



銀合控股有限公司 YIN HE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8260

Interim Report **2020**



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, 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 report.

This report, for which the directors (the “Directors”) of Yin He Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



SUMMARY

- Revenue for the six months ended 30 September 2020 amounted to HK\$84,625,000 (six months ended 30 September 2019: HK\$103,592,000), decreased by HK\$18,967,000 or 18.3% as compared with corresponding period of the previous year.
- Loss attributable to owners of the Company for the six months ended 30 September 2020 amounted to HK\$4,456,000 while the profits attributable to owners of the Company for the six months ended 30 September 2019 was HK\$10,193,000.
- Basic loss per share for the six months ended 30 September 2020 amounted to approximately HK\$0.26 cents while basic earnings per share for the six months ended 30 September 2019 amounted to approximately HK\$0.66 cent.



UNAUDITED INTERIM RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2020 together with the comparative unaudited figures for the corresponding period in 2019 as follows.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

| | Notes | Unaudited For the three months ended | | Unaudited For the six months ended | |
|--|-------|---|--|---------------------------------------|--|
| | | 30 September 2020 HK\$'000 | 30 September 2019 HK\$'000 (Restated) | 30 September 2020 HK\$'000 | 30 September 2019 HK\$'000 (Restated) |
| Revenue | 5 | 41,083 | 51,266 | 84,625 | 103,592 |
| Direct costs | | (31,862) | (30,112) | (61,654) | (62,894) |
| Gross profit | | 9,221 | 21,154 | 22,971 | 40,698 |
| Other income | 6 | 2,166 | 103 | 2,324 | 770 |
| Share of results of associates | | - | 1,477 | - | 1,461 |
| General and administrative expenses | | (8,930) | (12,606) | (22,151) | (21,987) |
| Operating profit from operations | | 2,457 | 10,128 | 3,144 | 20,942 |
| Finance costs | 7 | (2,903) | (3,258) | (4,744) | (6,636) |
| (Loss)/profit before income tax from operations | | (446) | 6,870 | (1,600) | 14,306 |
| Income tax expenses | 9 | (448) | (943) | (1,588) | (3,699) |
| (Loss)/profit for the period | | (894) | 5,927 | (3,188) | 10,607 |



| | Unaudited | | Unaudited | |
|---|-----------------------------------|-----------------|---------------------------------|-----------------|
| | For the three months ended | | For the six months ended | |
| | 30 September | 30 September | 30 September | 30 September |
| | 2020 | 2019 | 2020 | 2019 |
| Notes | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | (Restated) | | (Restated) |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | | | | |
| Fair value loss on investments in equity instruments at fair value through other comprehensive income | - | (8,504) | - | (9,092) |
| Effect of foreign exchange | <u>25,260</u> | <u>(16,497)</u> | <u>16,485</u> | <u>(56,550)</u> |
| Other comprehensive income/(expense) for the period, net of income tax | <u>25,260</u> | <u>(25,001)</u> | <u>16,485</u> | <u>(65,642)</u> |
| Total comprehensive income/(expense) for the period | <u>24,339</u> | <u>(19,074)</u> | <u>13,297</u> | <u>(55,035)</u> |
| (Loss)/profit for the period attributable to | | | | |
| Owners of the Company | <u>(2,027)</u> | 5,617 | <u>(4,456)</u> | 10,193 |
| Non-controlling interest | <u>1,135</u> | 310 | <u>1,268</u> | 414 |
| | <u>(892)</u> | <u>5,927</u> | <u>(3,188)</u> | <u>10,607</u> |
| Total comprehensive income/(expenses) for the period attributable to | | | | |
| Owners of the Company | <u>22,839</u> | (19,347) | <u>11,709</u> | (55,298) |
| Non-controlling interest | <u>1,500</u> | 273 | <u>1,588</u> | 263 |
| | <u>24,339</u> | <u>(19,074)</u> | <u>13,297</u> | <u>(55,035)</u> |
| Loss/(earnings) per share for (loss)/profit attributable to owners of the Company | 11 | | | |
| Basic (HK cent) | <u>(0.12)</u> | <u>0.35</u> | <u>(0.26)</u> | <u>0.66</u> |
| Diluted (HK cent) | <u>(0.12)</u> | <u>0.34</u> | <u>(0.26)</u> | <u>0.63</u> |



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

| | 30 September 2020 (Unaudited) <i>HK\$'000</i> | 31 March 2020 (Unaudited) <i>HK\$'000</i> |
|--|--|--|
| <i>Notes</i> | | |
| Non-current assets | | |
| Plant and equipment | 204 | 367 |
| Right-of-use assets | 1,500 | 2,831 |
| Goodwill | 119,858 | 116,898 |
| Deferred tax assets | 4,203 | 4,203 |
| Intangible assets | 2,832 | 2,729 |
| Interest in associates | 23,661 | 22,812 |
| Financial assets at fair value through profit or loss | 59,603 | 58,614 |
| | 211,861 | 208,454 |
| Current assets | | |
| Trade receivables and other receivables | 13 94,850 | 94,194 |
| Loan and interest receivables | 14 637,394 | 630,866 |
| Amounts due from related parties | 9,915 | 3,998 |
| Amount due from an associate | 7,488 | 7,197 |
| Bank balances and cash | 18,863 | 34,417 |
| Total current assets | 768,510 | 770,672 |



| | 30 September 2020 (Unaudited) HK\$'000 | 31 March 2020 (Unaudited) HK\$'000 |
|---|---|---|
| <i>Notes</i> | | |
| Current liabilities | | |
| Other payables and accrued expenses | 38,796 | 41,664 |
| Amount due to an associate | 10,957 | 8,228 |
| Bond payables – current portion | 36,088 | 45,233 |
| Tax payable | 1,331 | 731 |
| | <hr/> | <hr/> |
| Total current liabilities | 87,172 | 95,856 |
| | <hr/> | <hr/> |
| Net current assets | 681,338 | 674,816 |
| | <hr/> | <hr/> |
| Total assets less current liabilities | 893,199 | 883,270 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Non-current liabilities | | |
| Bond payables – non-current portion | 46,021 | 49,146 |
| Deferred tax liabilities | 581 | 824 |
| | <hr/> | <hr/> |
| | 46,602 | 49,970 |
| | <hr/> | <hr/> |
| Net assets | 846,597 | 833,300 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Capital and reserves | | |
| Share capital | 17,236 | 17,236 |
| Reserves | 820,375 | 808,666 |
| | <hr/> | <hr/> |
| Equity attributable to owners of the Company | 837,611 | 825,902 |
| Non-controller interest | 8,986 | 7,398 |
| | <hr/> | <hr/> |
| Total equity | 846,597 | 833,300 |
| | <hr/> <hr/> | <hr/> <hr/> |

15



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

| | Attributable to owners of the Company | | | | | | | | | | Non-controlling interest | Total equity |
|--|---------------------------------------|------------------|-------------------------------|----------------|--------------------------------|-------------------|---------------------|-------------------|------------------|--------------|--------------------------|--------------|
| | Share capital | Share premium | Convertible preference shares | Merger reserve | Investment revaluation reserve | Statutory reserve | Translation reserve | Retained earnings | Total | | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 April 2019 (Audited) | 15,435 | 1,032,536 | 96,234 | (213) | (10,495) | 25,065 | (32,028) | 136,028 | 1,262,562 | 4,402 | 1,266,964 | |
| Profit for the period | - | - | - | - | - | - | - | 10,193 | 10,193 | 414 | 10,607 | |
| Other comprehensive income for the period | | | | | | | | | | | | |
| Fair value loss on investments in equity instrument at fair value through other comprehensive income | - | - | - | - | (9,092) | - | - | - | (9,092) | - | (9,092) | |
| Exchange difference arising on translation of foreign operations | - | - | - | - | - | - | (56,399) | - | (56,399) | (151) | (56,550) | |
| Total comprehensive income/expense for the period | - | - | - | - | (9,092) | - | (56,399) | 10,193 | (55,298) | 263 | (55,035) | |
| Realization of contingent consideration | - | - | - | - | - | - | - | (3,710) | (3,710) | - | (3,710) | |
| Placing of shares | 901 | 33,865 | - | - | - | - | - | - | 34,766 | 2,403 | 37,169 | |
| At 30 September 2019 (Unaudited) | <u>16,336</u> | <u>1,066,401</u> | <u>96,234</u> | <u>(213)</u> | <u>(19,587)</u> | <u>25,065</u> | <u>(88,427)</u> | <u>142,511</u> | <u>1,238,320</u> | <u>7,068</u> | <u>1,245,388</u> | |
| At 1 April 2020 (Unaudited) | 17,236 | 1,083,245 | 96,234 | (213) | (12,884) | 25,224 | (68,845) | (314,095) | 825,902 | 7,398 | 833,300 | |
| Profit/(loss) for the period | | | | | | | | (4,456) | (4,456) | 1,268 | (3,188) | |
| Other comprehensive income for the period | | | | | | | | | | | | |
| Exchange difference arising on translation of foreign operations | - | - | - | - | - | - | 16,165 | - | 16,165 | 320 | 16,485 | |
| Total comprehensive income/expense for the period | - | - | - | - | - | - | 16,165 | (4,456) | 11,709 | 1,588 | 13,297 | |
| At 30 September 2020 (Unaudited) | <u>17,236</u> | <u>1,083,245</u> | <u>96,234</u> | <u>(213)</u> | <u>(12,884)</u> | <u>25,224</u> | <u>(52,680)</u> | <u>(318,551)</u> | <u>837,611</u> | <u>8,986</u> | <u>846,597</u> | |



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

| | For the six months ended | |
|---|---|---|
| | 30 September 2020 (Unaudited) HK\$'000 | 30 September 2019 (Unaudited) HK\$'000 |
| Net cash used in operating activities | (25,666) | 49,920 |
| Net cash generated from (used in) investing activities | – | 2,381 |
| Net cash generated from (used in) financing activities | (13,675) | (19,089) |
| Net (decrease)/increase in cash and cash equivalents | (39,341) | 33,212 |
| Cash and cash equivalents at beginning of the period | 34,417 | 27,875 |
| Effect of foreign exchange rate changes | 23,787 | (33,726) |
| Cash and cash equivalents at end of the period | 18,863 | 27,361 |
| Analysis of cash and cash equivalents | 18,863 | 27,361 |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 the 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.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2020 have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

Since the transaction in relation to the disposal of the entire issued share capital in Orient Apex Investments Limited which engaged in the provision of Human Resources Services has lapsed on 30 September 2020 and the operation of the Radiant Expert Group which was engaged in the P2P Loan Facilitation Services continued to serve as the settlement gateway between the P2P borrowers and lenders until the settlement of all the loans made between the P2P borrowers and lenders. Both the Human Resources Services and the P2P Loan Facilitation Services were classified as and accounted for continuing operations in the preparation of this interim result.

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

The interim condensed consolidated financial statements are unaudited, but have been reviewed by the audit committee of the Company. The interim condensed consolidated financial statements were approved for issue on 13 November 2020.



3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted the following new or revised standards and amendments (the “new HKFRSs”) issued by the HKICPA, which are or have become effective for the Group’s financial year beginning on 1st April, 2020:

| | |
|---|--|
| HKFRS 3 (Amendments) | Definition of a Business |
| HKFRS 7, HKFRS 9 and HKAS 39 (Amendments) | Interest Rate Benchmark Reform |
| HKFRS 16 (Amendments) | COVID-19-Related Rent Concession (Early adopted) |
| HKAS 1 and HKAS 8 (Amendments) | Definition of Material |
| Revised Conceptual Framework | Revised Conceptual Framework for Financial Reporting |

The adoption of the new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

4. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. No operating segment identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable segments under HKFRS 8 are as follows:

| | | |
|-----------------------------|---|---|
| Human resource 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 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 | – | provision of loan financing services |
| Insurance training services | – | provision of insurance training services |



Segment revenue and results

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

| | Human resources services <i>HK\$'000</i> | Credit consultancy services <i>HK\$'000</i> | Loan facilitation services <i>HK\$'000</i> | Asset management services <i>HK\$'000</i> | Loan financing services <i>HK\$'000</i> | Insurance training services <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|---------------------------------|---|--|---|--|--|--|---------------------------------|
| For the six months ended | | | | | | | |
| 30 September 2020 | | | | | | | |
| Segment revenue | <u>67,970</u> | <u>2,469</u> | <u>53</u> | <u>1,537</u> | <u>9,313</u> | <u>3,283</u> | <u>84,625</u> |
| Segment profit/(loss) | <u>320</u> | <u>1,287</u> | <u>(9,196)</u> | <u>1,094</u> | <u>3,598</u> | <u>2,322</u> | <u>(575)</u> |
| Interest income | | | | | | | 1 |
| Unallocated corporate expenses | | | | | | | <u>(1,026)</u> |
| Loss before tax | | | | | | | <u><u>(1,600)</u></u> |
| | | | | | | | |
| For the six months ended | | | | | | | |
| 30 September 2019 (Restated) | | | | | | | |
| Segment revenue | <u>68,154</u> | <u>8,033</u> | <u>9,227</u> | <u>1,503</u> | <u>15,586</u> | <u>1,089</u> | <u>103,592</u> |
| Segment profit/(loss) | <u>(25)</u> | <u>5,473</u> | <u>983</u> | <u>995</u> | <u>7,214</u> | <u>951</u> | <u>15,591</u> |
| Interest income | | | | | | | 7 |
| Unallocated corporate expenses | | | | | | | <u>(1,292)</u> |
| Profit before tax | | | | | | | <u><u>14,306</u></u> |



Segment assets and liabilities

| | Human resources services HK\$'000 | Credit consultancy services HK\$'000 | Loan facilitation services HK\$'000 | Asset management services HK\$'000 | Loan financing services HK\$'000 | Insurance training services HK\$'000 | Consolidated HK\$'000 |
|--------------------------------|--|---|--|---|---|---|--------------------------|
| As at 30 September 2020 | | | | | | | |
| Segment assets | <u>21,472</u> | <u>18,631</u> | <u>3,113</u> | <u>155,150</u> | <u>630,014</u> | <u>12,796</u> | <u>841,176</u> |
| Goodwill | | | | | | | 119,858 |
| Bank balances and cash | | | | | | | 18,863 |
| Unallocated assets | | | | | | | <u>474</u> |
| Total assets | | | | | | | <u><u>980,371</u></u> |
| Segment liabilities | <u>13,773</u> | <u>3,734</u> | <u>2,029</u> | <u>15,322</u> | <u>94,699</u> | <u>86</u> | <u>129,643</u> |
| Tax payable | | | | | | | 1,331 |
| Deferred tax liabilities | | | | | | | 581 |
| Unallocated liabilities | | | | | | | <u>2,219</u> |
| Total liabilities | | | | | | | <u><u>133,774</u></u> |



| | Human resources services HK\$ '000 | Credit consultancy services HK\$ '000 | Loan facilitation services HK\$ '000 | Asset management services HK\$ '000 | Loan financing services HK\$ '000 | Insurance training services HK\$ '000 | Consolidated HK\$ '000 |
|--------------------------|---|--|---|--|--|--|---------------------------|
| As at 31 March 2020 | | | | | | | |
| Segment assets | <u>25,135</u> | <u>15,799</u> | <u>11,365</u> | <u>143,628</u> | <u>623,324</u> | <u>5,715</u> | <u>824,966</u> |
| Goodwill | | | | | | | 116,898 |
| Bank balances and cash | | | | | | | 34,417 |
| Unallocated assets | | | | | | | <u>2,843</u> |
| Total assets | | | | | | | <u><u>979,124</u></u> |
| Segment liabilities | <u>9,833</u> | <u>2,976</u> | <u>6,895</u> | <u>14,904</u> | <u>106,401</u> | <u>61</u> | <u>141,070</u> |
| Tax payable | | | | | | | 731 |
| Deferred tax liabilities | | | | | | | 824 |
| Unallocated liabilities | | | | | | | <u>3,201</u> |
| Total liabilities | | | | | | | <u><u>145,826</u></u> |

Geographical information

The following table presents the revenue from external customers for the six months ended 30 September 2020 and 2019 by geographical locations:

| | For the six months ended | |
|-------------------------------|--|--|
| | 30 September 2020 (Unaudited) HK\$ '000 | 30 September 2019 (Unaudited) HK\$ '000 (Restated) |
| Revenue from customers | | |
| Hong Kong | 71,782 | 83,740 |
| PRC | 12,843 | 19,852 |
| | <u>84,625</u> | <u>103,592</u> |



5. REVENUE

(i) Disaggregation of revenue from contracts with customers

| | (Unaudited) For the three months ended | | (Unaudited) For the six months ended | |
|---|---|--|---|--|
| | 30 September 2020 HK\$'000 | 30 September 2019 HK\$'000 (Restated) | 30 September 2020 HK\$'000 | 30 September 2019 HK\$'000 (Restated) |
| Type of services | | | | |
| Human resources services | | | | |
| Staff outsourcing services | 32,739 | 31,065 | 64,429 | 65,047 |
| Executive/staff search services | 15 | 254 | 253 | 841 |
| Other human resources support services | 2,273 | 1,082 | 3,288 | 2,266 |
| Credit consultancy services | 114 | 6,803 | 2,469 | 8,033 |
| Loan facilitation services | 53 | 2,701 | 53 | 9,227 |
| Asset management services | 783 | 758 | 1,537 | 1,503 |
| Insurance training services | 3,145 | 918 | 3,283 | 1,089 |
| | 39,122 | 43,581 | 75,312 | 88,006 |
| Geographical markets | | | | |
| Hong Kong | 35,027 | 32,401 | 67,970 | 68,154 |
| PRC | 4,095 | 11,180 | 7,342 | 19,852 |
| | 39,122 | 43,581 | 75,312 | 88,006 |
| Timing of revenue recognition | | | | |
| At point of time | 2,455 | 10,840 | 6,063 | 20,367 |
| Over time | 36,667 | 32,741 | 69,249 | 67,639 |
| | 39,122 | 43,581 | 75,312 | 88,006 |



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

| | (Unaudited) | | (Unaudited) | |
|--|-----------------------------------|--------------|---------------------------------|--------------|
| | For the three months ended | | For the six months ended | |
| | 30 September | 30 September | 30 September | 30 September |
| | 2020 | 2019 | 2020 | 2019 |
| | HK\$ '000 | HK\$ '000 | HK\$ '000 | HK\$ '000 |
| | | (Restated) | | (Restated) |
| Human resources services | 35,027 | 32,362 | 67,970 | 68,154 |
| Credit consultancy services | 114 | 6,803 | 2,469 | 8,033 |
| Loan facilitation services | 53 | 2,701 | 53 | 9,227 |
| Asset management services | 783 | 758 | 1,537 | 1,503 |
| Insurance services | 3,145 | 918 | 3,283 | 1,089 |
| | 39,122 | 43,542 | 75,312 | 88,006 |
| Interest income from loan financing services | 1,962 | 7,724 | 9,313 | 15,586 |
| Total revenue | 41,083 | 51,266 | 84,625 | 103,592 |

6. OTHER INCOME

| | (Unaudited) | | (Unaudited) | |
|----------------------|-----------------------------------|--------------|---------------------------------|--------------|
| | For the three months ended | | For the six months ended | |
| | 30 September | 30 September | 30 September | 30 September |
| | 2020 | 2019 | 2020 | 2019 |
| | HK\$ '000 | HK\$ '000 | HK\$ '000 | HK\$ '000 |
| | | (Restated) | | (Restated) |
| Bank interest income | 1 | 3 | 1 | 7 |
| Sundry income | 2,165 | 100 | 2,323 | 763 |
| | 2,166 | 103 | 2,324 | 770 |



7. FINANCE COSTS

| | (Unaudited) For the three months ended | | (Unaudited) For the six months ended | |
|----------------------|---|----------------------------------|---|----------------------------------|
| | 30 September 2020 HK\$'000 | 30 September 2019 HK\$'000 | 30 September 2020 HK\$'000 | 30 September 2019 HK\$'000 |
| Interest charges on: | | | | |
| Bond payables | 2,882 | 3,258 | 4,694 | 6,495 |
| Other borrowings | 21 | – | 50 | 141 |
| | <u>2,903</u> | <u>3,258</u> | <u>4,744</u> | <u>6,636</u> |

8. PROFIT BEFORE TAX

| | (Unaudited) For the three months ended | | (Unaudited) For the six months ended | |
|--|---|--|---|--|
| | 30 September 2020 HK\$'000 | 30 September 2019 HK\$'000 (Restated) | 30 September 2020 HK\$'000 | 30 September 2019 HK\$'000 (Restated) |
| Depreciation | | | | |
| Owned assets | 8 | 31 | 19 | 64 |
| Leased assets | 820 | 964 | 1,411 | 1,927 |
| Amortisation of intangible assets | 330 | 167 | 675 | 334 |
| Impairment of trade receivables | – | – | – | 3,422 |
| Employee benefits expenses (including directors' remuneration): | | | | |
| Salaries, allowances and benefits in kinds | | | | |
| – General and administrative expenses | 3,311 | 3,736 | 8,044 | 7,445 |
| Retirement benefit scheme contribution | | | | |
| – General and administrative expenses | 103 | 122 | 214 | 244 |
| | <u>3,414</u> | <u>3,858</u> | <u>8,258</u> | <u>7,689</u> |



9. INCOME TAX EXPENSE

| | (Unaudited) For the three months ended | | (Unaudited) For the six months ended | |
|---------------------------------------|---|---|---|---|
| | 30 September 2020 HK\$ '000 | 30 September 2019 HK\$ '000 (Restated) | 30 September 2020 HK\$ '000 | 30 September 2019 HK\$ '000 (Restated) |
| Current tax | | | | |
| Hong Kong Profits Tax | (373) | 1,116 | 1,438 | 2,100 |
| The PRC Enterprise Income Tax ("EIT") | 847 | 362 | 319 | 2,174 |
| Deferred taxation | (26) | (535) | (169) | (575) |
| | <u>448</u> | <u>943</u> | <u>1,588</u> | <u>3,699</u> |

Hong Kong profits tax have been provided for at 16.5% on the estimated assessable profits for the six months ended 30 September 2020 (2019: 16.5%).

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are subject to EIT at the rate of 25% for the six months ended 30 September 2020 (2019: 25%) and 15% (2019: 15%) is specifically for the PRC subsidiaries which are operating in Tibet Autonomous Region.

10. DIVIDEND

The Board does not recommend the payment of a dividend for the six months ended 30 September 2020 (2019: nil).

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share amounts are based on the profit for the period attributable to shareholders of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share amounts for the three months and six months ended 30 September 2020 and 2019 is based on the profit for the period attributable to shareholders of the Company, adjusted to reflect the effect of the deemed exercise of all dilutive convertible preference shares at the beginning of the period.



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

| | (Unaudited) For the three months ended | | (Unaudited) For the six months ended | |
|--|---|----------------------------------|---|----------------------------------|
| | 30 September 2020 HK\$'000 | 30 September 2019 HK\$'000 | 30 September 2020 HK\$'000 | 30 September 2019 HK\$'000 |
| Earnings | | | | |
| Profit/(loss) for the period attributable to owners of the Company for the purposes of basic and dilutive earnings per share | <u>(2,027)</u> | <u>5,617</u> | <u>(4,456)</u> | <u>10,193</u> |
| | 30 September 2020 '000 | 30 September 2019 '000 | 30 September 2020 '000 | 30 September 2019 '000 |
| Number of shares | | | | |
| Weighted average number of ordinary shares in issue during the period, used in basic earnings per share calculation | 1,723,630 | 1,592,443 | 1,723,630 | 1,543,482 |
| Effect of dilutive potential ordinary shares: | | | | |
| Convertible preference shares | <u>64,587</u> | <u>64,587</u> | <u>64,587</u> | <u>64,587</u> |
| Weighted average number of ordinary shares in issue during the period, used in diluted earnings per share | <u>1,788,217</u> | <u>1,657,030</u> | <u>1,788,217</u> | <u>1,608,069</u> |

12. MOVEMENTS IN PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group did not acquire any material plant and equipment.



13. TRADE AND OTHER RECEIVABLES

The Group normally allows credit periods of 30 days to its major customers. Included in the trade and other receivables of the Group, trade receivables was approximately HK\$27,279,000 (31 March 2020: HK\$33,950,000). An aged analysis of trade receivables, based on invoice date and net of allowance for credit losses as at the end of the reporting period, is as follows:

| | 30 September 2020 (Unaudited) HK\$'000 | 31 March 2020 (Unaudited) HK\$'000 |
|---------------|---|---|
| 0-30 days | 17,865 | 10,399 |
| 31-60 days | 61 | 7,564 |
| 61-90 days | 1,268 | 562 |
| 91-180 days | 23 | 5,759 |
| 181-365 days | 2,165 | 6,949 |
| Over 365 days | 5,897 | 2,717 |
| | 27,279 | 33,950 |

14. LOAN AND INTEREST RECEIVABLES

| | 30 September 2020 (Unaudited) HK\$'000 | 31 March 2020 (Unaudited) HK\$'000 |
|--|---|---|
| Fixed rate loan and interest receivables | 658,026 | 651,498 |
| Less: allowance for credit loss | (20,632) | (20,632) |
| | 673,394 | 630,866 |

As at 30 September 2020, the loan and interest receivables bear interest rate at fixed interest rate ranging from 4% to 6% (as at 31 March 2019: 4% to 6%). The Group seeks to maintain strict control over its outstanding loans receivable to minimise credit risk. All the loan and interest receivables were neither past due nor impaired and were related to a large number of diversified customers for whom there was no recent history of default.



15. SHARE CAPITAL

| | 30 September 2020 (Unaudited) HK\$'000 | 31 March 2020 (Unaudited) HK\$'000 |
|---|---|---|
| Issued and fully paid: 1,723,629,967 (31 March 2020: 1,723,629,967) ordinary shares | 17,236 | 17,236 |

There was no movement in share capital during the period.

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

| | (Unaudited) For the three months ended | | (Unaudited) For the six months ended | |
|--|---|----------------------------------|---|----------------------------------|
| | 30 September 2020 HK\$'000 | 30 September 2019 HK\$'000 | 30 September 2020 HK\$'000 | 30 September 2019 HK\$'000 |
| Total remuneration of directors during the period | | | | |
| Short-term employee benefits | 375 | 375 | 750 | 750 |
| Post-employment benefits | 5 | 5 | 9 | 9 |
| | 380 | 380 | 759 | 759 |

The directors consider that other than themselves, the Group had no other key management personnel.

17. COMPARATIVE AMOUNTS

Since the transaction in relation to the disposal of the entire issued share capital in Orient Apex Investments Limited which engaged in the provision of Human Resources Services has lapsed on 30 September 2020 and the operation of the Radiant Expert Group which was engaged in the P2P Loan Facilitation Services would continue to serve as the settlement gateway between the P2P borrowers and lenders until the settlement of all the loans made between the P2P borrowers and lenders. Both the Human Resources Services and the P2P Loan Facilitation Services were classified as the continuing operations. Certain comparative amounts in the financial statement were restated.

In addition, as of the date of this interim result, since the audit of annual result of the Company for the year ended 31 March 2020 ("Annual Results") has not completed yet, certain comparative amount presented regarding the Annual Results was unaudited.



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited revenue of approximately HK\$84,625,000 for the six months ended 30 September 2020, decreased by HK\$18,623,000 or 18.3% from approximately HK\$103,592,000 for the corresponding period of the previous year.

Gross profit for the six months ended 30 September 2020 was approximately HK\$22,971,000 representing a decrease of approximately HK\$17,727,000 or 43.6% as compared with the last corresponding period (six months ended 30 September 2019: approximately HK\$40,698,000).

The unaudited net loss attributable to owners of the Company for the six months ended 30 September 2020 was approximately HK\$4,456,000, representing a decrease of approximately HK\$14,649,000 or 143.7% as compared with the last corresponding period (six months ended 30 September 2019: Profit of HK\$10,193,000).

The Group's general and administrative expenses for the six months ended 30 September 2020 amounted to approximately HK\$22,151,000, which represented an increase of approximately HK\$164,000 or 0.75% as compared with the last corresponding period (six months ended 30 September 2019: HK\$21,987,000).

The Group's finance cost for the six months ended 30 September 2020 amounted to approximately HK\$4,744,000 (six months ended 30 September 2019: HK\$6,636,000).

Total comprehensive income for the six months ended 30 September 2020 was HK\$13,297,000 (six months ended 30 September 2019: expenses of HK\$55,035,000) mainly comprised the exchange difference arising on transaction of foreign operations, resulted from the appreciation of renminbi of approximately 4% during the period.



Financial Position

As at 30 September 2020, the Group had total assets and total liabilities amounted to HK\$980,371,000 and HK\$133,774,000, respectively, increased by HK\$1,245,000 and HK\$12,052,000 as compared with the unaudited total assets and total liabilities as at 31 March 2020, respectively. The decrease was mainly resulted from the exchange effect arising on transaction of foreign operations, as a result of the appreciation of renminbi.

Loan and interest receivables

Loan and interest receivables increased by HK\$6,528,000 or 1.0% to HK\$673,394,000.

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 in the People’s Republic of China (the “PRC”); (iii) operation of peer-to-peer financing platform and provision of other loan facilitation business in the PRC; (iv) provision of asset management services business in the PRC; (v) loan financing services; and (vi) insurance training services.

Revenue from staff outsourcing services was approximately HK\$67,970,000 for the six months ended 30 September 2020, representing a decrease of approximately 0.27% as compared to approximately HK\$68,154,000 for the corresponding period of previous year.

Due to the overall downturn in the economy as a result of the COVID-19, the performance of the credit and financing business in PRC has slowdown during the period under review. Revenue from credit consultancy services in the PRC was approximately HK\$2,469,000 for the six months ended 30 September 2020, representing a decrease of approximately 69% as compared to approximately HK\$8,033,000 for the corresponding period of previous year.



Revenue from loan facilitation services was approximately HK\$53,000 for the six months ended 30 September 2020, representing a decrease of approximately 99% as compared to approximately HK\$9,227,000 for the corresponding period of previous year.

Revenue from assets management services was approximately HK\$1,537,000 for the six months ended 30 September 2020, which was approximately the same as compared to approximately HK\$1,503,000 for the corresponding period of previous year.

Revenue from loan financing services was approximately HK\$9,313,000 for the six months ended 30 September 2020, representing an increase of approximately 40% as compared to approximately HK\$15,586,000 for the corresponding period of previous year.

Prospects

In light of the slowdown in the global economy and the impact of the COVID-19 epidemic, we have proactively responded and conducted corporate restructuring activities to rebalance our business focus. We have expanded our business into the insurance services sector by acquiring an insurance training business in 2019. We will continue to rebalance and diversify the Group's overall business to confront the volatiled economic condition and environment.

Liquidity and Finance Resources

During the period under review, the Group financed its operations by internally generated cash flow. As at 30 September 2020, the Group had net current assets of HK\$681,338,000 (31 March 2020: HK\$674,816,000) including bank balances and cash of approximately HK\$18,863,000 (31 March 2020: HK\$34,417,000). The current ratio, being the ratio of current assets to current liabilities, as at 30 September 2020 was approximately 8.82 (31 March 2020: 8.04).

As at 30 September 2020, the Group's gearing ratio was approximately 9.7% (31 March 2020: 11.3%), which is calculated based on the Group's total borrowings of approximately HK\$82,109,000 (31 March 2020: HK\$94,379,000) and the Group's total equity of approximately HK\$846,597,000 (31 March 2020: HK\$833,300,000).



Capital Structure of the Group

Details of the movements in the Company's share capital are set out in note 15 to the consolidated financial statements in this report.

Save as disclosed, there was no material change in the Group's capital structure as compared to the most recent published annual report.

Foreign Exchange Exposure

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 six months ended 30 September 2020, the exchange gain arising on retranslation of foreign operations of HK\$16,485,000 (six months ended 30 September 2019: loss of HK\$56,550,000) 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 30 September 2020, the Group had had no charge on its assets (31 March 2020: Nil).

Contingent Liabilities

As at 30 September 2020, the Group did not have any material contingent liabilities.

Capital Commitments

As at 30 September 2020, the Group did not have any material capital commitments.

Employees and Remuneration Policies

As at 30 September 2020, the Group's staff costs, including director's remuneration, were approximately HK\$8,258,000 (2019: HK\$7,689,000). 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.



SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operation. Since the Scheme has become effective on 10 April 2013 and up to 30 September 2020, no share options were granted, exercised or cancelled by the Company under the Scheme and there were no outstanding share options under the Scheme as at 30 September 2020.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES

As at 30 September 2020, interests and short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long position in the Shares

| Name of Director/ chief executive | Nature of interests | Number of Share held | Approximate percentage of Issued share capital |
|--|------------------------------------|---------------------------------|---|
| Li Ang | Interest in controlled corporation | 141,764,039 | 8.22% |
| Cai Zhen Hui | Beneficially owned | 62,970,000 | 3.65% |

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.



INTERESTS AND SHORT POSITIONS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 September 2020, the persons/entities (other than directors and chief executives of the Company) have an interest or a short position in the shares or the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group are as follows:

Long position in the Shares

| Name | Nature of interests | Number of Share held | Approximate percentage of Issued share capital |
|---------------------------------------|---|----------------------|--|
| Upmost Corporation Limited ("Upmost") | Beneficial owner (Note 1) | 207,200,000 | 12.02% |
| Zhang Jian | Interest in controlled corporation (Note 1) | 207,200,000 | 12.02% |
| Li Ang | Interest in controlled corporation (Note 2) | 141,764,039 | 8.22% |
| Elate Star Limited ("Elate Star") | Beneficial owner (Note 2) | 141,764,039 | 8.22% |

Notes:

- (1) Upmost is a company owned as to 100% by Mr. Zhang Jian. By virtue of the SFO, Mr. Zhang Jian is deemed to be interested in the same block of shares in which Upmost is interested.
- (2) Elate Star is owned as to 100% by Mr. Li Ang. By virtue of the SFO, Mr. Li Ang is deemed to be interested in the same block of shares in which Elate Star is interested.



Save as disclosed above, no other parties (other than Directors and chief executive of the Company) has disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of SFO or were recorded in the register kept by the Company under section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 30 September 2020.

Short positions in underlying shares of the Company

As at 30 September 2020, no short positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

As at 30 September 2020, the Directors were not aware of any person who had an interest or short position in the underlying shares (including interests in options, if any) of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Company has not completed any material acquisitions or disposal during the period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry to all Directors, the Company was not aware of any non-compliance with the required standards of dealings and such code of conduct regarding securities transactions by Directors during the six months ended 30 September 2020.



CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 September 2020.

COMPETITION AND CONFLICT OF INTEREST

None of the Directors, the management shareholders or substantial shareholders of the Company or any of its respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during six months ended 30 September 2020.

REVIEW BY AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely, Mr. Lam Raymond Shiu Cheung, Mr. Wang En Ping and Dr. Cheung Wai Bun Charles, JP. Mr. Wang En Ping is the chairman of the audit committee.

The Group's unaudited results for the six months ended 30 September 2020 and this report have been reviewed by the audit committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 13 November 2020