate of 6% per annum). With the available cash and cash equivalents and cash generated from operations and the subsequent proceeds from share placements, the Group has adequate financial resources to meet the anticipated future liquidity requirements and capital expenditure commitment.

## **Capital Structure**

As at 30 September 2024, the total number of issued shares of the Company was 679,252,266 (31 March 2024: 679,252,266) of HK\$0.02 each and its issued share capital was HK\$13,585,045 (31 March 2024: HK\$13,585,045).

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

## **CAPITAL COMMITMENTS**

At the end of the reporting period, the Group's capital commitment, which was primarily related to purchase of property, plant and equipment, amounted to HK\$2,914,000 (31 March 2024: HK\$2,898,000).

## **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 dollar and Renminbi, which were the major foreign currencies transacted by the Group during the Period.

Since Hong Kong dollar remains pegged to the United States dollar within a defined range, the Group is not exposed to any significant foreign exchange risk against the United States dollar. 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 manages its foreign currency risk against other currencies by closely monitoring the movement of the foreign currency rates and may use hedging derivative, such as foreign currency forward contract, to manage its foreign currency risk as appropriate.

## **HUMAN RESOURCES**

As at 30 September 2024, the Group had a total workforce of 84 (31 March 2024: 89), of which 16 (31 March 2024: 15) were based in Hong Kong. The total staff costs, including directors' emoluments and mandatory provident fund, were approximately HK\$9.4 million (HY23: HK\$8.6 million) during the Period. Employees were remunerated on the basis of their performance and experience. Remuneration packages, including salary, year-end discretionary bonus and the share option scheme, were determined by reference to market conditions and individual performance.

## **FINANCIAL GUARANTEE**

As at 30 September 2024, the Group had no financial guarantee.



## EVENTS AFTER REPORTING PERIOD

### Proposed Change of Company Name

The Board proposed to change the English name of the Company from “Affluent Partners Holdings Limited” to “Baijin Life Science Holdings Limited” and to adopt “佰金生命科學控股有限公司” as the new dual foreign name in Chinese of the Company to replace the Chinese name of “錢唐控股有限公司” which is currently used for identification purpose only (the “**Proposed Change of Company Name**”). On 26 November 2024, an extraordinary general meeting of the Company was convened and the Shareholders approved the Proposed Change of the Company name. Details were disclosed in the Company’s announcement dated 30 October 2024 and 26 November 2024 and the circular of the Company dated 11 November 2024.

Other than the above, the Group has no significant events after the reporting period.

## PROSPECTS

Overall speaking, although the Group’s revenue in the pearls and fine jewellery products segment was increased during FY24, based on the Group’s current observation and estimation, the overall downtrend is expected to be carried forward to a certain extent for coming years due to the change of consumption pattern caused by the downturn. As such, the Group has started exploring the fine jewellery market, characterised by high-quality materials and craftsmanship. Since February 2024, the Group has been cooperating with another local brand who has been in the high-end jewellery business for a significant time. By 30 September 2024, the cooperation has already contributed 21.4% to the Group’s total revenue, demonstrating positive impact and success of the established recognition of the local brand to the financial performance of the Group.

The Group will continue seeking for opportunities to upgrade and rebrand itself to expand business coverage and optimise customer base composition by leveraging on the combined expertise, facilities and resources, further uncovering the potential market of its ultimate female consumers, and hence, enhance the Group’s position in the market, increase competitiveness and capturing market share in the fine jewellery business sector.

The Group will further use its resources as a listed company to add value to the acquisition project to increase its profitability and return. Meanwhile, the Group will continue enhancing the development of the pearls and fine jewellery business, actively participating in various important jewellery and gem fairs and optimising operation efficiency and productivity to stay competitive.

Further, the Group has completed the acquisition of the Target Group that is principally engaged in providing scientific and pharmaceutical research and development services, skincare solutions through self-transformed skincare brand and mid-to-high-end functional skincare products, as well as brand marketing and consulting services.

The Group considers that the skincare market has immense potential and there is a product crossover between the Group's pearl products and the Target Group's skincare products, one of the synergies being processing pearls to become one of the ingredients in skincare products. Given the sales and distribution of pearls and jewellery products by the Group and the sales and distribution of skincare products by the Target Group, both primarily focus on the female consumer market, there may bring along potential collaboration and cross-selling opportunities which will be mutually beneficial to both parties. The Directors believe that the Acquisition gives the Group an opportunity to expand its existing business both vertically by using the Group's existing pearl products as raw materials for skincare products and horizontally by widening its range of female consumer products extending from pearl and jewellery to skincare products.

During the Period, the Target Group has contributed both the segment revenue and segment profits to the Group and the Directors are of the view that it brings positive contribution to the Group as a whole.

## **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 had complied with all code provisions as set out in the CG Code throughout the six months ended 30 September 2024 and, where appropriate, the applicable recommended best practices of the CG Code, except for the following deviation:

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Period, the Company had not appointed any chief executive officer and the duties of the chief executive officer were collectively undertaken by all executive Directors and senior management of the Company. In the opinion of the Directors, the present arrangement is effective and efficient.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by the Directors. The Company confirmed that, having made specific enquiry of all Directors, all of the Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2024.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 September 2024.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The condensed consolidated financial statements for the Period have not been audited. The Audit Committee, which comprises three independent non-executive Directors, namely Mr. Lee Ka Leung Daniel, Mr. Wong Siu Keung, Joe and Mr. Chang Chunyu has reviewed the unaudited interim results of the Group for the Period and has recommended their adoption to the Board.

By order of the Board  
**Affluent Partners Holdings Limited**  
**Cheung Sze Ming**  
*Executive Director*

Hong Kong, 29 November 2024

*As at the date of this announcement, the Board comprises Mr. Cheung Sze Ming, Mr. Dong Peng and Dr. Su Yaoyao as executive Directors; Mr. Zhu Yongjun and Mr. Cheng Chi Kin as non-executive Directors; Mr. Wong Siu Keung Joe, Mr. Chang Chunyu and Mr. Lee Ka Leung Daniel as independent non-executive Directors.*