銀合控股有限公司
YIN HE HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8260)

CLARIFICATION ANNOUNCEMENT IN RELATION TO ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2019

Reference is made to the announcement of Yin He Holdings Limited (the "Company") dated 28 June 2019 in relation to the annual results (the "Results Announcement") and annual report (the "Annual Report") of the Company for the year ended 31 March 2019. Unless the context requires, capitalised terms used herein shall bear the same meanings as those defined in the Results Announcement.

Due to error in clerical and classification, the Board would like to clarify the diluted earnings per share in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in page 38 of the Annual Report should be HK cents 2.0 instead of HK cents 2.1. And an explanatory statement of "For the year ended 31 March 2019, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bond and preference shares since the assumed exercise would result in an increase in earnings per share which is regarded as anti-dilutive" should be added to the end of note 15 in page 83 of the Annual Report.

The Board would like to further clarify and amend the following underlined items in the Result Announcement as shown below.

REVISED ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2019

ANNUAL RESULT

The board of Directors (the "Board") of the Company is pleased to announce the consolidated results of the Group for the year ended 31 March 2019, together with the comparative figures for the year ended 31 March 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31 March 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Revenue	4	**256,300**	278,484
Direct costs		**(146,800)**	(144,567)
Gross profit		**109,500**	133,917
Other income, gains and losses, net	4	**8,711**	11,680
General and administrative expenses		**(54,587)**	(52,822)
Change in fair value of contingent consideration		**1,447**	(1,306)
Impairment loss on goodwill		**(16,682)**	(5,631)
Impairment losses on financial assets, net of reversal		**4,255**	–
Gain on disposal of available-for-sales investments		**–**	3,119
Share of results of associates		**(759)**	–
Operating profit		**51,885**	88,957
Finance costs	5	**(16,374)**	(15,531)
Profit before tax		**35,511**	73,426
Income tax expense	6	**(4,592)**	(8,116)
Profit for the year	7	**30,919**	65,310
Other comprehensive (expense) income for the year			
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		**(28,498)**	–
Items that may be reclassified subsequently to profit or loss			
Fair value loss on available-for-sale investments		**–**	(12,665)
Release of investment revaluation reserve upon disposal of available-for-sale investment		**–**	(3,119)
Exchange differences arising on translation of foreign operations		**(73,357)**	57,339
		(73,357)	41,555
Other comprehensive income (expense) for the year, net of income tax		**(101,855)**	41,555
Total comprehensive income (expense) for the year		**(70,936)**	106,865

	Note	2019 HK$'000	2018 HK$'000
Profit (loss) for the year attributable to			
Owners of the Company		**30,704**	65,418
Non-controlling interest		**215**	(108)
		30,919	65,310
Total comprehensive income (expense) attributable to:			
Owners of the Company		**(70,686)**	106,727
Non-controlling interest		**(250)**	138
		(70,936)	106,865
Earnings per share	9		
Basic (HK cents)		**2.0**	4.5
Diluted (HK cents)		**2.0**	4.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Plant and equipment		**664**	1,328
Goodwill		**533,030**	589,741
Deferred tax assets		**4,203**	–
Contingent consideration receivable – non-current portion		**–**	1,272
Loan and interest receivables – non-current portion	11	**–**	6,430
Intangible assets		**3,640**	4,834
Interests in associates		**15,379**	–
Equity instruments at fair value through other comprehensive income		**88,779**	–
Available-for-sale investments		**–**	101,407
Deposit paid for acquisition of an associate		**7,869**	–
		653,564	705,012
Current assets			
Financial assets at fair value through profit or loss		**2,200**	2,716
Trade and other receivables	10	**53,593**	50,661
Loan and interest receivables – current portion	11	**648,863**	737,550
Contingent consideration receivable – current portion		**3,710**	991
Tax recoverable		**–**	101
Amounts due from related parties		**4,319**	16,496
Amount due from an associate		**15,601**	–
Bank balances and cash		**27,875**	39,490
		756,161	848,005
Current liabilities			
Other payables and accrued expenses		**19,129**	30,208
Contract liabilities		**2,459**	–
Obligation under a finance lease		**–**	118
Amount due to an associate		**3**	3
Convertible bond		**–**	49,945
Bond payables – current portion	12	**24,746**	58,057
Other borrowing		**8,365**	8,759
Tax payable		**1,399**	2,578
		56,101	149,668
Net current assets		**700,060**	698,337
Total assets less current liabilities		**1,353,624**	1,403,349

	Note	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Bond payables – non-current portion	12	**85,757**	104,252
Deferred tax liabilities		**903**	1,174
		86,660	105,426
Net assets		**1,266,964**	1,297,923
Capital and reserves			
Share capital		**15,435**	14,635
Reserves		**1,247,127**	1,278,636
Equity attributable to owners of the Company		**1,262,562**	1,293,271
Non-controlling interest		**4,402**	4,652
Total equity		**1,266,964**	1,297,923

Notes:

1. GENERAL

Yin He Holdings Limited (the "Company") was incorporated in the Cayman Islands on 24 February 2012 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 April 2013. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is located at Room 2418A, Wing On Centre, 111 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are provisions of human resources services, credit consultancy services, loan facilitation services, assets management services and loan financing services.

The functional currency of the Company is Hong Kong dollars ("HK$"). The functional currencies of the Group are HK$ and Renminbi ("RMB"). The consolidated financial statements are presented in HK$ for the convenience of the investors as its shares are listed on GEM of the Stock Exchange.

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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

Except as described below, the application of the amendments to HKFRSs in the current year has no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 15 Revenue from Contracts with Customers

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

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

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Human resources services

- Credit consultancy services

- Loan facilitation services

- Assets management services

Summary of effects arising from initial application of HKFRS 15

There is no material impact of transition to HKFRS 15 on retained earnings at 1 April 2018.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 April 2018***
	HK$'000	*HK$'000*	*HK$'000*
Current Liabilities			
Other payables and accrued expenses	(30,208)	2,040	(28,168)
Contract liabilities	–	(2,040)	(2,040)

* The amounts in this column are before the adjustments from the application of HKFRS 9.

The following table summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Adjustment	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current Liabilities			
Other payables and accrued expenses	(19,129)	(2,459)	(21,588)
Contract liabilities	(2,459)	2,459	–

2.2 *HKFRS 9 Financial Instruments*

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

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

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

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Notes	Available-for-sale investments HK$'000	Financial assets at fair value through profit or loss ("FVTPL") required by HKAS 39/ HKFRS 9 HK$'000 (Note b)	Equity instruments at fair value through other comprehensive income ("FVTOCI") HK$'000	Financial assets at amortised cost (previously classified as loans and receivables) HK$'000	Financial liabilities at amortised cost HK$'000	Contract liabilities HK$'000	Deferred tax assets HK$'000	Investment revaluation reserve HK$'000	Retained earnings HK$'000
Closing balance at 31 March 2018 – HKAS 39		101,407	4,979	–	847,981	249,302	–	–	(8,613)	130,126
Effect arising from initial application of HKFRS 15		–	–	–	–	(2,040)	2,040	–	–	–
Effect arising from initial application of HKFRS 9:										
Reclassification										
From available-for-sale investments	(a)	(101,407)	–	101,407	–	–	–	–	–	–
Remeasurement										
Impairment under ECL model	(c)	–	–	–	(29,524)	–	–	4,830	–	(24,694)
From cost less impairment to fair value	(a)	–	–	32,161	–	–	–	–	32,161	–
Opening balance at 1 April 2018		–	4,979	133,568	818,457	247,262	2,040	4,830	23,548	105,432

(a) Available-for-sale ("AFS") investments

From AFS equity investments to fair value through other comprehensive income ("FVTOCI")

The Group elected to present in other comprehensive income ("OCI") for the fair value changes of all its equity investments previously classified as AFS. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, approximately HK$101,407,000 were reclassified from AFS investments to equity instruments at FVTOCI, of which approximately HK$23,045,000 related to unquoted equity investments previously measured at cost less impairment under HKAS 39. The fair value gain of approximately HK$32,161,000 relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and investment revaluation reserve as at 1 April 2018. The fair value loss of approximately HK$8,613,000 relating to those unquoted equity investments previously carried at fair value continued to accumulate in investment revaluation reserve.

(b) Financial assets at FVTPL

The Group has reassessed its investment in equity securities classified as held for trading under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, approximately HK$2,716,000 of the Group's investments were held for trading and continued to be measured at FVTPL.

There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

(c) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Except for those which had been determined as credit impaired under HKAS 39, the remaining balances are grouped based on past due analysis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including other receivables, loan and interest receivables, amounts due from related parties, amount due from an associate and bank balances, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, additional credit loss allowance of approximately HK$29,524,000 has been recognised against retained earnings. The additional loss allowance is charged against the respective asset.

All loss allowances, including other receivables, loan and interest receivables and amounts due from related parties, as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Trade receivables	**Other receivables**	**Loan and interest receivables**	**Amount due from a related party**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2018 – HKAS 39	–	560	–	–
Amounts remeasured through opening retained earnings	4,487	151	24,760	126
At 1 April 2018	4,487	711	24,760	126

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised to HKFRSs that have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2020.

4 Effective for annual periods beginning on or after 1 January 2021.

5 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs and interpretations mentioned in the consolidated financial statements, the directors of the Company (the "Directors") anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

Information reported to the board of Directors (the "Board"), being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

The Group now has five reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Human resources services	–	provision of staff outsourcing services, executive/staff search services and other human resources support services
Credit consultancy services	–	provision of credit assessment and credit consultancy services
Loan facilitation services	–	operation of peer-to-peer ("P2P") financing platform and other loan facilitation services
Asset management services	–	provision of financial advisory services for corporate, asset management firms and private equity funds and minority investments in private companies
Loan financing services	–	provision of loan financing services

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Human resources services	Credit consultancy services	Loan facilitation services	Asset management services	Loan financing services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2019						
Segment revenue	**156,699**	**14,618**	**45,181**	**5,661**	**34,141**	**256,300**
Segment (loss) profit	**(1,005)**	**7,232**	**30,523**	**11,771**	**15,023**	**63,544**
Bank interest income						**40**
Impairment loss recognised in respect of goodwill						**(16,682)**
Charge in fair value of contingent consideration						**1,447**
Unallocated corporate expenses						**(12,838)**
Profit before tax						**35,511**
For the year ended 31 March 2018						
Segment revenue	154,579	27,198	67,153	4,774	24,780	278,484
Segment profit	262	15,531	52,563	7,412	4,815	80,583
Bank interest income						19
Impairment loss recognised in respect of goodwill						(5,631)
Change in fair value of contingent consideration						(1,306)
Unallocated corporate expenses						(239)
Profit before tax						73,426

Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of impairment loss in respect of goodwill, change in fair value of contingent consideration, central administration costs, directors' emoluments and bank interest income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC"). Information about the Group's revenue from external customers is presented based on the location of the services provided.

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**189,723**	176,485
PRC	**66,577**	101,999
	256,300	278,484

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of total revenue of the Group, of which were is all contributed from human resources services in Hong Kong, are as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**53,811**	48,012
Customer B	**42,572**	58,261

4. REVENUE AND OTHER INCOME, GAINS AND LOSSES, NET

A. For the year ended 31 March 2019

Disaggregation of revenue from contracts with customers

	Human resources services	Credit consultancy services	Loan facilitation services	Asset management services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Types of service					
Human resources services					
Staff outsourcing services	148,503	–	–	–	148,503
Executive/staff search services	3,764	–	–	–	3,764
Other human resources support services	4,432	–	–	–	4,432
	156,699	–	–	–	156,699
Credit consultancy services					
Credit assessment services	–	8,123	–	–	8,123
Credit consultancy services	–	6,495	–	–	6,495
	–	14,618	–	–	14,618
Loan facilitation services	–	–	45,181	–	45,181
Assets management services	–	–	–	5,661	5,661
Total	**156,699**	**14,618**	**45,181**	**5,661**	**222,159**
Geographical markets					
Hong Kong	156,699	–	–	–	156,699
PRC	–	14,618	45,181	5,661	65,460
Total	**156,699**	**14,618**	**45,181**	**5,661**	**222,159**
Timing of revenue recognition					
At point in time	8,196	14,618	45,181	–	67,995
Over time	148,503	–	–	5,661	154,164
Total	**156,699**	**14,618**	**45,181**	**5,661**	**222,159**

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Segment revenue *HK$'000*
Human resources services	156,699
Credit consultancy services	14,618
Loan facilitation services	45,181
Assets management services	5,661
Revenue from contracts with customers	222,159
Interest income from loan financing services	34,141
Total revenue	256,300

B. For the year ended 31 March 2018

An analysis of the Group's revenue for the year are as follows:

	2018 *HK$'000*
Staff outsourcing services	144,063
Executive/staff search services	5,498
Other human resources support services	5,018
Credit consultancy services	27,198
Loan facilitation services	67,153
Assets management services	4,774
Interest income from loan financing services	24,780
	278,484

	2019 ***HK$'000***	2018 *HK$'000*
Other income and gains and losses, net		
Bank interest income	**40**	19
Sundry income	**2,929**	327
Dividends from equity instruments at FVTOCI	**13,243**	–
Change in fair values of financial assets at FVTPL	**90**	(720)
Dividends from available-for-sale investments	**–**	9,177
Exchange (losses) gains, net	**(7,165)**	2,805
(Loss) gain on disposal of financial assets at FVTPL	**(426)**	72
	8,711	11,680

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interests on:		
Obligation under finance lease	**2**	5
Other borrowing	**1,572**	837
Bond payables	**11,426**	12,467
Convertible bond	**3,374**	2,222
	16,374	15,531

6. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
– Hong Kong Profits Tax		
– Current year	**318**	3,447
– Overprovision in prior years	**–**	(20)
	318	3,427
– PRC Enterprise Income Tax ("EIT")		
– Current year	**3,702**	4,453
– Under provision in prior years	**100**	435
	3,802	4,888
	4,120	8,315
Deferred taxation	**472**	(199)
	4,592	8,116

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries operating in the PRC is 25% for both years. The tax rates 15% are specifically for the PRC subsidiaries which are operated in Tibet Autonomous Region and Khorgas Special Economic Zone respectively.

Based on the tax ruling announced by the PRC central tax authorities, the corporate income tax rate of Lhasa, which is located within Tibet Autonomous Region, is 9% for years 2015 to 2017 and from 2018 onwards, the corporate income tax rate will resume to 15% if no further announcement of preferential tax treatment is made. The relevant deferred tax balances had been measured based on the expected tax rates applicable in the future.

The Group's subsidiaries operating in the PRC are eligible for certain tax holidays and concessions and were exempted from PRC income taxes for the year. Based on the tax ruling announced by the PRC central tax authorities, the corporate income tax of Horgos is exempted for consecutive five years after the first assessable profits is made.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Employee benefits expenses (including directors' and chief executive's emoluments: *(Note)*		
– salaries, allowances and benefits in kind	**160,428**	153,758
– retirement benefit scheme contributions	**6,350**	6,330
	166,778	160,088
Auditor's remuneration		
– Audit service	**759**	615
– Other service	**80**	45
	839	660
Depreciation of plant and equipment:		
– Owned assets	**510**	632
– Leased assets	**260**	283
	770	915
Amortisation of intangible assets	**907**	921
Operating leases rentals in respect of rented premises	**3,974**	3,366

Note: During the year ended 31 March 2019, employee benefits expenses of approximately HK$143,017,000 and HK$23,761,000 (2018: HK$140,448,000 and HK$19,640,000) are recognised as direct costs and general and administrative expenses respectively.

8. DIVIDEND

No dividend was paid or proposed for ordinary and convertible preference shareholders of the Company during the year ended 31 March 2019, nor has any dividend been proposed since the end of the reporting period (2018: Nil).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	**30,704**	65,418
Effect of dilutive potential ordinary shares:		
Interest charge on convertible bond	**3,374**	2,222
Profit for the year attributable to owners of the Company for the purposes of dilutive earnings per share	**34,078**	67,640

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,531,865**	1,461,673
Effect of dilutive potential ordinary shares:		
– Convertible preference shares	**64,587**	66,395
– Convertible bond	**15,939**	23,836
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,612,391**	1,551,904

For the year ended 31 March 2019, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bond and preference shares since the assumed exercise would result in an increase in earnings per share which is regarded as anti-dilutive.

10. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables *(Note)*	**44,339**	36,637
Loss: Allowance for credit losses	**(4,367)**	–
	39,972	36,637
Other receivables:		
Deposits	**568**	569
Prepayments	**1,163**	2,646
Dividend receivables	**5,395**	2,487
Other receivables	**6,626**	8,882
	13,752	14,584
Less: Allowance for credit loss	**(131)**	(560)
Other receivables, net	**13,621**	14,024
Total trade and other receivables	**53,593**	50,661

Note: The Group normally allows credit periods of 30 days (2018: 30 days) to its major customers and the Group did not hold any collateral over the trade receivables.

The following is an aged analysis of trade receivables presented based on invoice date.

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**16,161**	18,249
31 – 60 days	**15,451**	9,792
61 – 90 days	**3,730**	6,160
91 – 180 days	**7,174**	468
181 – 365 days	**1,268**	938
Over 365 days	**555**	1,030
	44,339	36,637

11. LOAN AND INTEREST RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Fixed-rate loan and interest receivables:		
– Secured by corporate guarantee		
Loan receivables	**350,890**	322,375
Interest receivables	**8,717**	6,370
	359,607	328,745
– Unsecured		
Loan receivables	**295,626**	406,239
Interest receivables	**14,262**	8,996
	309,888	415,235
	669,495	743,480
Loss: allowance for credit loss	**(20,632)**	–
	648,863	743,980
Analysed for reporting purpose as:		
– Current assets	**648,863**	737,550
– Non-current assets	**–**	6,430
	648,863	743,980

12. BOND PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Bonds *(Note a)*	**110,503**	112,309
Tranche A Bond *(Note b)*	**–**	50,000
	110,503	162,309
Analysed for reporting purposes as:		
Non-current liabilities	**85,757**	104,252
Current liabilities	**24,746**	58,057
	110,503	162,309

Notes:

(a) During the year ended 31 March 2018, the Company issued several bonds with aggregate principal amount of HK$126,900,000, to various independent bond holders. All of the bonds are unsecured and with the fixed interest rate ranged from 6% - 10%. These bonds will be matured within one to eight years.

(b) On 20 July 2017, the Company issued Tranche A Bond and Tranche B Bond, with principal amount of HK$50,000,000 each at 10% per annum due in 2018. On 18 September 2017, the Group entered an agreement with the Subscriber to exchange Tranche B Bond into the convertible bond. All the remaining non-convertible Tranche A Bond were repaid during the year ended 31 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in (i) provision of staff outsourcing services, executive/staff search services and other human resources support services ("Human Resources Services"); (ii) provision of credit assessment and credit consultancy services ("Credit Consultancy Services") in the People's Republic of China (the "PRC"); (iii) operation of peer-to-peer ("P2P") financing platform and provision of other loan facilitation business in the PRC ("Loan Facilitation Services"); (iv) provision of asset management services business in the PRC ("Asset Management Services"); and (v) loan financing services ("Loan Financing Services").

Revenue for the year was HK$256,300,000, decreased by HK$22,184,000 or 8.0% from HK$278,484,000 in the year ended 31 March 2018.

Revenue recorded for the Human Resources Services segment included revenues generated from providing staff outsourcing services, executive/staff search services and other human resources support services. Revenue recorded for the Human Resources Services segment increased by 1.4% to approximately HK$156,699,000 for the year ended 31 March 2019 (2018: approximately HK$154,579,000). In FY2019, the revenue generated from the Human Resources Services segment represented 61% (2018: 55.5%) of the Group's total revenue. This segment incurred a loss of HK$1,005,000, as compared with profit of HK$262,000 last year.

The slowing economy in PRC and, the ongoing trade war with the US has affected our Credit Consultancy Services segment and Loan Facilitation Services segment. Revenue recorded for the Credit Consultancy Services segment decreased by 46.3% to approximately HK$14,618,000 for the year ended 31 March 2019 (2018: approximately HK$27,198,000). In 2019, the revenue generated from the Credit Consultancy Services segment represented 5.7% (2018: 9.8%) of the Group's total revenue. The profit contributed by this segment was HK$7,232,000, decreased by HK$8,299,000 or 53.4% as compared with HK$15,531,000 last year.

Revenue recorded for the Loan Facilitation Services segment decreased by 32.7% to approximately HK$45,181,000 for the year ended 31 March 2019 (FY2018: approximately HK$67,153,000). The revenue generated from the Loan Facilitation Services segment represented 17.6% (FY2018: 24.1%) of the Group's total revenue during the year. The profit contributed by this segment was HK$30,523,000, decreased by HK$22,040,000 or 41.9% as compared with HK$52,563,000 last year.

Revenue recorded for the Assets Management Services segment increased by 18.6% to approximately HK$5,661,000 for the year ended 31 March 2019 (FY2018: HK$4,774,000). In FY2019, the revenue generated from the Assets Management Service segment represented 2.2% (FY2018: 1.7%) of the Group's total revenue. Although the Asset Management Services segment was not the Group's major revenue generating unit, it could benefit the Group's Credit Consultancy Services segment and Loan Facilitation segment through its valuable network of funds and investors which allowed the Group to provide more value-added services to its all customers as a whole. As such, the underlying value of this business segment is not explicitly shown on its own financial performance but will implicitly benefit other business segments of the Group. The profit contributed by this segment was HK$11,771,000, increased by HK$4,359,000 or 58.0% as compared with HK$7,412,000 last year.

Revenue recorded for the Loan Financing Services increased by 37.7% to approximately HK$34,141,000 for the year ended 31 March 2019 (FY2018: HK$24,780,000). The increase was mainly attributable to the Group's continuous marketing efforts to expand its customer base after the commencement of the Group's loan financing service business through a wholly-owned subsidiary which holds a money lender license in previous year. The revenue generated from Loan Financing Services segment represented 13.3% (FY2018: 8.9%) of the Group's total revenue. It is expected that the loan financing service business development can enhance the Group's business diversification and financial services business spectrum. The profit contributed by this segment was HK$15,023,000, increase by HK$10,208,000 or 212.0% as compared with HK$4,815,000 last year.

FINANCIAL REVIEW

Revenue decreased by 8.0% to approximately HK$256,300,000 (FY2018: HK$278,484,000) for the year ended 31 March 2019.

Direct costs increased by 1.5% to approximately HK$146,800,000 for the year ended 31 March 2019 (FY2018: HK$144,567,000), which was approximately the same as last year. Direct costs represented mainly staff costs of which a significant portion was for sourcing and employing candidates for outsourcing services, direct wages for executive/staff search teams and direct wages for human resources support team.

Gross profit decreased by 18.2% to approximately HK$109,500,000 (FY2018: approximately HK$133,917,000) for the year ended 31 March 2019 mainly due to the decrease in revenue which the overhead was maintained during the year. The gross profit margin was 42.7% for the year ended 31 March 2019 (FY2018: approximately 48.1%).

Other income and other gains and losses, net decreased by 25.4% to approximately HK$8,711,000 for the year ended 31 March 2019 (FY2018: approximately HK$11,680,000). The decrease was mainly due to the net exchange loss of HK$7,165,000 recognised during the year (FY2018: NIL).

General and administrative expenses increased by 3.3% to approximately HK$54,587,000 for the year ended 31 March 2019 (FY2018: HK$52,822,000). General and administrative expenses represented mainly staff related costs including directors' emoluments, rental expenses and marketing expenses for loan facilitation services.

Goodwill impairment of HK$16,682,000 was made during the year (FY2018: HK$5,631,000).

Finance costs increased to approximately HK$16,374,000 for the year ended 31 March 2019 (FY2018: HK$15,531,000) which was mainly attributable to the bond, convertible bond and borrowings made during the second half of 2017.

Profit for the year decreased by 52.7% to approximately HK$30,919,000 for the year ended 31 March 2019 (FY2018: HK$65,310,000) as a result of the factors discussed above.

FINANCIAL POSITION

Goodwill decreased by 9.6% to approximately HK$533,030,000 as at 31 March 2019 (FY2018: HK$589,741,000). The decrease was mainly attributable to the impairment loss recognised for the year and represented 37.8% (FY2018: 38.0%) of the Group's total assets. The balance included the goodwill arising on acquisition of Sheng Zhuo Group Limited, goodwill arising on acquisition of Radiant Expert, goodwill arising on acquisition of Best Moon and goodwill on acquisition of Beauty Sky. Independent professional valuations were performed for the goodwill to assess their fair values at each financial year end individually. The Directors determined that an impairment loss of approximately HK$16,682,000 on goodwill was required to be recognized accordingly.

Loan and interest receivables decreased by HK$95,117,000 or 12.8% to approximately HK$648,863,000 as at 31 March 2019 (FY2018: HK$743,930,000) and represented 46.0% (FY2018: 47.8%) of the Group's total assets.

In assessing the recoverability of the carrying amounts of the loan and interest receivables, the management had carried out the following procedures:

i) included a detailed analysis of the entire loan portfolio, performed on a regular basis;

ii) identified loans to be evaluated for impairment on an individual basis and segment the remainder of the portfolio into groups of loans with similar credit risk characteristics such as loan type, product type, market segment, credit risk grading and classification, collateral type, geographical location and past-due status for evaluation and analysis on a collective basis;

iii) based on update reliable data, incorporate management's experienced judgements about the credit quality of the loan portfolio and consider all known relevant internal and external factors that may affect loan collectability such as industry, geographical, economic and political factors;

iv) included a systematic and logical method to consolidate the loan loss estimates and ensure the loan loss provision balance is made in accordance with the applicable accounting standards and relevant prudential requirements if necessary; and

v) addressed the methods used to validate models used for credit risk assessment and credit risk management tools such as stress tests and back tests.

The following factors are considered in estimating loan losses for the loans under assessment:

– Any significant financial difficulty of the borrower;

– Possibility of bankruptcy or other financial reorganisation of the borrower;

– Any breach of contract, such as a default or delinquency in interest or principal payments; or

– Any concession granted by the lender, for economic or legal reasons relating to the borrower's financial difficulty, which would not otherwise be considered.

The management regularly performs the above procedures to assess potential loan losses and ensure the recorded balances of loans reflects their current collectability of the loan portfolio.

Two tranches of bonds (Tranche A Bond and Tranche B Bond) of aggregate amount HK$100,000,000 and several bonds of aggregate amount HK$126,900,000 were issued during the year ended 31 March 2018 to various independent bond holders respectively. Tranche B Bond of amount HK$50,000,000 has been exchanged into convertible bonds of HK$50,000,000 during the year ended 31 March 2018. And subsequently, all the convertible bonds and Tranche A Bond were repaid during the year ended 31 March 2019. As a result, the total liabilities of the Group decreased by approximately HK$112,333,000 to approximately HK$142,761,000 as at 31 March 2019 (FY2018: HK$255,094,000).

Net current assets as at 31 March 2019 was approximately HK$700,060,000 as compared to approximately HK$698,337,000 in the previous year.

Net assets value of the Group as at 31 March 2019 was approximately HK$1,266,964,000 compared to approximately HK$1,279,923,000 as at 31 March 2018. The decrease was mainly attributable to the impairment of goodwill and the fair value loss on financial assets at fair value through OCI during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by its own working capital and from equity fund raisings. Net cash generated from operating activities for the year ended 31 March 2019 was approximately HK$106,367,000 as compared to that in 2018 of used in of approximately HK$247,584,000 mainly for the loan financing service business. Net cash used in financing activities was approximately HK$87,008,000 for the year ended 31 March 2019 compared to from financing activities of approximately HK$201,435,500 for the year ended 31 March 2018, the decrease was mainly due to the repayment of the convertible bond and bonds during the year.

The Group's cash and cash equivalent was approximately HK$27,875,000 as at 31 March 2019 compared to approximately HK$39,490,000 as at 31 March 2018. The cash and cash equivalents is expected to be adequate to support the working capital of the Group.

The current ratio of the Group was 13.47 as at 31 March 2019 compared to 5.65 as at 31 March 2018. The gearing ratio of the Group decreased to 9.4% (FY2018: 17.1%) as at 31 March 2019 mainly due to the repayment of bonds and convertible bonds during the year. The gearing ratio was based on the Group's total borrowings of approximately HK$118,868,000 (FY2018: approximately HK$221,131,000) and the Group's total equity of approximately HK$1,266,964,000 (FY2018: approximately HK$$1,297,923,000).

FINANCIAL MANAGEMENT AND FOREIGN EXCHANGE EXPOSURE

The Group's finance division works closely with the executive directors and manages the financial risks of the Group. The key objectives of the Group's treasury policies are to manage the Group's onshore and offshore fund to support and facilitate the Group's future business and investment plans; to manage its exposure to fluctuations in foreign currency exchange rates and to reach the goals of corporate cash management. Most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi. As the financial statements of the Group are presented in Hong Kong dollars, which is the Company's functional and presentation currency, any fluctuation of exchanges rates would impact the Group's net asset value. During the year ended 31 March 2019, the exchange loss arising on retranslation of foreign operations of HK$72,892,000 are recognised in the exchange fluctuation reserve. Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

CHARGES ON GROUP'S ASSETS

As at 31 March 2019, there was no charge on the Group's assets. In 2018, the Group had motor vehicle acquired under finance lease with a carrying value of approximately HK$260,000.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any material contingent liabilities (FY2018: Nil).

COMMITMENTS

As at 31 March 2019, the Group did not have any material capital commitments (FY2018: Nil). The Group had operating lease commitments amounted to approximately HK$7,153,000 (FY2018: approximately HK$4,165,000) which represented rentals payable for office premises and car park space.

SIGNIFICANT INVESTMENT

During the year ended 31 March 2019, saved for deposit of acquisition of an associate of approximately HK$7,869,000, the Group did not have any significant investment (FY2018: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2019, saved for the acquisition of an associate, the Group did not have any significant acquisition subsidiaries and affiliated companies (FY2018: Nil).

No material disposals of subsidiaries were made by the Group for the year ended 31 March 2019 (FY2018: Nil).

MATERIAL TRANSACTIONS

During the year ended 31 March 2019, saved for the placing of 80,000,000 Shares on 24 May 2018, there was no material transactions entered by the Group.

EMPLOYEES AND REMUNERATION POLICIES

During the year ended 31 March 2019, the Group's staff costs, including director's remuneration, were approximately HK$167 million (year ended 31 March 2018: approximately HK$160 million). It is the Group's policy to review its employee's pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

FINAL DIVIDENDS

The Directors do not recommend the payment of the final dividend for year ended 31 March 2019 (FY2018: Nil).

EVENT AFTER THE REPORTING PERIOD

On 11 June 2019, we have completed the acquisition of entire issued share capital of the Affluent Accord Limited, and the loan owing by the Affluent Accord Limited and its subsidiaries ("Target Group") to the vendor at the date of completion and 90,074,193 consideration shares were issued. The Target Group was engaged in the insurance training industry.

PROSPECTS

Looking forward, the global economic outlook continues to be uncertain and is overshadowed by results of the trade negotiation between the US and China, global economic slowdown and geopolitical risks. However, with the aim to create value to the Shareholders, we will continue to expand our business in profitable sector which are synergetic to our existing business while trimming down the underperforming business.

We will continue to grow the Group's financial services business and loan financing business. The P2P financing business was important to the Group's development of its Loan Facilitation business. Although the PRC Government has imposed measures to regulate P2P business in China including more stringent requirements in applying the official licenses, we believe it is a healthy process with the strongest can survive. The Group now is in the progress applying the license and the Group does not note any factors that will lead to failure. The Group is confident that the development in this business segment can run at a faster pace after license granted.

We have completed the acquisition of an insurance training business in June 2019. The Board considers the acquisition can help the Group tap into the insurance training related industry which has a growing prospect in China. It is also expected to achieve synergy with the Group's existing business which enables the Group to access to additional income and cash flow stream to the Group and further diversify the Group's overall business.

The Group's human resources services business was making loss during the year. The competition in the human resources services industry was keen and the increasing salary level continue to hinder its continuing expansion. Therefore, the Group will continue to monitor the market condition and take necessary actions to adjust the Group's overall business strategy and available resources for this segment. The Group will continue to reassess the current business mix and restructure when opportunities arise.

The Greater Bay Area initiative refer to the PRC government's plan to integrate Hong Kong, Macau, Shenzhen, Guangzhou and seven other cities in the Guangdong Province into a world class economic and business hub. The PRC Government has recently promulgated the plans and policy measures for taking forward development of the Greater Bay Area. We consider that there are ample opportunities in the Greater Bay Area for the Company to develop and grow. As most of our businesses are operating in the Greater Bay Area, we believe we are in the best position to capture the market opportunities, especially the financial services opportunities in the area.

The English names of PRC nationals, enterprises, entities, departments, facilities, certificates, titles and the like are translations of their Chinese names and are for identification purpose only.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As far as the Directors are aware of, none of the Directors or any of their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year ended 31 March 2019.

NON-COMPETITION UNDERTAKING

All the independent non-executive Directors were delegated with the authority to review on an annual basis the non-competition undertaking given by Ms. Yeung Ka Fung, Queenie ("Ms. Yeung"), in the respective non-competition undertaking (the "Undertaking") entered into by Ms. Yeung and Zebra Strategic Outsource Solution Limited dated 1 March 2013 and the deed of non-competition (the "Deed of Non-competition") dated 19 March 2013 (an extract of the respective material terms of Undertaking and the Deed of Non-competition had been set out in the Prospectus). Ms. Yeung confirmed that (a) she has provided all information necessary for the enforcement of the Undertaking and the Deed of Non-competition, as requested by all independent non-executive directors from time to time; and (b) from the effective date of respective Undertaking and the Deed of Non-competition and up to 26 June 2018, Ms. Yeung had complied with the Undertaking and the Deed of Non-competition. All independent non-executive Directors also confirmed that they were not aware of any non-compliance with the Undertaking by Ms. Yeung or the Deed of Non-competition during the same period.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2019, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all of them have complied with the required standards of dealings regarding securities transactions throughout the year ended 31 March 2019.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 19 March 2013 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the CG Code. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Lam, Raymond Shiu Cheung, Mr. Wang En Ping and Mr. Cheung Wai Bun Charles, JP. Mr. Wang En Ping is the chairman of the Audit Committee.

The primary duties of the Audit Committee are, among other things, review the relationship with the external auditors by references to the work performed by the external auditors, their fees and terms of engagement and to make recommendation to the Board on the appointment, re-appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting, and oversee internal control procedures of the Company.

The Audit Committee reports to the Board and has held regular meetings during the year ended 31 March 2019 to review and make recommendations to improve the Group's financial reporting process and internal controls.

During the year ended 31 March 2019, the Audit Committee reviewed with the management of the Group's unaudited quarterly and interim results and annual audited results for the financial year ended 31 March 2019, and discussed internal controls and financial reporting matters. The Audit Committee had also reviewed this annual report, and confirmed that this annual report complies with the applicable standard, the GEM Listing Rules and other applicable legal requirements and that adequate disclosures have been made. The Audit Committee also met with the external auditor. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment/re-appointment of the external auditor.

CORPORATE GOVERNANCE

The Company is committed to promoting good corporate governance, with the objectives of (i) the maintenance of responsible decision making; (ii) the improvement in transparency and disclosure of information to shareholders; (iii) the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of the shareholders; and (iv) the improvement in management of risk and the enhancement of performance by the Group. The Company will continue to monitor and review its corporate governance practices to ensure compliance with the regulatory requirements and to meet the expectations of the shareholders and investors.

During the year ended 31 March 2019, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules.

By order of the Board
Yin He Holdings Limited
Li Ang
Chairman

Hong Kong, 2 July 2019

As at the date of this announcement, the executive Directors are Mr. Li Ang and Mr. Zheng Zhong Qiang, the non-executive Directors are Mr. Chang Tin Duk Victor and Mr. Lam Tsz Chung, the independent non-executive Directors are Mr. Lam Raymond Shiu Cheung, Mr. Wang En Ping and Dr. Cheung Wai Bun Charles, JP.