銀合控股有限公司

YIN HE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8260

Annual Report

2016

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EXECUTIVE DIRECTORS
Lam Tsz Chung (Re-designated on 31 August 2015)
Li Si Cong (Appointed on 18 November 2015)
Zheng Zhong Qiang

NON-EXECUTIVE DIRECTOR
Chang, Tin Duk Victor
(Re-designated on 31 August 2015)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Lam, Raymond Shiu Cheung
Wang En Ping
Cheung Wai Bun Charles, JP

COMPLIANCE OFFICER
Chang, Tin Duk Victor

COMPANY SECRETARY
Chan Chi Fai, David

AUDITOR
Asian Alliance (HK) CPA Limited
Certified Public Accountants
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Harbour City
Tsimshatsui
Hong Kong

Dah Sing Bank, Limited
108 Gloucester Road
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Codan Trust Company (Cayman) Limited
Cricket Square
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Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

BUSINESS REVIEW

The Group is principally engaged in the provision of (i) staff outsourcing services, executive/staff search services and other human resources support services; (ii) credit assessment and credit consultancy services in the People's Republic of China (the "PRC"); (iii) loan facilitation business in the PRC; (iv) asset management services business in the PRC.

For the year ended 31 March 2016, the Group has continued to maintain its market position as the leading human resources services provider in Hong Kong. Revenue derived from staff outsourcing services amounted to approximately HK$202,966,000 (2015: approximately HK$195,671,000), an increase of approximately 3.7% in revenue as compared to the corresponding period of the previous year. The reason for the increase is due to an increase in demand for staff outsourcing services from existing clients in the bank industry.

Revenue from executive/staff search services for the year ended 31 March 2016 was approximately HK$6,936,000, a decrease of approximately 38.8% when compared to the corresponding period of the previous year of approximately HK$11,339,000. The decrease is mainly due to a drop in demand for executive/staff search in the banking industry as the customers are cautious in increase internal manpower.

For the year ended 31 March 2016, the revenue for other human resources support services was approximately HK4,239,000, representing an increase of approximately 18.7%, when compared to approximately HK$3,572,000 for the year ended 31 March 2015. The increase is due to the Group's successful engagements of new client for its other human resources support services.

Revenue from credit assessment and counseling services in the PRC was approximately HK$12,332,000 for the year ended 31 March 2016 (2015: approximately HK$3,971,000). The increase in revenue is mainly due to full year contribution from this sector against four months' contribution in same period last year as the credit assessment and credit counselling business was acquired in December 2014.

The Group has committed its loan facilitation business in the PRC since the completion of the acquisition of Radiant Expert Global Limited "Radiant". The unaudited revenue generated from the loan facilitation business for the year ended 31 March 2016 was approximately HK$27,635,000 (2015: Nil), representing approximately 10.6% of the Group's total revenue. The new business has brought into the Group a steady income, broadening the Group's sources of income.

Following the completion of acquisition of Best Moon Holdings Limited ("Best Moon") on 16 March 2016, the Group committed its asset management services business in the PRC and the new business contributed revenue of HK$7,221,000 for the year ended 31 March 2016 (2015: Nil). As the asset management services business has a valuable business network, it could synergize with the Group's existing credit consultancy and loan facilitation financial intermediary businesses through a network of funds and investors which allow the Group as a whole to provide more value added services.

FINANCIAL REVIEW

For the year ended 31 March 2016, the Group recorded revenue of approximately HK$261,329,000 (2015: approximately HK$214,553,000), representing staff outsourcing revenue, executive/staff search revenue, other human resources support services revenue and credit assessment and consultancy revenue. Gross profit for the year ended 31 March 2016 was approximately HK$59,527,000 (2015: approximately HK$18,811,000), representing a gross profit margin of approximately 22.78% for the year ended 31 March 2016 (2015: approximately 8.77%).

During the year ended 31 March 2016, direct costs amounted to approximately HK$201,802,000 (2015: approximately HK$195,742,000), representing costs rendered for sourcing and employing candidates for outsourcing services, direct wages for executive/staff search teams and direct wages for human resources support team, and costs rendered for credit consultancy and assessment services.

Other income for the year ended 31 March 2016 was approximately HK$8,040,000 (2015: approximately HK$576,000), representing interest from bank deposits and director's loan of approximately HK$200,000 (2015: approximately HK$65,000), from loan receivables of approximately HK$2,976,000 (2015: approximately HK$207,000), dividends from available-for-sale, investment income of approximately HK$4,251,000 (2015: Nil) and sundry income of approximately HK$793,000 (2015: approximately HK$304,000).

General and administrative expenses for the year ended 31 March 2016 were approximately HK$26,798,000 (2015: approximately HK$19,936,000), representing a significant increase of approximately 34.4% compared with that of last year, of which staff related costs were approximately HK$7,799,000 (2015: approximately HK$7,647,000). Rental expenses were approximately HK$2,346,000 (2015: approximately HK$2,115,000), the increase is due to rental of an additional office space to support the expansion of the Group's executive/staff search business. Professional fees were approximately HK$3,361,000 (2015: approximately HK$916,000), mainly representing cost of obtaining legal advices on the takeovers code, subscription of new shares and acquisition of subsidiaries.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by its own working capital and from bank borrowings. Total net cash inflow from financing amounted to approximately HK$77,796,000 for the year ended 31 March 2016 (2015: net inflow of approximately HK$46,182,000) and the movements are mainly attributable to approximately HK$78,290,000 (2015: approximately HK$48,803,000) from issue of new shares, expenses, and repayment of bank borrowings, interest paid, payments of both capital and interest element of finance lease liabilities amounting to approximately HK$824,000 (2015: approximately HK$6,621,000) in aggregate.

As at 31 March 2016, the Group had obligations under finance leases of approximately HK$460,000 (2015: approximately HK$419,000). Among the total outstanding amounts of obligations under finance leases as at 31 March 2016, approximately 36.5% (2015: approximately 74.2%) is repayable within the next year.

The Group had a current ratio of approximately 6.09 as at 31 March 2016 comparing to that of approximately 5.10 as at 31 March 2015. As at 31 March 2016, the Group's gearing ratio was approximately 0.1% (2015: approximately 0.3%), which is calculated based on the Group's total borrowings of approximately HK$460,000 (2015: approximately HK$419,000) and the Group's total equity of approximately HK$878,510,000 (2015: approximately HK$114,354,000). The Group's total cash and bank balances as at 31 March 2016 amounted to approximately HK$94,152,000 compared to approximately HK$71,674,000 as at 31 March 2015. The cash and bank balances provide adequate liquidity and capital resources for the ongoing operating requirements of the Group.

CAPITAL STRUCTURE OF THE GROUP

Details of the movements in the Company's share capital are set out in note 27 to the consolidated financial statements in this report.

FOREIGN EXCHANGE EXPOSURE

As most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, the Group's exposure to exchange rate risk is limited. It is the Group's treasury policy to manage its foreign currency exposure only when its potential financial impact is material to the Group. The Group did not use any financial instrument to hedge against foreign currency risk.

CHARGES ON GROUP'S ASSETS

The Group had motor vehicle acquired under finance lease with a carrying value of approximately HK$826,000 (2015: approximately HK$355,000).

CONTINGENT LIABILITIES

As at 31 March 2016, the Group did not have any material contingent liabilities (2015: Nil).

SIGNIFICANT INVESTMENT

During the year ended 31 March 2016, the Group did not have any significant investment (2015: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 8 June 2015 and 30 September 2015, the Group and Maoman Holdings Limited ("Maoman"), entered into a sales and purchase agreement and a supplemental agreement, respectively, in which the Group agreed to acquire the entire issued share capital of Radiant Expert Global Limited ("Radiant") from Maoman at a consideration of HK$204,000,000 by way of allotment and issue of 340,000,000 convertible preference shares (Note 28). The acquisition was completed on 5 November 2015.

On 20 January 2016, the Group, Elate Star Limited and Cultured Noble Limited, entered into a sales and purchase agreement, in which the Group agreed to acquire the entire issued share capital of Best Moon from Elate Star Limited and Cultured Noble Limited at a consideration of approximately HK$192,500,000 by way of allotment and issue of 148,076,923 new ordinary shares of the Company at a price of HK$1.30 each. The acquisition was completed on 16 March 2016.

No material disposals of subsidiaries were made by the Group for the year ended 31 March 2016 (2015: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016, the Group's staff costs, including director's remuneration, were approximately HK$208.9 million (2015: approximately HK$202.3 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 2016 (2015: Nil).

PROSPECTS

The Group aims to create value for its shareholders by looking into new business synergies and exploring potential strategic partners to broaden its credit consultancy/counseling business, loan facilitation business and asset management business in the PRC. While maintaining their competitiveness in the market as the leading human resource services provider in Hong Kong, the Group will also focus strongly on business developments in the PRC by expanding within its existing platform and services network in the PRC.

In addition, the Company will continue to enhance competitiveness and strengthen its market position while maintaining a firm monitor over its cost and operating expenses to maximize the returns for shareholders.

EXECUTIVE DIRECTORS

Mr. Lam Tsz Chung (林子聰), aged 43, was appointed as an non-executive Director on 1 September 2014 and re-designated as an executive director on 31 August 2015. He is responsible for advising on business opportunities for investment, development and expansion of the Group. Having practised law in Hong Kong for more than 17 years, he is qualified to practise in Hong Kong and England and Wales with expertise in civil litigation and commercial matters. Mr. Lam obtained a Bachelor of Laws and a Postgraduate Certificate of Laws from the University of Hong Kong in 1995 and 1996 respectively. He also obtained a Master of Laws from City University of Hong Kong and a Master of Science (Financial Analysis) from the Hong Kong University of Science and Technology.

Mr. Lam is a consultant of Messrs. C. W. Lau & Co. holding a practicing certificate issued by the Law Society of Hong Kong.

Mr. Lam is a China-Appointed Attesting Officer appointed by Ministry of Justice of the PRC, an adjudicator of Immigration Tribunal, an adjudicator of Registration of Persons Tribunal and a member of Appeal Panel (Housing).

Mr. Li Si Cong (李思聰), aged 57, was appointed as executive Director on 18 November 2015. He graduated from 安徽廣播電視大學 (Anhui Open University#) in 1986 and worked at 中國人民銀行安徽省分行 (Anhui Province Branch of the People's Bank of China#). He is currently the chairman of 廣東銀達融資擔保投資集團有限公司 (Guangdong Yinda Financing and Guarantee Investment Group Limited#), and 廣東合銀創業投資有限公司 (Guangdong Heyin Start-up Investment Limited#). Mr. Li is also a 廣州市政協常委 (standing committee member of the Chinese People's Political Consultative Conference of Guangzhou#), vice president of 廣州市工商聯 (Guangzhou Federation of Industry and Commerce#), president of 廣州市金融服務促進會 (Guangzhou Financial Service Promotion Association#), vice president of 廣州市知識份子聯誼會 (Guangzhou Intellectual Association#) and the vice president of 廣州外商投資企業協會 (Guangzhou Foreign Trade Investment Enterprises Association#). Mr. Li has received many awards for his contribution in different areas, which include 中國經濟百名傑出人物 (Outstanding Individual of the Economy of China#), 中國改革百名優秀人物 (Top 100 Revolutionist of the New Century in China#), 中國最具影響力企業家 (The Most Influential Entrepreneur in China#), 中國企業創新優秀人物 (Outstanding Individual on Renovation of Chinese Enterprises#), 全國中小企業信用擔保機構十大領軍人物 (Top 10 Leaders of Credit and Guarantee for Small and Mediumsized Enterprises of the Country#), 推動廣東經濟發展傑出貢獻人物 (Outstanding Individual for Promoting the Economy of Guangdong#), 亞洲十大創新人物 (Asia 10 Brand Innovation Personality Award), 中國改革開放三十年十大創新人物 (Top 10 Innovative Individuals for the Opening-up of China#), 建國60週年廣東經濟風雲人物 (Outstanding Individual of Guangdong for the 60th Anniversary of China#), 中國十大新鋭人物 (Top 10 Innovative Individual of China#), 十大徽商領袖 (Top 10 Huishang Leaders#), 廣州市傑出企業家 (Guangzhou Outstanding Entrepreneur#) 廣東十大經濟風雲人物 (Top 10 Outstanding Business Individuals of Guangdong#), and 廣東省現代服務業優秀企業家 (Outstanding Entrepreneur of Guangdong Modern Services#).

Mr. Zheng Zhong Qiang (鄭鍾強), aged 53, was appointed as an executive Director on 1 September 2014 and is responsible for overseeing the business operations in the PRC. He is also the member of nomination committee of the Company. Mr. Zheng obtained his Bachelor degree of Chemistry from 華南理工大學 (South China University of Technology#) in 1983 and finished the Master degree course in Hotel and Tourism Management of 浙江大學－香港理工大學國際企業培訓中心 (Zhejiang University – The Hong Kong Polytechnic University International Executive Development Centre#) in 2014.

Mr. Zheng was appointed as a deputy department head in 中山糖廠 (Zhongshan Sugar Factory#) in 1991 and a deputy general manager in 中糖集團有限公司 (Zhongtang Group Co., Ltd.#) in 1997. In 2002, he was appointed as the head of business management in 中山市公有企業管理局 (Zhongshan Public Business Bureau#). During the period of 2004 to 2012, Mr. Zheng served as a director of 中山公用事業集團股份有限公司 (前稱中山公用科技股份有限公司) (Zhongshan Public Utilities Group Co., Ltd. formerly known as Zhongshan Public Utilities Science and Technology Co., Ltd.#) (SZ: 000685) and a general manager of 中山中滙投資集團有限公司 (Zhongshan Zhonghui Investment Group Co., Ltd.#). He was appointed as chairman of the board of 中山旅游集團有限公司 (Zhongshan Tourism Group Co., Ltd.#) in October 2010. Since June 2014, he has been appointed as the associate professor in 華南理工大學經濟與貿易學院 (Economy and Trade College, South China University of Technology#).

\# 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.

NON-EXECUTIVE DIRECTOR

Mr. Chang, Tin Duk Victor (張天德), aged 45, was first appointed as an executive Director on 24 February 2012 and re-designated as an non-executive director on 31 August 2015. He is a co-founder of the Group and is a director of Zebra Strategic Outsource Solution Limited ("Zebra SOS"). He is responsible for overseeing the business development and in-house operations and devising market strategies and business expansion plans of the Group. He has over 16 years of experience in recruitment process outsourcing, executive/staff search and private investment management. Before joining the Company, Mr. Chang started his career with Lippo Securities Limited and moved on to become director of Grand International Holdings Limited ("Grand International"), which was engaged in general investments. After leaving Grand International, he went on to be director and responsible officer for Astrum Capital Management Limited (a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contract), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) and Murtsa Capital Partners Limited (a corporation licensed to carry out type 9 (asset management) regulated activity under the SFO) but subsequently resigned from both companies in order to focus and cope with the business expansion of the Group. Also, Mr. Chang resigned as a compliance consultant for Astrum Capital Management Limited in November 2013. Mr. Chang graduated with a Bachelor of Science degree in business administration from Boston University in January 1993.

Mr. Chang is now a director & responsible officer of Dakin Securities Limited (a corporation licensed to carry out type 1 (dealing in Securities) and Type 2 (dealing in futures contract) regulated activities under the SFO). Mr. Chang is also a director of Dakin Capital Limited (a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam, Raymond Shiu Cheung (林兆昌), aged 50, was appointed as an independent non-executive Director on 2 April 2012 and is responsible for providing independent judgment on the issue of strategy, performance, resources and standard of conduct of the Company. He is also the chairman of the remuneration committee and a member of both the audit committee and the nomination committee of the Company. Mr. Lam obtained a bachelor of business degree in banking and finance from the Victoria University of Technology (now known as Victoria University) and a master's degree in applied finance from Macquarie University.

Other than his directorship in the Company, Mr. Lam is currently an executive director of Chinese Food and Beverage Group Limited (stock code: 8272) and an independent nonexecutive director of China Assurance Finance Group Limited (stock code: 8090), both of which are companies listed on GEM.

He was an independent non-executive director of China Chuanglian Education Group Limited (formerly known as China Oriental Culture Group Limited) (stock code: 2371) from January 2008 to September 2010 and The Hong Kong Building and Loan Agency Limited (stock code: 0145) from February 2012 to June 2014, both of which are companies listed on the Main Board. He was also an independent non-executive director of China Railway Logistics Limited (stock code: 8089) from December 2008 to June 2009; China Bio-Med Regeneration Technology Limited (stock code: 8158) from June 2008 to June 2009; Chinese Food and Beverage Group Limited (stock code: 8272) from May 2010 to April 2013, all of which are companies listed on GEM. He was also the deputy chief executive officer of China Eco-Farming Limited (stock code: 8166) from June 2009 to April 2013, a company listed on GEM.

Mr. Wang En Ping (王恩平), aged 61, was appointed as an independent non-executive Director on 1 September 2014 and is responsible for providing independent judgement on the issue of strategy, performance, resources and standard of conduct of the Company. He is also the chairman of the audit committee and a member of both the nomination committee and the remuneration committee of the Company. Mr. Wang obtained his Bachelor degree in Accounting from 安徽財貿學院 (Anhui University of Finance and Economics) in 1988. He has been a member of the Chinese Institute of Certified Public Accountants since 1992 and awarded as senior accountant in 1997.

Mr. Wang worked for 冶金工業部華東地勘局 (East China Geological Prospecting Bureau, Ministry of Metallurgical Industry#), and became the partner of 廣東南方天元會計師事務所 (Guangdong South Tian Yuan Certified Public Accountants#).

Dr. Cheung Wai Bun Charles, *JP* (張惠彬博士，*JP*), aged 80, was appointed as an independent non-executive Director on 1 September 2014 and is responsible for providing independent judgment on the issue of strategy, performance, resources and standard of conduct of the Company. He is also the chairman of nomination committee of the Company. Dr. Cheung is presently director and vice chairman of executive committee of the Metropolitan Bank (China) Ltd. PRC., an independent non-executive director and chairman of audit committee of China Financial International Investments Limited (Stock code: 721), an independent non-executive director and chairman of the audit committee of Pioneer Global Group Limited (Stock code: 224) and an independent non-executive director, member of audit committee and nomination committee and the chairman of remuneration committee of Universal Technologies Holdings Limited (Stock code: 1026), an non-executive director of Galaxy Entertainment Group Limited (Stock code: 27), an non-executive director and chairman of the audit committee of Modern Dental Group Limited, an independent non-executive director and chairman of remuneration committee of Jiayuan International Group Limited (Stock Code: 2768). All the above are listed on the main board of the Stock Exchange. He is currently chairman of the board, an independent non-executive director and chairman of remuneration committee of Grand TG Gold Holdings Limited (Stock code: 8299) which is listed on the GEM. Dr. Cheung was formerly an independent non-executive director and chairman of audit committee of Shanghai Electric Group Company Limited (Stock code: 2727). He is also a council member of the Hong Kong Institute of Directors. He was formerly a visiting professor of School of Business of Nanjing University, PRC. He is also a member of Hospital Governing Committee of both Kowloon Hospital and Hong Kong Eye Hospital and a member of Regional Advisory Committee of Kowloon, Hospital Authority. Dr. Cheung was formerly group chief executive and executive deputy chairman of Mission Hills Group, Hong Kong, and a former director and advisor of the Tung Wah Group of Hospitals. He had held senior management positions in various companies of different industries and possessed extensive banking financial and commercial experiences. Dr. Cheung holds an honorary doctor's degree from John Dewey University of USA, a master degree in business administration and a Bachelor of Science degree in accounts and finance from New York University U.S.A. He was awarded Listed Company Non-executive Director Award by the Hong Kong Directors of the Years 2002. In December 2010, Dr. Cheung received 3 awards namely (1) Outstanding Management Award of The Chartered Management Association; (2) Outstanding Director Award of The Chartered Association of Directors; and (3) Outstanding CED Award of The Asia Pacific CEO Association.

SENIOR MANAGEMENT

Ms. Zhang, Jin (張瑾), aged 37, has joined the Group as chief financial officer in October 2014. Ms. Zhang overseas the overall accounting and financial function of the Group. She obtained a bachelor degree in marketing from 北京工業大學經濟與管理學院 (Economics and Management School of Beijing University of Technology) in 2001 and a master degree of science in international consultancy and accounting from the University of Reading in 2001. She has extensive experience in accounting and financial management. She was previously employed as an auditor in Ernst & Young (Beijing and Guangzhou branches) and a senior auditor in Deloitte (Guangzhou branch) between 2003 and 2010.

Ms. Ren, Yi (任怡), aged 45, joined Zebra SOS in December 2012. She is the general manager of the Group and is responsible for assisting in overseeing the management and daily operation of the Group and supervising the payroll team. She obtained a bachelor of arts degree in English language and linguistics from Beijing University of Aeronautics & Astronautics in July 1993. She has approximately 13 years of experience in business development as well as in sales and marketing. From 2000 to 2007, she worked for an international law firm, an executive search company, an international investment management company and an international investment bank. From September 2007 to February 2011, she held the senior management position of a company listed on the Main Board of the Stock Exchange, where she was primarily responsible for its business development and sales and marketing activities. From February 2011 to December 2012, she was first employed as a senior executive assistant to the chief executive officer of a Hong Kong subsidiary of one of the largest integrated energy companies in Canada, where her primary responsibilities included assisting the chief executive officer in establishing a new energy subsidiary and she last held the position of business and commercial coordinator with such Hong Kong subsidiary.

Ms. Yeung, Ka Fung Queenie (楊家鳳), aged 44, is the head of the ESS-Banking Team of the executive/staff search department. She joined Zebra SOS in August 2009 and is responsible for leading the ESS-Banking Team to partner with the Group's clients in the banking and financial sector in delivering human capital solutions. Ms. Yeung obtained a bachelor of arts degree from the University of Toronto in June 1992 and has more than 16 years of experience in human resources operations management in the financial services industry. Prior to joining the Group, Ms. Yeung was employed by American International Assurance Company Limited as human resources officer in 1993 and was promoted to senior human resources officer in 1996. From 1997 to July 1999, Ms. Yeung was employed by Citibank N.A. and last held the position of compensation and benefits officer. She then worked for Societe Generale Hong Kong Branch before rejoining Citibank N.A. and moved on to Standard Chartered Bank (HK) Limited in 2008. Immediately before joining the Group, she was employed by The Hongkong and Shanghai Banking Corporation Limited and last held the position of senior human resources manager in personal financial services.

Mr. Hui, Chun Sing (許振聲), aged 37, joined Zebra SOS in July 2006. He is the project manager for IT of the Group and is responsible for overseeing the Group's data security controls, and implementing, maintaining and enhancing the standard of information security control and the Group's eHRIS software. He obtained a bachelor of science degree in computing from University of North London in March 2002 and obtained an associate degree in business administration from The Open University of Hong Kong in December 2005. He has approximately 11 years of experience in system and software development. He was awarded the project management professional credential by the Project Management Institute in 2008. Prior to joining the Group, he had joined an IT service company in Hong Kong as a programmer from March 2000 to June 2002. From February 2003 to July 2006, he was employed by Hsin Chong Construction Group Limited and last held the position of analyst programmer.

Pursuant to rule 18.44(2) of the GEM Listing Rules, the board of Directors (the "Board") is pleased to present the corporate governance report for the year ended 31 March 2016.

CORPORATE GOVERNANCE PRACTICES

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 2016, 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, except for the deviation from the following code provisions of the CG Code.

CG Code provision A.2.1

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate.

Mr. Cheung Tin Duk, Victor resigned as the chairman of the Board and chief executive officer of the Company on 31 August 2015 and was re-designated as an non-executive Director. Following his resignation, the Company has been seeking suitable candidate to fill up the vacancies. The Board will continue to review the current management structure from time to time and may make changes if and when appropriate.

Thus, the Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the CG Code.

CG Code provision A.6.7

Dr. Cheung Wai Bun Charles, JP was absent from the extraordinary general meetings of the Company held on 22 October 2015, 21 December 2015 and 8 January 2016 due to his other important engagements.

Mr. Wang En Ping was absent from the extraordinary general meetings of the Company held on 21 December 2015, 8 January 2016 and 17 March 2016 due to his other important engagements.

These were deviation from the CG Code provision A.6.7 which requires that independent non-executive Directors should attend general meetings.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as 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 standard of dealings regarding securities transactions throughout the year ended 31 March 2016 and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

BOARD OF DIRECTORS

The Board is entrusted with the overall responsibility for promoting the success of the Company by directing and supervising the Company's business and affairs. The ultimate responsibility for the day to day management of the Company is delegated to the chairman and the senior management of the Company. In practice, the Board takes responsibilities for decision making in all major matters of the Company. The day-to-day management, administration and operation of the Company are delegated to the executive Directors and senior management. Approval has to be obtained from the Board prior to any significant transactions entered into by the Group and the Board has the full support of them to discharge its responsibilities.

As at the date of this report, the Board comprises seven Directors, including three executive Directors, namely Mr. Lam Tsz Chung, Mr. Li Si Cong and Mr. Zheng Zhong Qiang, one non-executive Director namely Mr. Chang, Tin Duk Victor and three independent non-executive Directors, namely Mr. Lam, Raymond Shiu Cheung, Mr. Wang En Ping and Dr. Cheung Wai Bun Charles, JP. Save as disclosed, there is no other relationship, including financial, business, family or other material/relevant relationship(s) between members of the Board.

The biographical details of each Director are set out in the section headed "Biological Details of Directors and Senior Management" on pages 6 to 8 in this annual report.

During the year ended 31 March 2016, the Company has complied with new code provision relating to board diversity and issued a board diversity policy on 26 August 2013. The nomination committee of the Company will monitor the implementation of the Board diversity policy and review the same as appropriate.

BOARD MEETINGS

The Board is scheduled to meet regularly, at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. During the year ended 31 March 2016, 22 Board meetings were held and the attendance records of individuals Directors are set out below:

	Number of Meetings Attended/Held
Executive Directors	
Lam Tsz Chung (Re-designated on 31 August 2015)	21/22
Li Si Cong (Appointed on 18 November 2015)	7/9
Zheng Zhong Qiang	22/22
Non-Executive Director	
Chang, Tin Duk Victor (Re-designated on 31 August 2015)	22/22
Independent Non-Executive Directors	
Lam, Raymond Shiu Cheung	22/22
Wang En Ping	22/22
Cheung Wai Bun Charles, *JP*	22/22

Appropriate notices were given to all Directors in advance for attending regular and other Board meetings. Meeting agendas and other relevant information were provided to the Directors in advance of Board meetings. All Directors were consulted to include additional matters in the agenda for Board meetings.

Directors have access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed.

Both draft and final versions of the minutes were sent to all Directors for their comment and records. Minutes of Board meetings are kept by the company secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Directors.

GENERAL MEETINGS

Annual general meeting of the Company was held on 27 July 2015, except Mr. Chang. Tin Duk Victor who was an executive Director and Mr. Lam, Raymond Shiu Cheung, an independent non-executive Director, all other Directors attended.

RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The executive Directors and senior management meet regularly to review the Company's business matters and escalate the matters to the Board meeting for further discussion if necessary. The Board and the Directors can seek independent professional advice whenever necessary at the Company's expenses. Furthermore, they can have access to the company secretary who is responsible for ensuring that the Board procedures are duly complied with and advising the Board on corporate governance and compliance matters.

In accordance with the Board's current practice and code provision A.1.7 of the CG Code, any material transaction involving a conflict of interests for a substantial shareholder or a Director will be considered and dealt with by the Board by a duly convened Board meeting. It also requires the directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

CONFIRMATION OF INDEPENDENCE

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company, on the basis of the aforesaid annual confirmations, is of the view that all independent non-executive Directors meet the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors should keep abreast of their collective responsibilities as Directors and of the business and activities of the Group. Directors receive regular updates and presentations on changes and developments to the Group's business and to environments in which the Group operates, as well as their responsibilities under the relevant statutes, laws, rules and regulations to ensure compliance and enhance their awareness of good corporate governance practices. Directors are also encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 March 2016, the Directors participated in the continuous professional developments in relation to regulatory updates, the duties and responsibilities of the Directors and the business of the Group in the following manner:

	Type of training
Executive Directors	
Lam Tsz Chung (Re-designated on 31 August 2015)	A, B
Li Si Cong (Appointed on 18 November 2015)	A, B
Zheng Zhong Qiang	A, B
Non-Executive Director	
Chang, Tin Duk Victor (Re-designated on 31 August 2015)	A, B
Independent Non-Executive Directors	
Lam Raymond Shiu Cheung	A, B
Wang En Ping	A, B
Cheung Wai Bun Charles, *JP*	A, B

A: attending seminars and/or conferences
B: reading materials relevant to the business of the Group or to the Director's duties and responsibilities

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years. Either party has the right to give not less than three months' written notice to terminate the respective service contract.

Each of the independent non-executive Directors has entered into an appointment letter with the Company on an initial term of three years. Either party has the right to give not less than three months' written notice to terminate the respective service contract.

In compliance with the code provision A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. By virtue of Article 83(3) of the articles of association of the Company (the "Articles of Association"), the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision A.4.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to Article 84(1) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors, representing more than one-third of the Board and with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise.

BOARD COMMITTEES

The Board has established, with written terms of reference, three board committees, namely audit committee, remuneration committee and nomination committee, to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

The written terms of reference for each Board committee are in line with the GEM Listing Rules and are available on the websites of the Stock Exchange and the Company, respectively.

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. Lam, Raymond Shiu Cheung is the chairman of the Audit Committee.

The primary duties of the Audit Committee are, among other things, 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 2016 to review and make recommendations to improve the Group's financial reporting process and internal controls.

During the year ended 31 March 2016, 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 2016, 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 of the external auditor.

During the year ended 31 March 2016, 4 Audit Committee meetings were held and the attendance records of individual committee members are set out below:

	Number of Meetings Attended/Held
Lam, Raymond Shiu Cheung *(Chairman)*	4/4
Wang En Ping	4/4
Cheung Wai Bun Charles, *JP*	4/4

REMUNERATION COMMITTEE

The Company established a remuneration committee ("Remuneration Committee") on 19 March 2013 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and paragraph B.1.2 of the CG Code. The Remuneration Committee comprises one executive Director, namely Mr. Lam Tsz Chung and two independent non-executive Directors, namely Mr. Lam, Raymond Shiu Cheung and Mr. Wang En Ping. Mr. Lam, Raymond Shiu Cheung is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendations to the Board on policies and structure for remuneration of Directors and senior management and on the establishment for a formal and transparent procedure for developing policy on such remuneration; and to ensure none of the Directors shall determine their own remuneration.

During the year ended 31 March 2015, 5 Remuneration Committee meetings were held and the attendance records of individual committee members are set out below:

	Number of Meetings Attended/Held
Lam, Raymond Shiu Cheung *(Chairman)*	5/5
Lam Tsz Chung	5/5
Wang En Ping	5/5

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 March 2016 is set out below:

	Number of Individuals
HK$500,000 or below	1
HK$500,001 to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	2

NOMINATION COMMITTEE

The Company established a nomination committee ("Nomination Committee") on 19 March 2013 with written terms of reference in compliance with paragraphs A.5.1 and A.5.2 of the CG Code. The Nomination Committee comprises one executive Director, namely Mr. Zheng Zhong Qiang; and two independent non-executive Directors, namely Mr. Wang En Ping and Dr. Cheung Wai Bun Charles, *JP*. Dr. Cheung Wai Bun Charles, *JP* is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of the independent nonexecutive Directors; and make recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors.

During the year ended 31 March 2016, 5 Nomination Committee meetings were held and the attendance records of individual committee members are set out below:

	Number of Meetings Attended/Held
Cheung Wai Bun Charles, *JP (Chairman)*	5/5
Zheng Zhong Qiang	5/5
Wang En Ping	5/5

The Company has adopted the board diversity policy in August 2013 and will strive to select the most appropriate candidate to be appointed as a member of the Board. When identifying suitable candidates for directorship, the Nomination Committee will carry out the selection process by making reference to not only the skills, experience, education background, professional knowledge, personal integrity and time commitments but also the gender, age, cultural background and ethnicity of the proposed candidates, and also the Company's needs and other relevant statutory requirements and regulations required for the positions. The decision will be made in accordance with the strength of the contribution to the Board by the candidate. All candidates must be able to meet the standards as set for in Rules 5.01 and 5.02 of the GEM Listing Rules. A candidate who is to be appointed as an independent non-executive Director should also meet the independence criteria as set out in Rule 5.09 of the GEM Listing Rules. Qualified candidates will then be recommended to the Board for approval.

CORPORATE GOVERNANCE FUNCTION

The Company's corporate governance function is carried out by the Board pursuant to a set written terms of reference adopted by the Board, which include (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the CG Code and disclosures in the corporate governance report.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements which give a true and fair view of the financial position of the Group. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The responsibilities of the external auditors about their financial reporting are set out in the independent auditor's report attached to the Company's financial statements for the year ended 31 March 2016 set out in this report.

AUDITOR'S REMUNERATION

The consolidated financial statements of the Company and its subsidiaries for the year were audited by Asian Alliance (HK) CPA Limited (formerly ZhongLei (HK) CPA Company Limited) whose term of office will expire upon the forthcoming annual general meeting. The Audit Committee has recommended to the Board that Asian Alliance (HK) CPA Limited be re-appointed as auditor of the Company for approval by the shareholders of the Company at the forthcoming annual general meeting.

During the year ended 31 March 2016, the remuneration paid and payable to the Company's auditor is approximately HK$829,000 for audit services.

COMPANY SECRETARY

Mr. Chan Chi Fai David ("Mr. Chan") was appointed as the company secretary of the Company on 31 August 2015. Mr. Chan is a fellow member of the Hong Kong Institute of Certified Public Accountants and holds a Bachelor's degree in Business Administration from the University of Manchester. He has over 27 years of experience in company secretary, auditing, finance and accounting fields in various listed companies and international accounting firm in Hong Kong.

Pursuant to paragraph F of the CG Code, he should possess day-to-day knowledge on the Company's affairs and responsible for advising the Board on all governance matters and facilitates the induction and professional development of all Directors.

For the year ended 31 March 2016, Mr. Chan has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

SHAREHOLDERS' RIGHTS

Pursuant to Article 58 of the Articles of Association, the Board may whenever it thinks fit call extraordinary general meetings. Anyone or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Pursuant to Article 85 of the Articles of Association, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a written notice (unless otherwise specifically stated and as further defined in the Articles of Association) (the "Notice") signed by a shareholder of the Company (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office of the Company or at the Hong Kong branch share registrar of the Company provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Procedures for directing shareholder' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Company, for the attention of the Board of Director, by email: info@yinhe.com.hk, or mail to Room 2418A, Wing On Centre, 111 Connaught Road Central, Hong Kong. Shareholders may also make enquiries with the Board at the general meetings of the Company.

Investor Relations

The Board recognises the importance of good communications with all shareholders. The Company believes that maintaining a high level of transparency is a key to enhance investor relations. The Company is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public.

The Company updates its shareholders on its latest business developments and financial performance through its corporate publications including quarterly, interim and annual reports and public announcements. While the annual general meeting provides a valuable forum for direct communication between the Board and its shareholders, the Company also maintains its website (www.yinhe.com.hk) to provide an alternative communication channel for the public and its shareholders. All corporate communication and Company's latest updates are available on the Company's website for public's information.

During the year ended 31 March 2016, the Company did not make any significant changes to its memorandum and the Articles of Association.

INTERNAL CONTROLS

The Board is responsible for establishing and maintaining a sound and effective internal control system in order to safeguard the interests of the shareholders and assets of the Company against unauthorised use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

The Audit Committee reviewed the overall effectiveness of the internal control system of the Group and reported its findings and made recommendations to the Board. The Directors have conducted a review of the effectiveness of the Group's internal control system, including financial, operational, compliance controls and risk management functions for the year ended 31 March 2016. The Board will continue to assess the effectiveness of internal controls by considering reviews performed by the audit committee and executive management.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board considers that maintaining continuous and effective communication with shareholders is crucial to and is a key element of establishing shareholders' confidence and attracting new investors. These includes (i) the publication of quarterly, interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for shareholders of the Company to raise comments and exchanging views with the Board; (iii) latest updates and key information of the Company are available on the website of the Company, that offers a communication channel between the Company and its shareholders and investors; and (iv) the Company's share registrar in Hong Kong serves the shareholders regarding all share registration matters.

The forthcoming annual general meeting of the Company will be held on 3 August 2016.

The Directors have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are the provision of staff outsourcing services, credit consultancy services, loan facilitation services and asset management services. The Group is also engaged in the provision of executive/staff search services and other human resources support services.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2016 and the state of its affairs as at that date are set out in the financial statements on pages 23 to 27 of this annual report. The Directors did not recommend the payment of any final dividend for the year ended 31 March 2016.

USE OF PROCEEDS

2013 Listing

The shares of the Company (the "Share(s)") were listed on the GEM of the Stock Exchange on 10 April 2013 (the "Listing Date") with net proceeds from the placing of approximately HK$21.4 million. The net proceeds from the Listing Date to 31 March 2016 had been applied as follows:

	Use of proceeds from the Listing Date to period ended 31 March 2016 as shown in the Prospectus HK$ million	**Actual use of proceeds from the Listing Date to 31 March 2016** HK$ million
Expansion of existing executive/staff search and staff outsourcing services in Hong Kong	6.2	3.2
Development in PRC and Singapore markets	8.2	3.2
Upgrading of eHRIS software	3.0	0.6
Development of other human resources support services	2.0	–
General working capital	2.0	2.0
	21.4	9.0

The 2014 Placing

On 24 March 2015 (the "Completion Date"), the Company completed placing of 190,000,000 new Shares with net proceeds of approximately HK$48.5 million. The net proceeds from the Completion Date to 31 March 2016 had been applied as follows:

		Planned amount per 2014 Placing Circular HK$ million	**Amount utilised up to 31 March 2016** HK$ million
(i)	Working capital for Sheng Zhuo Group Limited (a wholly-owned subsidiary of the Group)	3.0	3.0
(ii)	General working capital of the Group	5.5	5.5
(iii)	Development of money lending business	40.0	23.3
		48.5	31.8

The 2015 subscription

On 18 November 2015 (the "Subscription Date"), the Company completed subscription of 66,500,000 new Shares with net proceeds of approximately HK$78.4 million. The net proceeds from the Subscription Date to 31 March 2016 had been fully applied as follows:

(i) approximately HK$48.7 million to increase the registered capital of Guangzhou Shun Xin Dai Hui Lian Wang Internet Financial Information Services Limited;

(ii) and approximately HK$29.7 million for provision of entrusted loans.

SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 31 March 2016 are set out in note 27 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 March 2016 are set out in note 38 to the consolidated financial statements and in the consolidated statement of changes in equity on pages 25 to 26 in this Annual Report, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2016, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$725,595,000. The amount of approximately HK$725,595,000 includes the Company's share premium and contributed surplus, net of accumulated losses which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year ended 31 March 2016 are set out in note 14 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group, as extracted from the consolidated financial statements for the last three financial years, is set out on page 80 of this report. This summary does not form part of the audited financial statements.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES

During the year ended 31 March 2016, 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.

MAJOR CUSTOMERS

Sales to the Group's five largest customers accounted for approximately 74% of the total sales for the year ended 31 March 2016 and sales to the largest customer included therein amounted to approximately 47%.

Due to the nature of the Group's business, the Group has no major suppliers.

To the best knowledge of the Directors, neither the Directors, their associates, nor any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital), had any beneficial interest in any of the Group's five largest customers or suppliers during the year ended 31 March 2016.

DIRECTORS

The Directors of the Company who hold office during the year ended 31 March 2016 and up to the date of this report are:

Executive Directors:

Mr. Lam Tsz Chung (Re-designated on 31 August 2015)
Mr. Li Si Cong (Appointed on 18 November 2015)
Mr. Zheng Zhong Qiang

Non-Executive Director:

Mr. Chang, Tin Duk Victor (Re-designated on 31 August 2015)

Independent Non-Executive Directors:

Mr. Lam, Raymond Shiu Cheung
Mr. Wang En Ping
Dr. Cheung Wai Bun Charles, *JP*

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written annual confirmation from each of its independent non-executive Directors in respect of their independence in accordance with the requirements of the Rule 5.09 of the GEM Listing Rules and all independent nonexecutive Directors are considered to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 6 to 8 of this report.

DIRECTORS' SERVICE CONTRACTS

All executive Directors have entered into service contracts with the Company for a period of three years and will continue thereafter until terminated by either party giving not less than three months' prior written notice to the other. They are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's articles of association.

The non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing, subject to retirement by rotation and re-election at annual general meeting and until terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing, subject to retirement by rotation and re-election at annual general meeting and until terminated by not less than three months' notice in writing served by either party on the other.

No Director has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as aforesaid and disclosed in note 35 to the consolidated financial statement, there was no other contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a Director had a material interest subsisted at 31 March 2016 or at any time during the year ended 31 March 2016.

EMOLUMENT POLICY

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is committed to the sustainable development of the environment and our society. The Group has endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental practices to ensure our business meet the required standards and ethics in respect of environmental protection.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his or her duty or otherwise in relation thereto.

MANAGEMENT CONTRACTS

No management and administration contracts in respect of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2016.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 March 2016, 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	Nature of interests	Number of Shares held	Approximate percentage of issued share capital
Li Si Cong	Beneficial owner	66,500,000	5.77%

INTERESTS AND SHORT POSITIONS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2016, the persons/entities (other than directors and chief executive 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:

Name	Nature of interests	Number of Shares held	Approximate percentage of issued share capital
Upmost Corporation Limited	Beneficial owner	207,200,000	17.98%
Zhang Jian	Interest in controlled corporation	207,200,000	17.98%
Zhan Yu Global Limited	Beneficial owner	75,000,000	6.51%
Ye Jun	Interest in controlled corporation	75,000,000	6.51%

Notes:

(1) Upmost Corporation Limited 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 Corporation Limited is interest.

(2) Zhan Yu Global Limited is a company owned as to 100% by Mr. Ye Jun. By virtue of the SFO, Mr. Shiu Shu Ming is deemed to be interested in the same block of shares in which Zhan Yu Global Limited is interest.

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 31 March 2016.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2016 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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, no share options were granted, exercised or cancelled by the Company under the Scheme during the year ended 31 March 2016 and there were no outstanding share options under the Scheme as at 31 March 2016.

MATERIAL RELATED PARTIES TRANSACTIONS

The material related party transactions in relation to the service income from a related party as disclosed in note 35 to the consolidated financial statements in this Annual Report are continuing connected transactions exempt from reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 20.33(3)(c) of the GEM Listing Rules. Further details are set out in the section headed "Exempted Continuing Connected Transaction" in the prospectus of the Company dated 28 March 2013.

The material related party transactions in relation to the key management personnel remuneration as disclosed in note 10 to the consolidated financial statements in this annual report are connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 20.31(6) of the GEM Listing Rules.

Save as disclosed above, the Directors consider that those material related party transactions disclosed in note 35 to the consolidated financial statements in this Annual Report did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

On 20 January 2016, the Group, Elate Star Limited and Cultured Noble Limited, entered into a sales and purchase agreement, in which the Group agreed to acquire the entire issued share capital of Best Moon from Elate Star Limited and Cultured Noble Limited (the "Acquisition"). As Elate Star Limited is wholly-owned by Mr. Li Ang, who is the son of Mr. Li Si Cong (being an executive Director). Mr. Li Ang is therefore an associate of Mr. Li Si Cong and hence a connected person of the Company. As such, the Acquisition constitutes a connected transaction of the Company under the GEM Listing Rules.

Save as disclosed, during the year ended 31 March 2016, the Group has not entered into any connected transactions that are not exempt under Rule 20.31 of the GEM Listing Rules nor any continuing connected transactions that are not exempt under Rule 20.33 of the GEM Listing Rules.

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 2016.

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 Noncompetition") 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 20 June 2016, Ms. Yeung had complied with the Undertaking and the Deed of Noncompetition. 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.

COMPLIANCE ADVISER'S INTEREST

As at 31 March 2016, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 27 March 2013, which commencing on 10 April 2013, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at 31 March 2016 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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 2016.

CORPORATE GOVERNANCE

A report detailed corporate governance report is set out in pages 9 to 15 in this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules since the Listing Date up to the date of this annual report.

SUBSEQUENT EVENTS

Details of significant events occurring after 31 March 2016 are set out in note 34 to the financial statements.

AUDITOR

Asian Alliance (HK) CPA Limited (formerly known as ZHONGLEI (HK) CPA Company Limited) has been appointed as the new auditor of the Group with effect from 11 April 2016 to fill the vacancy following the resignation of BDO Limited who have acted as auditor of the Group for the preceding three financial years.

By order of the Board
Yin He Holdings Limited

Lam Tsz Chung
Executive Director

Hong Kong, 20 June 2016

華融(香港)會計師事務所有限公司
Asian Alliance (HK) CPA Limited

YIN HE HOLDINGS LIMITED
銀合控股有限公司
(FORMERLY KNOWN AS ZEBRA STRATEGIC HOLDINGS LIMITED
前稱施伯樂策略控股有限公司)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Yin He Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 79, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Asian Alliance (HK) CPA Limited
Certified Public Accountants (Practising)
Lam Chik Tong
Practising Certificate Number: P05612

Suites 313-316
3/F., Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

20 June 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	6	**261,329**	214,553
Direct costs		**(201,802)**	(195,742)
Gross profit		**59,527**	18,811
Other income	6	**8,040**	576
General and administrative expenses		**(26,798)**	(19,936)
Operating profit (loss)		**40,769**	(549)
Finance costs	7	**(15)**	(71)
Profit (loss) before tax		**40,754**	(620)
Income tax expense	8	**(7,576)**	(910)
Profit (loss) for the year	9	**33,178**	(1,530)
Other comprehensive (expense) income for the year, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of financial statements of foreign operations		**(3,703)**	373
Total comprehensive income (expense) for the year		**29,475**	(1,157)
Profit (loss) for the year attributable to:			
Owners of the Company		**33,176**	(1,530)
Non-controlling interest		**2**	–
		33,178	(1,530)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**29,424**	(1,157)
Non-controlling interest		**51**	–
		29,475	(1,157)
Earnings (loss) per share	13		
Basic (HK cents)		**4.2**	(0.4)
Diluted (HK cents)		**4.0**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	14	**1,750**	872
Goodwill	15	**504,852**	7,152
Intangible assets	16	**6,486**	6,491
Interests in associates	17	**–**	–
Available-for-sale investments	18	**123,154**	–
		636,242	14,515
Current assets			
Trade and other receivables	19	**80,923**	33,034
Loan and interest receivables	20	**116,996**	21,546
Amount due from a related company	21	**50**	50
Amount due from an associate	22	**–**	75
Bank balances and cash	23	**94,152**	71,674
		292,121	126,379
Current liabilities			
Other payables and accrued expenses	24	**40,619**	24,035
Obligation under finance lease	25	**168**	311
Amount due to an associate	22	**3**	3
Tax payable		**7,202**	433
		47,992	24,782
Net current assets		**244,129**	101,597
Total assets less current liabilities		**880,371**	116,112
Non-current liabilities			
Obligation under finance lease	25	**292**	108
Deferred tax liabilities	26	**1,569**	1,650
		1,861	1,758
Net assets		**878,510**	114,354
Capital and reserves			
Share capital	27	**11,521**	6,650
Reserves		**862,263**	107,704
Equity attributable to owners of the Company		**873,784**	114,354
Non-controlling interest		**4,726**	–
Total equity		**878,510**	114,354

The consolidated financial statements on pages 23 to 79 were approved and authorised for issue by the Board of Directors on 20 June 2016 and are signed on its behalf by:

Lam Tsz Chung
Director

Chang, Tin Duk Victor
Director

	Attributable to owners of the Company									
	Share capital HK$'000 (Note 27)	Share premium HK$'000	Convertible preference shares HK$'000 (Note 28)	Merger reserve HK$'000 (Note (a))	Statutory reserve HK$'000 (Note (b))	Translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total HK$'000
At 1 April 2014	4,000	22,478	–	(213)	–	–	15,318	41,583	–	41,583
Loss for the year	–	–	–	–	–	–	(1,530)	(1,530)	–	(1,530)
Other comprehensive income for the year, net of income tax										
Items that may be subsequently reclassified to profit or loss:										
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	373	–	373	–	373
Total comprehensive income (expense) for the year	–	–	–	–	–	373	(1,530)	(1,157)	–	(1,157)
Issue of ordinary shares upon acquisition of subsidiaries (Note 31(c))	750	24,375	–	–	–	–	–	25,125	–	25,125
Issue of ordinary shares upon placing (Note 27(b))	1,900	47,690	–	–	–	–	–	49,590	–	49,590
Transaction costs attributable to issue of ordinary shares upon placing	–	(787)	–	–	–	–	–	(787)	–	(787)
Statutory reserve appropriation	–	–	–	–	266	–	(266)	–	–	–
At 31 March 2015	6,650	93,756	–	(213)	266	373	13,522	114,354	–	114,354

	Attributable to owners of the Company									
	Share capital HK$'000 (Note 27)	**Share premium** HK$'000	**Convertible preference shares** HK$'000 (Note 28)	**Merger reserve** HK$'000 (Note (a))	**Statutory reserve** HK$'000 (Note (b))	**Translation reserve** HK$'000	**Retained earnings** HK$'000	**Total** HK$'000	**Non-controlling interest** HK$'000	**Total** HK$'000
At 1 April 2015	6,650	93,756	–	(213)	266	373	13,522	114,354	–	114,354
Profit for the year	–	–	–	–	–	–	33,176	33,176	2	33,178
Other comprehensive expense (income) for the year, net of income tax										
Items that may be subsequently reclassified to profit or loss:										
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	(3,752)	–	(3,752)	49	(3,703)
Total comprehensive (expense) income for the year	–	–	–	–	–	(3,752)	33,176	29,424	51	29,475
Issue of ordinary shares upon placing (Note 27(c))	665	77,805	–	–	–	–	–	78,470	–	78,470
Transaction costs attributable to issue of ordinary shares upon placing	–	(180)	–	–	–	–	–	(180)	–	(180)
Issue of convertible preference shares upon acquisition of subsidiaries (Note 28)	–	–	506,600	–	–	–	–	506,600	–	506,600
Issue of ordinary shares upon acquisition of subsidiaries (Note 31(b))	1,481	143,635	–	–	–	–	–	145,116	–	145,116
Issue of ordinary shares upon conversion of convertible preference shares (Note 28)	2,725	403,300	(406,025)	–	–	–	–	–	–	–
Statutory reserve appropriation	–	–	–	–	4,764	–	(4,764)	–	–	–
Acquisition of subsidiaries (Note 31(b))	–	–	–	–	–	–	–	–	6,659	6,659
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	–	(1,984)	(1,984)
At 31 March 2016	11,521	718,316	100,575	(213)	5,030	(3,379)	41,934	873,784	4,726	878,510

Notes:

(a) Merger reserve

Merger reserve represents the difference between the nominal value of the share capital of a subsidiary held by the Group and the nominal value of the share capital of the Company.

(b) Statutory reserve

According to the relevant rules and regulations in the People's Republic of China ("PRC"), subsidiaries of Yin He Holdings Limited (the "Company") (together with the subsidiaries collectively referred to as the "Group") established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the statutory reserve until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Statutory reserve can be used to set-off previous years' loss, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.

	2016 HK$'000	2015 HK$'000
OPERATING ACTIVITIES		
Profit (loss) before tax	**40,754**	(620)
Adjustments for:		
Interest income	**(2,996)**	(272)
Interest expenses	**15**	71
Depreciation of property, plant and equipment	**617**	704
Amortisation of intangible assets	**752**	164
Impairment recognised in respect of amount due from an associate	**101**	–
Impairment recognised in respect of other receivables	**–**	560
Operating cash flows before movements in working capital	**39,243**	607
Increase in trade and other receivables	**(26,476)**	(198)
(Decrease) increase in other payables and accrued expenses	**(26,879)**	5,790
Cash (used in) generated from operations	**(14,112)**	6,199
Income tax (paid) refunded	**(3,756)**	124
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(17,868)**	6,323
INVESTING ACTIVITIES		
Interest received	**2,996**	272
Purchase of property, plant and equipment	**(335)**	(51)
Purchase of intangible assets	**(261)**	–
Increase in loan and interest receivables	**(70,050)**	(21,546)
Acquisition of subsidiaries	**15,992**	12,049
Proceeds from disposal of available-for-sale investments	**17,980**	–
Increase in amount due from an associate	**(26)**	(20)
Withdrawal of pledged bank deposits	**–**	6,510
NET CASH USED IN INVESTING ACTIVITIES	**(33,704)**	(2,786)
FINANCING ACTIVITIES		
New bank loans raised	**–**	4,000
Repayment of bank loans	**–**	(6,260)
Net proceeds from issue of ordinary shares	**78,290**	48,803
Interest paid	**(15)**	(71)
Repayment of obligations under finance lease	**(479)**	(290)
NET CASH FROM FINANCING ACTIVITIES	**77,796**	46,182
NET INCREASE IN CASH AND CASH EQUIVALENTS	**26,224**	49,719
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**71,674**	21,727
Effect of foreign exchange rate changes	**(3,746)**	228
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**94,152**	71,674

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 were listed on the Growth Enterprise Market ("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.

Pursuant to the special resolution passed at the extraordinary general meeting of the Company on 8 January 2016, the Company's name has been changed from "Zebra Strategic Holdings Limited 施伯樂策略控股有限公司" to "Yin He Holdings Limited 銀合控股有限公司".

The principal activity of the Company is investment holding. The principal activities of its subsidiaries (together with the Company referred to as the "Group") are set out in Note 36 to the consolidated financial statements.

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

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

Application of new and revised HKFRSs

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

Amendments to Hong Kong Accounting Standard ("HKAS") 19 (2011)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements to HKFRSs 2010 - 2012 Cycle
Annual Improvements Project	Annual Improvements to HKFRSs 2011 - 2013 Cycle

The application of the amendments to HKFRSs in the current year has had 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.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Annual Improvements Project	Annual Improvements to HKFRSs 2012-2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
4 Effective date is to be determined. Early application is permitted.

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

New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of financial liability designated as fair value through profit or loss is presented in profit or loss.

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

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company (the "Directors") anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

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

New and revised HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 *Property, Plant and Equipment* prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 *Intangible Assets* introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation for its property, plant and equipment and amortisation for intangible assets, respectively. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

– At cost;

– In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted HKFRS 9), or

– Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards.*

The Directors do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to HKFRS 10 *Consolidated Financial Statements*, HKFRS 12 *Disclosure of Interests in Other Entities* and HKAS 28 *Investments in Associates and Joint Ventures* clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary, whose main purpose is to provide services and activities that are related to the investment activities of the investment entity parent, applies only to subsidiaries that are not investment entities themselves.

The Directors do not anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any subsidiary and associate that qualifies as an investment entity.

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

New and revised HKFRSs in issue but not yet effective (Continued)

Annual Improvements to HKFRSs 2012-2014 Cycle

The *Annual Improvements to HKFRSs 2012-2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The Directors do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

Other than the above, the Directors do not anticipate that the application of the other new and amendments to HKFRSs will have any significant impact on the Group's financial performance and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the GEM Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or GEM Listing Rules but not under the new CO or amended GEM Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for available-for-sale investments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities are recognised and measured in accordance with HKAS 12 *Income Taxes*; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investments in subsidiaries

In the Company's statement of financial position, the investment in subsidiaries are stated at cost less any accumulated impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from staff outsourcing services represents the amounts billed for the services of outsourcing staff. This is recognised on a monthly basis when the services have been provided. The Group reports gross revenue and the related direct costs of staff outsourcing services as the Group acts as a principal in the arrangements and has the risk and rewards of ownership (such as the obligation to pay outsourcing staff and the risk of loss for collection of the related trade receivables).

Revenue from executive/staff search services, based on a percentage of the candidate's remuneration package in the first year of the individual's employment, is recognised when the services are rendered pursuant to the terms of the agreement which usually coincides with the employment commencement date. A provision is made by the management, based on past experience, for the possible cancellation of placements shortly after the commencement of employment.

The Group presents revenues and the related direct costs of services in accordance with HKAS 18 *Revenue*. For arrangements in which the Group acts as a principal in the transaction and has risks and rewards of ownership (such as the obligation to pay outsourcing staff and the risk of loss for collection), the Group reports gross revenues and gross direct costs. Under arrangements where the Group acts as an agent, revenues are reported on a net basis.

Revenue from other human resources support services are recognised as follows:

- Revenue from payroll outsourcing services represents the amounts billed for the payroll processing services provided to customers. This is recognised on a monthly basis when the services have been provided.

- Revenue from sales of eHRIS software represents the amounts billed for the transfer of rights to use information technology system and related services. This is recognised when the system has been installed and the services have been provided respectively.

- Revenue from credit consultancy services represents the amounts billed for the credit consultancy services. This is recognised when the services are provided.

- Revenue from loan facilitation services and asset management services are recognised when the services are provided.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair values at the inception of the leases, or, if lower, the present value of the minimum lease payments. The corresponding liabilities to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as lessee (Continued)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs and termination benefits

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into loans and receivables and available-for-sale (“AFS”) financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan and interest receivables, amount due from a related company / an associate and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment loss (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables. The Group designated unlisted equity investments as AFS financial assets on initial recognition of those investments.

Equity securities held by the Group that are classified as AFS financial assets and are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under to be heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

AFS financial assets (Continued)

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy in respect of impairment loss on financial assets below).

Impairment loss of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation ; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, and loan and interest receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days (2015: 30 to 60 days), observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and loan and interest receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable and loan and interest receivables is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss of financial assets (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment loss not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Non-redeemable convertible preference shares contains equity components

Non-redeemable convertible preference shares issued by the Group that contain the conversion option components are classified into equity on initial recognition in accordance with the substance of the contractual arrangements and the definitions of an equity instrument. Conversion option allows the holder of convertible preference shares to convert the convertible preference shares into a fixed number of the Company's ordinary shares is classified as an equity instrument.

The equity component, representing the option to convert preference shares into ordinary shares of the Company, will remain in equity until the conversion options are exercised and will be transferred to share capital and share premium of the Company.

Other financial liabilities

Other financial liabilities including other payables and accrued expenses, obligation under finance lease and amount due to an associate, are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3 to the consolidated financial statements, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

Revenue recognition

The Group recognises revenue when the services are rendered. In respect of the executive/staff search services, the management made judgement in considering the timing of fulfilling the detailed criteria for the recognition of revenue when the services are rendered pursuant to the terms of the agreements which usually coincides with the employment commencement date. A provision is made by the management, based on estimation with reference to historical experience, for the proportion of those placements where the candidate is expected to reverse their acceptance shortly after the commencement date.

In respect of the staff outsourcing services, the management made judgement in considering if the Group acts as a principal from the accounting perspective, and hence recognises the gross revenue and the related direct costs, with reference to all relevant facts and circumstances of the service arrangements. The Group is the primary obligor in the arrangements and is responsible for the acceptability of the services provided by the outsourcing staff to the customers during the service period. The Group also maintains an employer/ employee relationship with and has the obligation to pay the outsourcing staff and bears the credit risk of not collecting the related trade receivables from the customers. After taking into consideration of these factors, the management considers that the Group is acting as a principal from the accounting perspective since it has exposure to the significant risks and rewards associated with the rendering of the staff outsourcing services.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of receivables

The policy for the impairment of receivables of the Group is based on the evaluation of collectability and ageing analysis of receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer/debtor, further details of which are set out in Notes 19 and 20 to the consolidated financial statements.

Depreciation of property, plant and equipment

The Group depreciated the property, plant and equipment on a straight-line basis over the estimated useful lives, starting from the date on which the assets are placed into productive use. The estimated useful lives reflect the Directors' best estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment, further details of which are set out in Note 14 to the consolidated financial statements.

Estimated current tax and deferred tax

The Group is subject to taxes in different jurisdictions. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such final tax liabilities determination is made.

Impairment of goodwill

Determining whether goodwill are impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value, further details of which are set out in Note 15 to the consolidated financial statements.

Amortisation of intangible assets

The Group amortised the intangible assets on a straight-line basis over the estimated useful lives, starting from the date on which the assets are acquired upon business combination or acquired separately. The estimated useful lives reflect the Directors' best estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's intangible assets, further details of which are set out in Note 16 to the consolidated financial statements.

5. 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 ("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 facilitation services and asset management services are new reportable and operating segments of the Group for the year ended 31 March 2016.

Segment revenue and results

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

	Human resources services HK$'000	**Credit consultancy services HK$'000**	**Loan facilitation services HK$'000**	**Asset management services HK$'000**	**Consolidated HK$'000**
For the year ended 31 March 2016					
Segment revenue	**214,141**	**12,332**	**27,635**	**7,221**	**261,329**
Segment profit	**2,051**	**7,924**	**24,031**	**11,059**	**45,065**
Interest income					**2,996**
Unallocated corporate expenses					**(7,307)**
Profit before tax					**40,754**
For the year ended 31 March 2015					
Segment revenue	210,582	3,971	-	-	214,553
Segment profit	979	862	-	-	1,841
Interest income					272
Unallocated corporate expenses					(2,733)
Loss before tax					(620)

5. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3 to the consolidated financial statements. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' emoluments and interest income. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

There has been no inter-segment sale between different business segments during the year or prior year.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	Human resources services HK$'000	Credit consultancy services HK$'000	Loan facilitation services HK$'000	Asset management services HK$'000	Consolidated HK$'000
As at 31 March 2016					
Segment assets	**41,926**	**8,484**	**17,343**	**144,585**	**212,338**
Goodwill					**504,852**
Other receivables					**25**
Loan and interest receivables					**116,996**
Bank balances and cash					**94,152**
Consolidated assets					**928,363**
Segment liabilities	**19,872**	**1,547**	**2,516**	**16,774**	**40,709**
Accrued expenses					**370**
Amount due to an associate					**3**
Tax payable					**7,202**
Deferred tax liabilities					**1,569**
Consolidated liabilities					**49,853**

	Human resources services HK$'000	Credit consultancy services HK$'000	Loan facilitation services HK$'000	Asset management services HK$'000	Consolidated HK$'000
As at 31 March 2015					
Segment assets	31,257	9,265	-	-	40,522
Goodwill					7,152
Loan and interest receivables					21,546
Bank balances and cash					71,674
Consolidated assets					140,894
Segment liabilities	22,720	1,354	-	-	24,074
Accrued expenses					380
Amount due to an associate					3
Tax payable					433
Deferred tax liabilities					1,650
Consolidated liabilities					26,540

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than goodwill, loan and interest receivables, bank balances and cash and certain other receivables; and
- all liabilities are allocated to operating segments other than certain accrued expenses, amount due to an associate, tax payable and deferred tax liabilities.

Other segment information

	Human resources services HK$'000	Credit consultancy services HK$'000	Loan facilitation services HK$'000	Asset management services HK$'000	Unallocated HK$'000	Consolidated HK$'000
For the year ended 31 March 2016						
Amounts included in the measure of segment profit or loss or segment assets:						
Addition to property, plant and equipment	850	–	5	–	–	855
Acquisition of property, plant and equipment through acquisition of subsidiaries	–	–	392	253	–	645
Acquisition of goodwill through acquisition of subsidiaries	–	–	491,347	6,694	–	498,041
Addition to intangible assets	–	–	261	–	–	261
Acquisition of intangible assets through acquisition of subsidiaries	–	–	841	–	–	841
Acquisition of available-for-sale investments through acquisition of subsidiaries	–	–	–	122,484	–	122,484
Depreciation of property, plant and equipment	535	16	61	5	–	617
Amortisation of intangible assets	–	642	110	–	–	752
Impairment loss recognised in respect of amount due from an associate	101	–	–	–	–	101
Finance costs	15	–	–	–	–	15
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:						
Interest income	(1)	(4)	(12)	(3)	(2,976)	(2,996)

	Human resources services HK$'000	Credit consultancy services HK$'000	Loan facilitation services HK$'000	Asset management services HK$'000	Unallocated HK$'000	Consolidated HK$'000
For the year ended 31 March 2015						
Amounts included in the measure of segment profit or loss or segment assets:						
Addition to property, plant and equipment	51	–	–	–	–	51
Acquisition of property, plant and equipment through acquisition of subsidiaries	–	26	–	–	–	26
Acquisition of goodwill through acquisition of subsidiaries	–	7,104	–	–	–	7,104
Acquisition of intangible assets through acquisition of subsidiaries	–	6,558	–	–	–	6,558
Depreciation of property, plant and equipment	695	9	–	–	–	704
Amortisation of intangible assets	–	164	–	–	–	164
Impairment loss recognised in respect of other receivables	560	–	–	–	–	560
Finance costs	71	–	–	–	–	71
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:						
Interest income	(62)	(3)	–	–	(207)	(272)

5. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in Hong Kong and 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. Information about the Group's non-current assets, excluded those financial instruments, is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**214,141**	210,582	**1,169**	855
PRC	**47,188**	3,971	**511,919**	13,660
	261,329	214,553	**513,088**	14,515

Information about major customers

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

	2016	2015
	HK$'000	HK$'000
Customer A	**123,538**	135,466
Customer B	**32,441**	21,911

6. REVENUE AND OTHER INCOME

An analysis of the Group's revenue and other income for the years are as follows:

	2016	2015
	HK$'000	HK$'000
Revenue		
Staff outsourcing services	**202,966**	195,671
Executive/staff search services	**6,936**	11,339
Other human resources support services	**4,239**	3,572
Credit consultancy services	**12,332**	3,971
Loan facilitation services	**27,635**	–
Asset management services	**7,221**	–
	261,329	214,553
Other income		
Interest income from:		
– bank deposits	**20**	41
– amount due from a director	**–**	24
– loan receivables	**2,976**	207
Sundry income	**793**	304
Dividends from available-for-sale investments	**4,251**	–
	8,040	576

7. FINANCE COSTS

	2016 HK$'000	2015 HK$'000
Interest charges on:		
Bank loans	–	33
Obligation under finance lease	15	38
	15	71

8. INCOME TAX EXPENSE

	2016 HK$'000	2015 HK$'000
Current tax:		
– Hong Kong Profits Tax	323	388
– PRC Enterprise Income Tax ("EIT")	7,431	522
	7,754	910
Deferred taxation (Note 26)	(178)	–
	7,576	910

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for both years.

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 PRC subsidiaries is 25% for both years and 9% is specifically for the PRC subsidiaries which are operating in Tibet Autonomous Region.

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

The income tax expense for the years can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 HK$'000	2015 HK$'000
Profit (loss) before tax	40,754	(620)
Tax at the domestic income tax rate of 16.5% (2015: 16.5%)	6,724	(102)
Tax effect of expenses not deductible for tax purpose	1,389	758
Tax effect of income not taxable for tax purpose	(208)	(4)
Tax effect of other temporary differences not recognised	(32)	171
Effect of different taxation rates of subsidiaries operating in other jurisdictions	(297)	87
Income tax expense for the year	7,576	910

9. PROFIT (LOSS) FOR THE YEAR

	2016 HK$'000	2015 HK$'000
Profit (loss) for the year has been arrived at after charging (crediting):		
Employee benefits expenses (including directors' and chief executive's emoluments (Note 10)): (Note)		
– salaries, bonuses and allowances	**201,088**	194,680
– retirement benefit scheme contributions	**7,799**	7,647
	208,887	202,327
Auditor's remuneration:		
– Annual audit service	**383**	391
– Other audit service	**446**	–
	829	391
Depreciation of property, plant and equipment:		
– Owned assets	**283**	171
– Leased assets	**334**	533
	617	704
Amortisation of intangible assets	**752**	164
Impairment loss recognised in respect of other receivables	**–**	560
Impairment loss recognised in respect of amount due from an associate	**101**	–
Exchange (gain) losses, net	**(1)**	68
Operating leases rentals in respect of rented premises	**2,346**	2,115

Note: During the year ended 31 March 2016, employee benefits expenses of approximately HK$198,970,000 and HK$9,917,000 (2015: HK$195,010,000 and HK$7,317,000) are recognised as direct costs and general and administrative expenses respectively.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the years, disclosed pursuant to the applicable GEM Listing Rules and CO, are as follows:

	Fees HK$'000	Salaries, bonuses and allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2016				
Executive directors:				
Mr. Chang, Tin Duk Victor (Note (a))	**150**	**500**	**8**	**658**
Mr. Lam Tsz Chung (Note (b))	**212**	**–**	**11**	**223**
Mr. Li Si Cong (Note (c))	**133**	**–**	**–**	**133**
Mr. Zheng Zhong Qiang (Note (d))	**240**	**–**	**–**	**240**
Non-executive directors:				
Mr. Chang, Tin Duk Victor (Note (a))	**140**	**1,200**	**10**	**1,350**
Mr. Lam Tsz Chung (Note (b))	**100**	**–**	**–**	**100**
Independent non-executive directors:				
Mr. Lam, Raymond Shiu Cheung	**120**	**–**	**–**	**120**
Mr. Wang En Ping (Note (e))	**110**	**–**	**–**	**110**
Dr. Cheung Wai Bun Charles, JP (Note (e))	**240**	**–**	**–**	**240**
	1,445	**1,700**	**29**	**3,174**

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	Fees HK$'000	Salaries, bonuses and allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2015				
Executive directors:				
Mr. Chang, Tin Duk Victor (Note (a))	210	1,140	18	1,368
Mr. Zheng Zhong Qiang (Note (d))	140	–	–	140
Mr. Kung, Phong (Note (f))	–	–	–	–
Non-executive director:				
Mr. Lam Tsz Chung (Note (b))	140	–	–	140
Independent non-executive directors:				
Mr. Lam, Raymond Shiu Cheung	66	73	3	142
Mr. Wang En Ping (Note (e))	35	–	–	35
Dr. Cheung Wai Bun Charles, JP (Note (e))	140	–	–	140
Mr. Ng, Kwan Ho Andy (Note (g))	–	73	3	76
Mr. Tam, Tak Kei Raymond (Note (g))	–	73	3	76
	731	1,359	27	2,117

Notes:

(a) Mr. Chang, Tin Duk Victor was re-designated as non-executive director and ceased to be the chairman of the board of directors and the chief executive officer on 31 August 2015.

(b) Mr. Lam Tsz Chung was appointed as non-executive director on 1 September 2014 and was re-designated as executive director on 31 August 2015.

(c) Mr. Li Si Cong was appointed as executive director on 18 November 2015.

(d) Mr. Zheng Zhong Qiang was appointed as executive director on 1 September 2014.

(e) Dr. Cheung Wai Bun Charles, JP and Mr. Wang En Ping were appointed as independent non-executive directors on 1 September 2014.

(f) Mr. Kung, Phong was resigned as executive director on 10 September 2014.

(g) Mr. Ng, Kwan Ho Andy and Mr. Tam, Tak Kei Raymond were resigned as independent non-executive directors on 10 September 2014.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

There were no arrangements under which a director waived or agreed to waive any emoluments during the years ended 31 March 2016 and 2015.

After Mr. Chang, Tin Duk Victor ceased to be the chairman of the board of directors and the chief executive officer on 31 August 2015, the Group has not classified any other person as chief executives during the period from 1 September 2015 to 31 March 2016.

11. FIVE HIGHEST PAID EMPLOYEES

Five highest paid employees included one (2015: Nil) director of the Company, whose remuneration are set out in Note 10 above. Details of the remuneration of the four (2015: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2016 HK$'000	2015 HK$'000
Salaries, bonuses and allowances	3,781	7,850
Retirement benefits scheme contributions	69	81
Total	3,850	7,931

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2016	2015
Nil – HK$1,000,000	2	–
HK$1,000,001 – HK$1,500,000	2	2
HK$1,500,001 – HK$2,000,000	–	2
HK$2,000,001 – HK$2,500,000	–	1

12. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2016, nor has any dividend been proposed since the end of the reporting period (2015: Nil).

13. EARNINGS (LOSS) PER SHARE

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

	2016 HK$'000	2015 HK$'000
Earnings (loss)		
Profit (loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	33,176	(1,530)

	2016 '000	2015 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	783,069	426,151
Effect of dilutive potential ordinary shares: Convertible preference shares	49,611	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	832,680	426,151

For the year ended 31 March 2015, no diluted loss per share has been presented as there was no dilutive potential ordinary share.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2014					
Cost	583	146	966	1,776	3,471
Accumulated depreciation	(548)	(139)	(397)	(888)	(1,972)
Net carrying amount	35	7	569	888	1,499
Year ended 31 March 2015					
Opening net carrying amount	35	7	569	888	1,499
Acquisition of subsidiaries (Note 31)	–	–	26	–	26
Additions	–	–	51	–	51
Depreciation	(19)	(3)	(149)	(533)	(704)
Closing net carrying amount	16	4	497	355	872
At 31 March 2015					
Cost	583	146	1,043	1,776	3,548
Accumulated depreciation	(567)	(142)	(546)	(1,421)	(2,676)
Net carrying amount	16	4	497	355	872
Year ended 31 March 2016					
Opening net carrying amount	16	4	497	355	872
Acquisition of subsidiaries (Note 31)	326	26	74	219	645
Additions	–	–	5	850	855
Depreciation	(63)	(3)	(169)	(382)	(617)
Exchange adjustments	(6)	–	(1)	2	(5)
Closing net carrying amount	273	27	406	1,044	1,750
At 31 March 2016					
Cost	903	172	1,121	2,847	5,043
Accumulated depreciation	(630)	(145)	(715)	(1,803)	(3,293)
Net carrying amount	273	27	406	1,044	1,750

The above items of plant and equipment are depreciated on a straight-line basis over the estimated useful lives at the following rates per annum:

Leasehold improvements	20%
Furniture and fixtures	20%
Office equipment	20% – 33%
Motor vehicles	20% – 30%

At 31 March 2016, the carrying amount of property, plant and equipment included the amount of motor vehicles of approximately HK$826,000 (2015: HK$355,000) in respect of assets held under finance leases.

15. GOODWILL

	Notes	2016 HK$'000	2015 HK$'000
At 1 April		**7,152**	–
Arising on acquisition of Sheng Zhuo Group Limited ("Sheng Zhuo") (Note 31(c))	i	**–**	7,104
Arising on acquisition of Radiant Expert Global Limited ("Radiant Expert") (Note 31(a))	ii	**491,347**	–
Arising on acquisition of Best Moon Holdings Limited ("Best Moon") (Note 31(b))	iii	**6,694**	–
Exchange adjustments		**(341)**	48
At 31 March		**504,852**	7,152

Notes:

(i) Goodwill arising on acquisition of Sheng Zhuo

For the purpose of impairment testing, the goodwill arising on acquisition of Sheng Zhuo is allocated to the credit consultancy services cash-generating unit (the "CGU of Credit Consultancy Services").

The recoverable amount of the CGU of Credit Consultancy Services has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a discount rate of 23.1% (2015: 24%). Cash flows beyond the five-year period are extrapolated using a steady 3% (2015: 3%) growth rate, which does not exceed the long-term growth rate for the credit consultancy services industry in the PRC. The Directors believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU of Credit Consultancy Services to exceed its aggregate recoverable amount.

(ii) Goodwill arising on acquisition of Radiant Expert

For the purpose of impairment testing, the goodwill arising on acquisition of Radiant Expert is allocated to the loan facilitation services cash-generating unit (the "CGU of Loan Facilitation Services").

The recoverable amount of the CGU of Loan Facilitation Services has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a discount rate of 19.3% (2015: Nil). Cash flows beyond the five-year period are extrapolated using a steady 3% (2015: Nil) growth rate, which does not exceed the long-term growth rate for the loan facilitation services industry in the PRC. The Directors believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU of Loan Facilitation Services to exceed its aggregate recoverable amount.

(iii) Goodwill arising on acquisition of Best Moon

For the purpose of impairment testing, the goodwill arising on acquisition of Best Moon is allocated to the asset management services cash-generating unit (the "CGU of Asset Management Services").

The recoverable amount of the CGU of Asset Management Services has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a discount rate of 20.7% (2015: Nil). Cash flows beyond the five-year period are extrapolated using a steady 3% (2015: Nil) growth rate, which does not exceed the long-term growth rate for the asset management services industry in the PRC. The Directors believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU of Asset Management Services to exceed its aggregate recoverable amount.

During the years ended 31 March 2016 and 2015, the Directors determined that there were no impairment on goodwill.

16. INTANGIBLE ASSETS

	Software HK$'000	Online platform HK$'000	Customer relationships and customer contracts HK$'000	Total HK$'000
COST				
At 1 April 2014	–	–	–	–
Acquisition of a subsidiary (Note 31)	–	–	6,558	6,558
Exchange adjustments	–	–	43	43
At 31 March 2015	–	–	6,601	6,601
Acquisition of subsidiaries (Note 31)	–	841	–	841
Additions	261	–	–	261
Exchange adjustments	(4)	(3)	(314)	(321)
At 31 March 2016	257	838	6,287	7,382
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 April 2014	–	–	–	–
Charge for the year	–	–	164	164
Exchange adjustments	–	–	(54)	(54)
At 31 March 2015	–	–	110	110
Charge for the year	22	88	642	752
Exchange adjustments	–	(1)	35	34
At 31 March 2016	22	87	787	896
CARRYING VALUES				
At 31 March 2016	235	751	5,500	6,486
At 31 March 2015	–	–	6,491	6,491

Intangible assets represented (i) customer relationships and customer contracts recognised by the Group upon the acquisition of the credit consultancy services business; (ii) online platform recognised by the Group upon the acquisition of the loan facilitation services business; and (iii) software acquired for loan facilitation services business. The above intangible assets are amortised on a straight-line basis and have finite useful lives as follows:

Software	3 years
Online platform	5 years
Customer relationships and customer contracts	10 years

17. INTERESTS IN ASSOCIATES

	2016 HK$'000	2015 HK$'000
Unlisted cost of investments in associates	3	3
Share of post-acquisition losses and other comprehensive expense	(3)	(3)
	–	–

Details of the Group's associates at the end of the reporting period are as follow:

Name	Country/ Place of incorporation	Principal place of business	Particulars of issued and fully paid share capital	Proportion of ownership interest held by the Group 2016	2015	Proportion of voting rights held by the Group 2016	2015	Principal activities
Zebra China Holdings Limited	BVI	Hong Kong	US$1,000	40%	40%	40%	40%	Investment holding
Zebra Strategic Solutions (China) Limited	BVI	Hong Kong	US$1,000	40%	40%	40%	40%	Investment holding
Zebra Strategic Outsource (China) Limited (Note)	Hong Kong	Hong Kong	HK$10,000	40%	40%	40%	40%	Investment holding

Note: It is deregistered on 3 June 2016.

The primary business of the associates is investment holding. The associates are established in the view of exploring opportunity in the PRC market.

The Group had only recognised portion of its share of losses of associates and discontinued further recognition of its share of losses of associates. The amounts of unrecognised share of those associates, extracted from the financial information of associates, both for the year and cumulatively, are as follows:

	2016 HK$'000	2015 HK$'000
Unrecognised share of losses of associates for the year	–	(26)
Accumulated unrecognised share of losses of associates	(41)	(41)

Summarised financial information in respect of the Group's associates are set out below. The summarised financial information below represents amounts shown in the associates' financial statements presented in accordance with HKFRSs.

	2016 HK$'000	2015 HK$'000
Loss from continuing operations	–	(66)
Other comprehensive income	–	–
Total comprehensive expense	–	(66)

18. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2016 HK$'000	2015 HK$'000
Unlisted equity investments:		
– At cost	22,452	–
– At fair value	100,702	–
	123,154	–

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC. The unlisted equity investments amounting to approximately HK$22,452,000 is measured at cost less accumulated impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that the fair value cannot be measured reliably. No impairment loss was recognised in the profit or loss during the year ended 31 March 2016.

The unlisted equity investment amounting to approximately HK$100,702,000 is measured at fair value based on the best estimate by the Directors.

19. TRADE AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables (Note a)	42,598	28,200
Other receivables:		
Deposits	3,211	3,327
Prepayments	12,410	1,505
Dividend receivables	4,165	–
Other receivables (Note b)	19,099	562
	38,885	5,394
Less: Accumulated impairment loss (Note c)	(560)	(560)
Other receivables, net	38,325	4,834
Total trade and other receivables	80,923	33,034

Notes:

(a) The Group normally allows credit periods of 30 days (2015: 30 to 60 days) to its major customers and the Group did not hold any collateral as security or other credit enhancements over the trade receivables.

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

	2016 HK$'000	2015 HK$'000
0-30 days	22,779	17,737
31-60 days	14,241	9,403
61-90 days	4,022	489
91-180 days	1,556	256
181-365 days	–	315
	42,598	28,200

19. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(a) (Continued)

Ageing analysis of trade receivables which are past due but not impaired:

	2016 HK$'000	2015 HK$'000
1-90 days	**19,819**	3,846
91-180 days	**–**	256
181-365 days	**–**	315
	19,819	4,417

All of the customers had good track record of credit with the Group and based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. None of the trade receivables as at 31 March 2016 and 31 March 2015 has been identified by the Group to be impaired.

(b) As at 31 March 2016, included in other receivables is an advance to a private entity which under the Group's investment portfolio amounted to approximately HK$15,600,000 (2015: Nil), which is non-interest bearing, unsecured and repayable on demand.

(c) The movement in provision for impairment loss of other receivables was as follows:

	2016 HK$'000	2015 HK$'000
At 1 April	**560**	–
Impairment loss recognised	**–**	560
At 31 March	**560**	560

20. LOAN AND INTEREST RECEIVABLES

	2016 HK$'000	2015 HK$'000
Fixed rate loan and interest receivables:		
– Secured	**100,595**	9,900
– Unsecured	**16,401**	11,646
	116,996	21,546

As at 31 March 2016, secured loan and interest receivables amounting to approximately HK$1,248,000 (2015: Nil) bear interest at fixed interest rate of 2% per annum and is secured by a property located in PRC. The secured loan and interest receivables amounting to approximately HK$99,347,000 (2015: HK$9,900,000) bear interest at fixed interest rates ranging from 2% to 6% (2015: 6%) per annum and are secured by corporate guarantees executed by an independent third party.

As at 31 March 2016, the unsecured loan and interest receivables bear interest at fixed interest rates ranging from 2% to 10% (2015: 7%) per annum.

20. LOAN AND INTEREST RECEIVABLES (Continued)

The exposure of the Group's fixed-rate loan and interest receivables to interest rate risks and their contractual maturity dates are as follows:

	2016 **HK$'000**	2015 HK$'000
Less than 3 months	**–**	21,546
More than 3 months but less than 6 months	**61,780**	–
More than 6 months but less than 12 months	**55,216**	–
	116,996	21,546

At 31 March 2016 and 31 March 2015, all loan and interest receivables were neither past due nor impaired.

21. AMOUNT DUE FROM A RELATED COMPANY

The particulars of amount due from a related company are as follows:

	Maximum amount outstanding during the year HK$'000	**Opening outstanding balance** HK$'000	**Closing outstanding balance** HK$'000
Years ended 31 March 2016 and 2015			
Zebra Strategic Investments Ltd.	50	50	50

Mr. Chang, Tin Duk Victor, one of the Directors, has equity interests in Zebra Strategic Investments Ltd.

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

22. AMOUNT DUE FROM (TO) AN ASSOCIATE

The particulars of amount due from an associate are as follows:

	Maximum amount outstanding during the year HK$'000	**Opening outstanding balance** HK$'000	**Closing outstanding balance** HK$'000
Year ended 31 March 2016			
Zebra Strategic Outsource (China) Limited	**101**	**75**	**–**
Year ended 31 March 2015			
Zebra Strategic Outsource (China) Limited	75	75	75

The movement in provision for impairment loss of amount due from an associate was as follows:

	2016 **HK$'000**	2015 HK$'000
At 1 January	**–**	–
Impairment loss recognised	**101**	–
At 31 March	**101**	–

The amounts due from (to) associates are non-trade in nature, unsecured, interest-free and repayable on demand.

23. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates ranging from 0% to 0.35% (2015: 0.5% to 1.8%) per annum at 31 March 2016.

Included in bank balances and cash are the following amounts which are subject to foreign exchange control regulations or not freely transferable:

	2016	2015
	HK$'000	HK$'000
Amounts denominated in:		
RMB	**69,181**	1,745

24. OTHER PAYABLES AND ACCRUED EXPENSES

	2016	2015
	HK$'000	HK$'000
Other payables (Note a)	**16,074**	667
Receipt in advance	**4,511**	687
Accrued expenses (Note b)	**20,034**	22,681
	40,619	24,035

Notes:

(a) As at 31 March 2016, included in other payables is a loan to a private entity which under the Group's investment portfolio amounted to approximately HK$8,400,000 (2015: Nil), which is non-interest bearing, unsecured and repayable on 18 December 2016.

(b) As at 31 March 2016, accrued expenses mainly included accrued salaries amounted to approximately HK$16,156,000 (2015: HK$20,193,000).

25. OBLIGATION UNDER FINANCE LEASE

During the years ended 31 March 2016 and 31 March 2015, the Company leased certain motor vehicles under finance leases. The average lease term is 3.3 years (2015: 3.9 years). Interest rates underlying the obligation under finance lease is fixed at respective contract dates ranging from 1.18% to 3.5% (2015: 3.5%) per annum. The Company does not have any option to renew. No arrangement has been entered into for contingent rental payments.

	2016	2015
	HK$'000	HK$'000
Analysed for reporting purposes as:		
Current liabilities	**168**	311
Non-current liabilities	**292**	108
	460	419

25. OBLIGATION UNDER FINANCE LEASE (Continued)

At the end of the reporting period, the total future minimum lease payments under finance leases and their present values are as follows:

	Minimum lease payment		Present value of minimum lease payment	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**179**	327	**168**	311
In more than one year but not more than two years	**299**	110	**292**	108
	478	437	**460**	419
Less: Future finance charges	**(18)**	(18)	**N/A**	N/A
Present value of lease obligations	**460**	419	**460**	419
Less: Amount due for settlement within one year (shown under current liabilities)			**(168)**	(311)
Amount due for settlement after one year			**292**	108

As at 31 March 2016 and 31 March 2015, the Company's obligation under finance lease is secured by the leased assets.

The obligations under a finance lease are denominated in HK$.

26. DEFERRED TAX LIABILITIES

The followings are the deferred tax liabilities recognised and movements thereon during current and prior years:

	Intangible assets
	HK$'000
At 1 April 2014	–
Acquired on acquisition of subsidiaries (Note 31(c))	1,650
At 31 March 2015	1,650
Acquired on acquisition of subsidiaries (Note 31(a))	171
Credit to profit or loss (Note 8)	(178)
Exchange adjustment	(74)
At 31 March 2016	1,569

At the end of the reporting period, there are no unused tax losses available for offset against future profits.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounted to approximately HK$64,156,000 (2015: HK$1,105,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

27. SHARE CAPITAL

Ordinary shares

	Par value per share HK$	Number of ordinary shares	Nominal value HK$'000
Authorised:			
At 1 April 2014, 31 March 2015 and 31 March 2016	0.01	5,000,000,000	50,000
Issued and fully paid:			
At 1 April 2014	0.01	400,000,000	4,000
Issue of ordinary shares upon acquisition of subsidiaries (Note (a))	0.01	75,000,000	750
Issue of ordinary shares upon placing (Note (b))	0.01	190,000,000	1,900
At 31 March 2015	0.01	665,000,000	6,650
Issue of ordinary shares upon placing (Note (c))	0.01	66,500,000	665
Issue of ordinary shares upon acquisition of subsidiaries (Note (d))	0.01	148,076,923	1,481
Issue of ordinary shares upon conversion of convertible preference shares (Note 28)	0.01	272,500,000	2,725
At 31 March 2016	**0.01**	**1,152,076,923**	**11,521**

Notes:

(a) On 15 December 2014, the Company issued an aggregate of 75,000,000 new ordinary shares with par value of HK$0.01 each to the vendor in relation to the acquisition of the entire issued share capital of Sheng Zhuo (Note 31(c)).

(b) On 29 December 2014, the Company entered into a placing agreement with a placing agent to place 190,000,000 new ordinary shares with par value of HK$0.01 each at a price of HK$0.261 per placing share. Net proceeds of approximately HK$48,803,000 were raised and used as general working capital for the future development of the Group. Such placing of shares was completed on 24 March 2015.

(c) On 10 November 2015, the Company entered into a subscription agreement with a subscriber to allot and issue 66,500,000 new ordinary shares with par value of HK$0.01 each at a price of HK$1.18 per subscription share. Net proceeds of approximately HK$78,290,000 were raised and used as general working capital of the Group. Such placing of shares was completed on 18 November 2015.

(d) On 18 March 2016, the Company issued an aggregate of 148,076,923 new ordinary shares with par value of HK$0.01 each to the vendor in relation to the acquisition of the entire issued share capital of Best Moon (Note 31(b)).

(e) All the shares issued during the years ended 31 March 2016 and 2015 rank pari passu with the then existing shares in all respects.

28. CONVERTIBLE PREFERENCE SHARES

For the acquisition of Radiant Expert which are detailed in Note 31(a) to the consolidated financial statements, the Company allotted and issued 340,000,000 convertible preference shares ("CPS") with a fair value of HK$506,600,000 on 5 November 2015 as the consideration. The CPS recognised in the consolidated statement of financial position is calculated as follows:

	Number of CPS	**Equity component** HK$'000
At 1 April 2014, 31 March 2015 and 1 April 2015	–	–
Issue of CPS upon acquisition of Radiant Expert (Note 31(a))	340,000,000	506,600
Issue of ordinary shares upon conversion (Note 27)	(272,500,000)	(406,025)
At 31 March 2016	**67,500,000**	**100,575**

The CPS was recognised as equity and was presented in equity heading "convertible preference shares".

The principal terms of the CPS are set out below:

(a) Holder of each CPS shall have entitlement to a non-cumulative preferred dividend, which will be in priority to the dividend entitlement of the holder of the ordinary shares, calculated on a yearly basis at a rate of 1% of the principal amount of the CPS, which shall be paid in cash annually in arrears within 30 days after the conclusion of each annual general meeting of the Company.

(b) The CPS does not carry any voting right.

(c) The CPS is not redeemable.

(d) The holders of the CPS shall have the right to convert the CPS into ordinary shares at the conversion ratio of one CPS into one ordinary share of the company.

(e) On return of capital on liquidation, winding up or dissolution of the Company, the CPS shall confer on their holders the right to be paid, in priority to any return of assets in respect of the ordinary shares of the Company or any other class of shares in the share capital of the Company, pari passu as between themselves.

(f) The CPS is freely transferable.

The Directors considered that the entitlement of the preferred dividend by CPS holders is non-cumulative, the payment of 1% dividend yield is at the Company's discretion but not an obligation of the Company; and the CPS holders shall have the right to convert CPS into ordinary shares at the conversion ratio of one CPS into one ordinary shares of the Company at any time commencing from the business day immediately after the date of issue of the CPS, with no maturity date. As such, based on the best estimate by the Directors and with reference to the advice from an independent professional value, the fair value of CPS is determined using the closing market price of the Company's shares at the date of the completion of the acquisition, amounted to approximately HK$506,600,000.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the returns to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

The gearing ratio of the Group is as follows:

	2016 **HK$'000**	2015 HK$'000
Obligation under finance lease	**460**	419
Equity	**878,510**	114,354
Gearing ratio	**0.05%**	0.37%

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2016 **HK$'000**	**2015** HK$'000
Financial assets		
Available-for-sale investments	**123,154**	–
Loans and receivables:		
Trade and other receivables	**68,513**	31,529
Loan and interest receivables	**116,996**	21,546
Amount due from a related company	**50**	50
Amount due from an associate	**–**	75
Bank balances and cash	**94,152**	71,674
	279,711	124,874
Financial liabilities		
Financial liabilities measured at amortised cost:		
Other payables and accrued expenses	**36,108**	23,348
Obligation under finance lease	**460**	419
Amount due to an associate	**3**	3
	36,571	23,770

b. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and other receivables, loan and interest receivables, bank balances and cash, amount due from (to) a related company / an associate, other payables and accrued expenses and obligation under finance lease. Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

30. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

The Group mainly operates in Hong Kong and PRC with most of the transactions denominated and settled in HK$ and RMB. As such, the Group does not have material currency risk.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan and interest receivables and obligation under finance lease. The Group's cash flow interest rate risk relates primarily to variable rate interest bearing bank balances. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

The Group currently does not have an interest rate hedging policy. However, the Directors monitor interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2015: 50 basis points) increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2015: 50 basis points) higher / lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2016 would increase / decrease by approximately HK$393,000 (2015: post-tax loss decrease / increase by approximately HK$299,000).

(iii) Credit risk

As at 31 March 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the Directors have reviewed the recoverable amount of each individual trade receivables and loan and interest receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Directors consider the credit risk under control since the management exercise due care in granting credit and check the financial background of these customers on a regular basis.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group has concentration of credit risk as 74% (2015: 80%) of the total trade receivables was due from the Group's two customers within the human resources services business segment.

30. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iv) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

Liquidity tables

	Weighted average interest rate %	On demand or less than 1 year HK$'000	1 - 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
2016					
Other payables and accrued expenses	**N/A**	**36,108**	**–**	**36,108**	**36,108**
Obligation under finance lease	**1.18**	**179**	**299**	**478**	**460**
Amount due to an associate	**N/A**	**3**	**–**	**3**	**3**
		36,290	**299**	**36,589**	**36,571**
2015					
Other payables and accrued expenses	N/A	23,348	–	23,348	23,348
Obligation under finance lease	6.77	327	110	437	419
Amount due to an associate	N/A	3	–	3	3
		23,678	110	23,788	23,770

30. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of the financial instruments

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	31.3.2016	31.3.2015		
Unlisted equity investments classified as AFS investments	Assets- approximately HK$100,702,000	Assets- Nil	Level 2	Market Approach – The price to earnings ratio and the enterprise value to sales ratio of the comparable companies are considered in the valuation to reflect the condition that there may be premium or discount on its carrying value – Discount for lack of marketability, determined by Black Scholes model with reference to the volatility of listed entities in similar industries

30. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of the financial instruments (Continued)

There were no transfers between levels of fair value hierarchy in the current and prior year.

The fair values of the financial assets included in level 2 category above has been determined in accordance with generally accepted pricing model based on valuation multiples implicit in the transactions prices, of identical or similar assets on the market.

The Directors consider that the carrying amounts of the other financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

31. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Radiant Expert

On 8 June 2015, 13 August 2015 and 30 September 2015, the Group and Maoman Holdings Limited ("Maoman"), an independent third party, entered into a sales and purchase agreement and supplemental agreements, respectively, in which the Group agreed to acquire the entire issued share capital of Radiant Expert from Maoman at a consideration of HK$204,000,000 by way of allotment and issue of 340,000,000 CPS. The acquisition was completed on 5 November 2015, and at the same date, the fair value of CPS was HK$506,600,000. Details of CPS are disclosed in Note 28 to the consolidated financial statements.

The acquisition has been accounted for using the purchase method. The Directors considered that Radiant Expert and its subsidiaries (the "Radiant Expert Group") became the indirect wholly-owned subsidiaries of the Company and the financial performance of the Radiant Expert Group would be consolidated into the consolidated financial statements of the Group after the completion of the acquisition.

The Radiant Expert Group is engaged in the business of loan facilitation services. The Radiant Expert Group was acquired so as to enhance the Group's competitive edge and synergise with the development strategy of the Group.

Consideration transferred

	HK$'000
Convertible preference shares, at fair value	506,600

Acquisition-related costs amounting to approximately HK$982,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expense line item in the consolidated statement of profit or loss and other comprehensive income.

31. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisition of Radiant Expert (Continued)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	392
Intangible assets	841
Trade and other receivables	4,382
Loan and interest receivables	9,160
Bank balances and cash	3,325
Amount due to a shareholder	(12,356)
Other payables and accrued expenses	(2,061)
Tax payables	(615)
Deferred tax liabilities	(171)
	2,897

Goodwill arising on the acquisition

	HK$'000
Consideration transferred	506,600
Waiver of amount due to a shareholder	(12,356)
Less: net assets acquired	(2,897)
Goodwill arising on the acquisition (Note 15)	491,347

Goodwill arose in the acquisition of the Radiant Expert Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the Radiant Expert Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Analysis of net cash inflow arising on acquisition of Radiant Expert:

	HK$'000
Cash consideration paid	–
Add: bank balances and cash acquired	3,325
	3,325

Included in the profit for the year is approximately HK$22,270,000 attributable to the additional business generated by the Radiant Expert Group. Revenue for the year includes approximately HK$27,635,000 was generated from the Radiant Expert Group.

Had the acquisition been completed on 1 April 2015, total group revenue for the year would have been approximately HK$279,577,000, and profit for the year would have been approximately HK$36,759,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2015, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had the Radiant Expert Group been acquired at the beginning of the current year, the Directors have calculated amortisation of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

31. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of Best Moon

On 20 January 2016, the Group, Elate Star Limited and Cultured Noble Limited (collectively referred to the "WM Vendors"), both of which are independent third parties, entered into a sales and purchase agreement, in which the Group agreed to acquire the entire issued share capital of Best Moon from the WM Vendors at a consideration of approximately HK$192,500,000 by way of allotment and issue of 148,076,923 new ordinary shares of the Company to the WM Vendors at the issued price of HK$1.30 each. The acquisition was completed on 16 March 2016.

The acquisition has been accounted for using the purchase method. The Directors considered that Best Moon and its subsidiaries (the "Best Moon Group") became the indirect wholly-owned subsidiaries of the Company and the financial performance of the Best Moon Group would be consolidated into the consolidated financial statements of the Group after the completion of the acquisition.

The Best Moon Group is engaged in the business of asset management. The Best Moon Group was acquired so as to enable the Group to broaden and expedite the development of the Group's asset management services segment and achieve synergy.

Consideration transferred

	HK$'000
Consideration shares at fair value	145,116

As the consideration for the acquisition of Best Moon, 148,076,923 ordinary share of the Company with par value of HK$0.01 each were issued. The fair value of the ordinary shares of the Company, determined using the closing market price at the date of the completion of the acquisition, amounted to approximately HK$145,116,000.

Acquisition-related costs amounting to HK$955,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expense line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	253
Available-for-sale investments	122,484
Trade and other receivables	17,031
Loan and interest receivables	16,240
Bank balances and cash	12,667
Asset classified as held for sale	17,980
Amount due to a shareholder	(78,591)
Other payables and accruals	(39,418)
Tax payables	(2,156)
	66,490

Goodwill arising on the acquisition

	HK$'000
Consideration transferred	145,116
Waiver of amount due to a shareholder	(78,591)
Add: non-controlling interest	6,659
Less: net assets acquired	(66,490)
Goodwill arising on the acquisition (Note 15)	6,694

31. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of Best Moon (Continued)

Goodwill arose in the acquisition of the Best Moon Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the Best Moon Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Analysis of net cash inflow arising on acquisition of Best Moon:

	HK$'000
Cash consideration paid	–
Add: bank balances and cash acquired	12,667
	12,667

The non-controlling interests (36%) in Guangzhou He Yin Bao Kai Fund Management Company Limited ("Bao Kai"), being one of the subsidiaries of Best Moon, recognised at the acquisition date was measured at the proportionate share of net assets acquired.

Included in the profit for the year is approximately HK$16,556,000 attributable to the additional business generated by the Best Moon Group. Revenue for the year includes approximately HK$7,221,000 was generated from the Best Moon Group.

Had the acquisition been completed on 1 April 2015, total group revenue for the year would have been approximately HK$267,085,000, and profit for the year would have been approximately HK$65,219,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2015, nor is it intended to be a projection of future results.

(c) Acquisition of Sheng Zhuo

On 25 November 2014, the Group and Zhan Yu Global Limited ("Zhan Yu"), entered into a sales and purchase agreement, in which the Group agreed to acquire the entire issued share capital of Sheng Zhuo from Zhan Yu at a consideration of HK$25,000,000 by way of allotment and issue of 75,000,000 new ordinary shares of the Company at a price of HK$0.3334 per share. The acquisition was completed on 15 December 2014.

The acquisition has been accounted for using the purchase method. The Directors considered that Sheng Zhuo and its subsidiaries (the "Sheng Zhuo Group") became the indirect wholly-owned subsidiaries of the Group and the financial performance of the Sheng Zhuo Group would be consolidated into the consolidated financial statements of the Group after the completion of the acquisition.

The Sheng Zhuo Group is engaged in the business of credit consultancy services. The Sheng Zhuo Group was acquired so as to diversify the business of the Group with the objective of broadening its sources of income.

Consideration transferred

	HK$'000
Consideration shares at fair value	25,125

As the consideration for the acquisition of Sheng Zhuo, 75,000,000 ordinary share of the Company with par value of HK$0.01 each were issued. The fair value of the ordinary shares of the Company, determined using the closing market price at the date of the completion of the acquisition, amounted to HK$25,125,000.

Acquisition-related costs amounting to approximately HK$13,000 have been excluded from the consideration transferred and have been recognised as an expense in the year incurred, within the administrative expense line item in the consolidated statement of profit or loss and other comprehensive income.

31. ACQUISITION OF SUBSIDIARIES (Continued)

(c) Acquisition of Sheng Zhuo (Continued)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	26
Intangible assets	6,558
Trade and other receivables	1,385
Bank balances and cash	12,049
Trade and other payables	(347)
Deferred tax liabilities	(1,650)
	18,021

Goodwill arising on the acquisition

	HK$'000
Consideration transferred	25,125
Less: net assets acquired	(18,021)
Goodwill arising on the acquisition (Note 15)	7,104

Analysis of net cash inflow arising on acquisition of Sheng Zhuo:

	HK$'000
Cash consideration paid	–
Add: Bank balances and cash acquired	12,049
	12,049

Included in the loss for the year ended 31 March 2015 is profit of approximately HK$2,113,000 attributable to the additional business generated by the Sheng Zhuo Group. Revenue for the year ended 31 March 2015 includes approximately HK$3,971,000 was generated from the Sheng Zhuo Group.

Had the acquisition been completed on 1 April 2014, total group revenue for the year ended 31 March 2015 would have been approximately HK$224,252,000, and profit for the year ended 31 March 2015 would have been approximately HK$3,633,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had the Sheng Zhuo Group been acquired at the beginning of the current year, the Directors have calculated amortisation of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

32. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016 HK$'000	2015 HK$'000
Within one year	**1,308**	1,765
In the second to fifth years	**1,118**	352
	2,426	2,117

Operating lease payments represent rentals payable by the Group for its office premises and car parking space. Leases are negotiated for an initial period of 1 to 3 years (2015: 1.75 to 3 years). The above lease commitments only include commitments for basic rental and none of the lease includes any contingent rental.

33. RETIREMENT BENEFITS SCHEMES

The Group maintains various retirement schemes for its employees. The retirement scheme for employees of the PRC office is a mandatory central pension scheme organised by the PRC government, the assets of which are held separately from those of the Group. Contributions made are based on a percentage of the eligible employees' salaries and charged as expenses when the employees have rendered services entitling them to the contribution. The employer contributions vest fully once they are made. The Group's Hong Kong employees are covered by the Mandatory Provident Fund, which is managed by an independent trustee. The Group and its Hong Kong employees each make monthly contributions to the scheme at 5% of the employees' income with the maximum contribution by each of the Group and the employees limited to HK$1,250 per month prior to June 2014 and HK$1,500 after June 2014.

During the year, the aggregate contributions made by the Group to the retirement schemes were approximately HK$7,799,000 (2015: HK$7,647,000).

34. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following events after the reporting period.

(a) On 6 May 2016, the Company entered into a placing agreement with China Industrial Securities International Brokerage Limited (the "Placing Agent"). Pursuant to the placing agreement, the Company appointed the Placing Agent to procure not less than six placees who are independent third parties to subscribe for up to 25,000,000 placing shares at a price of HK$0.64 per placing share (the "First Placing").

The First Placing was completed on 20 May 2016 where 25,000,000 placing shares were subscribed for in full pursuant to the terms and conditions of the placing agreement. The net proceeds arising from the First Placing were approximately HK$15,600,000.

(b) On 27 May 2016, the Company entered into another placing agreement with the Placing Agent. Pursuant to the placing agreement, the Company appointed the Placing Agent to procure not less than six placees who are independent third parties to subscribe for up to 30,000,000 placing shares at a price of HK$0.685 per placing share (the "Second Placing").

The Second Placing was completed on 13 June 2016 where 30,000,000 placing shares were subscribed for in full pursuant to the terms and conditions of the placing agreement. The net proceeds arising from the Second Placing were approximately HK$20,100,000.

(c) On 20 June 2016, the Company entered into another placing agreement with the Placing Agent. Pursuant to the placing agreement, the Company appointed the Placing Agent to procure not less than six placees who are independent third parties to subscribe for up to 11,500,000 placing shares at a price of HK$0.671 per placing share (the "Third Placing"). The Third Placing is yet to be completed up to the date of this report.

35. RELATED PARTY TRANSACTIONS

(a) Other than those disclosed elsewhere in this consolidated financial statements, during the years, the Group entered into the following transactions with related parties:

	2016	**2015**
	HK$'000	HK$'000
Interest income received from a director	**–**	24

The above interest income was charged for the amount due from a director which was unsecured, interest bearing at 5% per annum and settled during the year ended 31 March 2015.

(b) Compensation of key management personnel

The key management of the Group comprises all the Directors, details of their remuneration are disclosed in Note 10 to the consolidated financial statements. The remuneration of the Directors is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are set out below:

Name of subsidiaries	Class of shares held	Place of incorporation/ operations	Paid up issued share capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	
Orient Apex Investments Limited	Ordinary	BVI/Hong Kong	US$11,000	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Wise Astute Limited	Ordinary	BVI/Hong Kong	US$1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Top Ruby Limited	Ordinary	Hong Kong	HK$1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Zebra Strategic Outsource Solution Limited	Ordinary	Hong Kong	HK$100,000	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Provision of staff outsourcing services, executive/staff search services and other human resources support services, Hong Kong
Sheng Zhuo Group Limited (Note i)	Ordinary	BVI/Hong Kong	US$1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
Win Team Holdings Limited (Note i)	Ordinary	Hong Kong	HK$1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
廣東弘博信用管理服務有限公司(Note i)	Registered	PRC	RMB10,000,000	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Provision of credit consultancy services in PRC

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

General information of subsidiaries (Continued)

Name of subsidiaries	Class of shares held	Place of incorporation/ operations	Paid up issued share capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				2016	2015	2016	2015	2016	2015	2016	2015	
廣州訊雅企業管理諮詢有限公司 (Notes i and iii)	Registered	PRC	RMB1,500,000	-	–	100%	100%	-	–	100%	100%	Inactive
施博人力（上海）有限公司 (Note i)	Registered	PRC	RMB10,000,000	-	–	100%	100%	-	–	100%	100%	Inactive
Radiant Expert (Note ii)	Ordinary	BVI	US$1	-	N/A	100%	N/A	-	N/A	100%	N/A	Investment holding
Hong Kong Youhe Limited (Note ii)	Ordinary	Hong Kong	HK$10,000	-	N/A	100%	N/A	-	N/A	100%	N/A	Investment holding
Guangzhou Shun Xin Dai Hu Lian Wang Internet Financial Information Services Limited (Note ii)	Registered	PRC	RMB10,000,000	-	N/A	100%	N/A	-	N/A	100%	N/A	Provision of peer-to-peer (P2P) financial intermediary services (on the online platform) and other relevant consultation services
Guangzhou Shunxindai Consultation Services Limited (Note ii)	Registered	PRC	RMB2,000,000	-	N/A	100%	N/A	-	N/A	100%	N/A	Inactive
Best Moon (Note ii)	Ordinary	BVI	US$100	-	N/A	100%	N/A	-	N/A	100%	N/A	Investment holding
Max High Enterprise Limited (Note ii)	Ordinary	Hong Kong	HK$100	-	N/A	100%	N/A	-	N/A	100%	N/A	Investment holding
Guangdong He Yin Investment Management Consulting Company Limited (Note ii)	Registered	PRC	RMB50,000,000	-	N/A	100%	N/A	-	N/A	100%	N/A	Provision of financial advisory services
Bao Kai (Note ii)	Registered	PRC	RMB10,000,000	-	N/A	64%	N/A	-	N/A	64%	N/A	Provision of financial advisory services
西藏順心貸投資有限公司 (Note ii)	Registered	PRC	–	-	N/A	100%	N/A	-	N/A	100%	N/A	Provision of consultation services
西藏弘朗咨询服务有限公司 (Note iv)	Registered	PRC	–	-	N/A	100%	N/A	-	N/A	100%	N/A	Provision of credit consultancy services in PRC

Notes:

(i) They were newly acquired during the year ended 31 March 2015. Details are disclosed in Note 31(c) to the consolidated financial statements.

(ii) They were newly acquired during the year ended 31 March 2016. Details are disclosed in Notes 31(a) and 31(b) to the consolidated financial statements.

(iii) It was deregistered during the year ended 31 March 2016.

(iv) It was newly incorporated during the year ended 31 March 2016.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

General information of subsidiaries (Continued)

None of the subsidiaries had issued any debt securities at the end of the year.

Details of non-wholly owned subsidiaries that have material non-controlling interest

The table below shows the details of non-wholly owned subsidiaries of the Group that have material non-controlling interest:

Name of subsidiary	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interest		Total comprehensive income allocated to non-controlling interest		Accumulated non-controlling interest	
		31 March 2016	31 March 2015	**31 March 2016 HK$'000**	31 March 2015 HK$'000	**31 March 2016 HK$'000**	31 March 2015 HK$'000
Bao Kai	PRC	**36%**	N/A	**51**	N/A	**4,726**	N/A

Summarised financial information in respect of Bai Kai that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	2016 HK$'000	2015 HK$'000
Current assets	**10,274**	N/A
Non-current assets	**12,008**	N/A
Current liabilities	**(9,153)**	N/A
Equity attributable to owners of the Company	**8,403**	N/A
Non-controlling interest	**4,726**	N/A
Total revenue	**92**	N/A
Total expenses	**(87)**	N/A
Profit for the year	**5**	N/A
Profit attributable to owners of the Company	**3**	N/A
Profit attributable to non-controlling interest	**2**	N/A
Profit for the year	**5**	N/A
Other comprehensive income attributable to owners of the Company	**88**	N/A
Other comprehensive income attributable to non-controlling interest	**49**	N/A
Other comprehensive income for the year	**137**	N/A

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interest (Continued)

	2016 **HK$'000**	2015 HK$'000
Total comprehensive income attributable to owners of the Company	**91**	N/A
Total comprehensive income attributable to non-controlling interest	**51**	N/A
Total comprehensive income for the year	**142**	N/A
Dividends paid to non-controlling interest	**(1,984)**	N/A
Net cash outflow from in operating activities	**(5,465)**	N/A
Net cash inflow from investing activities	**–**	N/A
Net cash inflow from financing activities	**–**	N/A
Net cash outflow	**(5,465)**	N/A

37. COMPARATIVE FIGURES

In order to conform with the current year presentation, certain items in the consolidated statement of financial position as at 31 March 2015 have been reclassified.

	Amount originally stated HK$'000	**Reclassification** HK$'000	**Amount as restated** HK$'000
At 31 March 2015			
Items on consolidated statement of financial position			
Amount due from an associate	72	3	75
Amount due to an associate	–	(3)	3

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2016 HK$'000	2015 HK$'000
Non-current asset		
Investments in subsidiaries	**15,241**	15,241
Current assets		
Amounts due from subsidiaries	**806,136**	48,461
Bank balances and cash	**16,685**	48,910
	822,821	97,371
Current liability		
Accrued expenses	**370**	380
Amount due to a subsidiary	**1**	–
	371	380
Net current assets	**822,450**	96,991
Total assets less current liabilities	**837,691**	112,232
Capital and reserves		
Share capital	**11,521**	6,650
Reserves	**826,170**	105,582
Total equity	**837,691**	112,232

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 20 June 2016 and are signed on its behalf by:

Lam Tsz Chung
Director

Chang, Tin Duk Victor
Director

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movements in the Company's reserves

The Company	Share premium HK$'000	Convertible preference Shares HK$'000	Contribution surplus (Note) HK$'000	Accumulated losses HK$'000	Total reserves HK$'000
At 1 April 2014	22,478	–	14,928	(1,124)	36,282
Loss and total comprehensive expense for the year	–	–	–	(1,978)	(1,978)
Issue of ordinary shares upon acquisition of subsidiaries	24,375	–	–	–	24,375
Issue of ordinary shares upon placing	47,690	–	–	–	47,690
Transaction costs attributable to the issue of ordinary shares upon placing	(787)	–	–	–	(787)
At 31 March 2015	93,756	–	14,928	(3,102)	105,582
Loss and total comprehensive expense for the year	–	–	–	(4,547)	(4,547)
Issue of ordinary shares upon placing	77,805	–	–	–	77,805
Transaction costs attributable to issue of ordinary shares upon placing	(180)	–	–	–	(180)
Issue of convertible preference shares upon acquisition of subsidiaries	–	506,600	–	–	506,600
Issue of ordinary shares upon acquisition of subsidiaries	143,635	–	–	–	143,635
Issue of ordinary shares upon conversion of convertible preference shares	403,300	(406,025)	–	–	(2,725)
At 31 March 2016	718,316	100,575	14,928	(7,649)	826,170

Note:

Contribution surplus of the Company represents the difference between the costs of investment in subsidiaries acquired pursuant to the reorganisation effected on 19 March 2013, as set out in the prospectus of the Company dated 28 March 2013, over the nominal value of the share capital of the Company in exchange therefor.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, is set out below:

RESULTS

	For the year ended 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**261,329**	214,553	194,660	182,276	165,238
Profit (loss) before tax	**40,754**	(620)	471	4,614	11,431
Income tax expense	**(7,576)**	(910)	(196)	(1,354)	(1,741)
Profit (loss) for the year	**33,178**	(1,530)	275	3,260	9,690
Profit (loss) attributable to owners of the Company	**33,176**	(1,530)	275	3,260	9,690

ASSETS AND LIABILITIES

	As at 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**928,363**	140,894	62,450	40,678	34,301
Total liabilities	**49,853**	26,540	20,867	25,535	19,418
Total equity	**878,510**	114,354	41,583	15,143	14,883