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銀合控股有限公司
YIN HE HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)
(Stock code: 8260)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

ANNUAL RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2017, together with the comparative audited figures for the year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000*
Revenue	*4*	**281,206**	261,329
Direct costs		**(184,080)**	(201,802)
Gross profit		**97,126**	59,527
Other income	*4*	**2,204**	8,040
General and administrative expenses		**(50,357)**	(26,798)
Change in fair value of contingent consideration		**485**	–
Loss on disposal of available-for-sale investments		**(4,498)**	–
Operating profit		**44,960**	40,769
Finance costs	*5*	**(11)**	(15)
Profit before tax		**44,949**	40,754
Income tax expense	*6*	**(8,132)**	(7,576)
Profit for the year	*7*	**36,817**	33,178
Other comprehensive (expense) income for the year, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Fair value gain on available-for-sale investments		**7,171**	–
Exchange differences arising on translation of financial statements of foreign operations		**(12,874)**	(3,703)
Other comprehensive expense for the year, net of income tax		**(5,703)**	(3,703)
Total comprehensive income for the year		**31,114**	29,475
Profit (loss) for the year attributable to			
Owners of the Company		**37,005**	33,176
Non-controlling interest		**(188)**	2
		36,817	33,178
Total comprehensive income (expense) attributable to:			
Owners of the Company		**31,326**	29,424
Non-controlling interest		**(212)**	51
		31,114	29,475
Earnings per share	*9*		
Basic (HK cents)		**2.9**	4.2
Diluted (HK cents)		**2.7**	4.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**1,771**	1,750
Goodwill		**574,556**	504,852
Contingent consideration receivable – non-current portion		**3,018**	–
Loan and interest receivables – non-current portion	*11*	**11,913**	–
Intangible assets		**5,291**	6,486
Interests in associates		**–**	–
Available-for-sale investments		**108,195**	123,154
		704,744	636,242
Current assets			
Held for trading investments		**286**	–
Trade and other receivables	*10*	**64,413**	80,923
Loan and interest receivables – current portion	*11*	**389,316**	116,996
Contingent consideration receivable – current portion		**280**	–
Amounts due from related parties		**3,740**	50
Amount due from an associate		**–**	–
Bank balances and cash		**65,253**	94,152
		523,288	292,121
Current liabilities			
Other payables and accrued expenses		**31,787**	40,619
Obligation under finance lease		**174**	168
Amount due to an associate		**3**	3
Tax payable		**3,742**	7,202
		35,706	47,992
Net current assets		**487,582**	244,129
Total assets less current liabilities		**1,192,326**	880,371
Non-current liabilities			
Obligation under finance lease		**118**	292
Deferred tax liabilities		**1,301**	1,569
		1,419	1,861
Net assets		**1,190,907**	878,510
Capital and reserves			
Share capital	*12*	**14,616**	11,521
Reserves		**1,171,777**	862,263
Equity attributable to owners of the Company		**1,186,393**	873,784
Non-controlling interest		**4,514**	4,726
Total equity		**1,190,907**	878,510

Notes:

1. GENERAL

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 GEM of the Stock Exchange on 10 April 2013. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is located at Room 2418A Wing On Centre, 111 Connaught Road Central, Hong Kong.

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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 and are as follows.

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to Hong Kong Accounting Standard ("HKAS") 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 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 amendments to HKFRSs in issued but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and related Amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC) 22	Foregin Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2017.

3. 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 financing services	–	provision of loan financing services

Loan financing services is a new reportable and operating segment of the Group for the year ended 31 March 2017.

Segment revenue and results

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

	Human resources services	Credit consultancy services	Loan facilitation services	Asset management services	Loan financing services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2017						
Segment revenue	**195,649**	**13,243**	**48,520**	**9,192**	**14,602**	**281,206**
Segment profit (loss)	**943**	**3,079**	**36,461**	**(800)**	**11,612**	**51,295**
Interest income						**46**
Unallocated corporate expenses						**(6,392)**
Profit before tax						**44,949**
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

The accounting policies of the operating segments are the same as the Group's accounting policies. 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 segments:

	Human resources services	Credit consultancy services	Loan facilitation services	Asset management services	Loan financing services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2017						
Segment assets	30,363	12,636	12,303	127,192	401,229	583,723
Goodwill						574,556
Bank balances and cash						65,253
Unallocated assets						4,500
Consolidated assets						1,228,032
Segment liabilities	16,256	5,040	1,088	8,975	29	31,388
Tax payable						3,742
Deferred tax liabilities						1,301
Unallocated liabilities						694
Consolidated liabilities						37,125

For the purpose of monitoring segment performance and allocating responses between segments:

- all assets are allocated to operating segments other than goodwill, contingent consideration receivable, 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.

	Human resources services	Credit consultancy services	Loan facilitation services	Asset management services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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

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	Credit consultancy services	Loan facilitation services	Asset management services	Loan financing services	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2017							
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to property, plant and equipment	15	–	56	24	–	745	840
Acquisition of property, plant and equipment through acquisition of subsidiaries	–	16	–	–	–	–	16
Addition of goodwill from acquisition of subsidiaries	–	70,065	–	–	–	–	70,065
Depreciation of property, plant and equipment	426	128	147	108	–	–	809
Amortisation of intangible assets	–	605	291	–	–	–	896
Finance costs	11	–	–	–	–	–	11
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)	(6)	(33)	–	(2)	(46)

	Human resources services	Credit consultancy services	Loan facilitation services	Asset management services	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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
Addition of goodwill from 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)

4. REVENUE AND OTHER INCOME

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

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Staff outsourcing services	**185,394**	202,966
Executive/staff search services	**5,874**	6,936
Other human resources support services	**4,381**	4,239
Credit consultancy services	**13,243**	12,332
Loan facilitation services	**48,520**	27,635
Assets management services	**9,192**	7,221
Interest income from loan financing services	**14,602**	–
	281,206	261,329
Other income		
Interest income from:		
– bank deposits	**46**	20
– loan receivables	**–**	2,976
Sundry income	**1,181**	793
Gain on disposal of held for trading investments	**953**	–
Change in fair values of held for trading investments	**24**	–
Dividends from available-for-sale investments	**–**	4,251
	2,204	8,040

5. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest charges on:		
Obligation under finance lease	**11**	15

6. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
– Hong Kong Profits Tax	**232**	323
– PRC Enterprise Income Tax ("EIT")	**8,092**	7,431
	8,324	7,754
Deferred taxation	**(192)**	(178)
	8,132	7,576

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 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 operated in Tibet Autonomous Region.

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

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

7. PROFIT FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Employee benefits expenses (including directors' and chief executive's emoluments: *(Note)*		
– salaries, bonuses and allowances	**191,228**	201,088
– retirement benefit scheme contributions	**7,215**	7,799
	198,443	208,887
Auditor's remuneration		
– Annual audit service	**425**	383
– Other audit service	**62**	446
	487	829
Depreciation of property, plant and equipment:		
– Owned assets	**526**	283
– Leased assets	**283**	334
	809	617
Amortisation of intangible assets	**896**	752
Impairment loss recognised in respect of amount due from an associate	**–**	101
Exchange losses (gain), net	**2,620**	(1)
Operating leases rentals in respect of rented premises	**2,733**	2,346

Note: During the year ended 31 March 2017, employee benefits expenses of approximately HK$182,161,000 and HK$16,282,000 (2016: HK$198,970,000 and HK$9,917,000) are recognised as direct costs and general and administrative expenses respectively.

8. DIVIDENDS

No dividend was paid or proposed for ordinary and convertible preference shareholders of the Company during the year ended 31 March 2017, nor has any dividend been proposed since the end of the reporting period (2016: Nil).

9. EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**37,005**	33,176

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,282,057**	783,069
Effect of dilutive potential ordinary shares: Convertible preference shares	**67,089**	49,611
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,349,146**	832,680

10. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables *(Note a)*	**39,781**	42,598
Other receivables:		
Deposits	**571**	3,211
Prepayments	**4,057**	12,410
Dividend receivables	**–**	4,165
Other receivables	**20,564**	19,099
	25,192	38,885
Less: Accumulated impairment loss *(Note b)*	**(560)**	(560)
Other receivables, net	**24,632**	38,325
Total trade and other receivables	**64,413**	80,923

Notes:

(a) The Group normally allows credit periods of 30 days (2016: 30 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.

	2017	2016
	HK$'000	*HK$'000*
0-30 days	**22,148**	22,779
31-60 days	**8,791**	14,241
61-90 days	**4,212**	4,022
91-180 days	**3,612**	1,556
181-365 days	**1,018**	–
	39,781	42,598

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

	2017	2016
	HK$'000	*HK$'000*
0-30 days	**8,791**	19,819
31-60 days	**4,212**	–
61-90 days	**3,612**	–
91-180 days	**1,018**	–
	17,633	19,819

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 2017 and 31 March 2016 has been identified by the Group to be impaired.

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

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**560**	560
Impairment loss recognised	**–**	–
At 31 March	**560**	560

11. LOAN AND INTEREST RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Fixed rate loan and interest receivables:		
– Secured by corporate guarantee	**351,856**	100,595
– Unsecured	**49,373**	16,401
	401,229	116,996

	2017	2016
	HK$'000	*HK$'000*
Analysed for reporting purpose as:		
– Current assets	**389,316**	116,996
– Non-current assets	**11,913**	–
	401,229	116,996

As at 31 March 2017, the loan and interest receivables secured by corporate guarantee bear interest at fixed interest rate ranging from 4% to 10% (2016: 2% to 6%) per annum.

As at 31 March 2017, the unsecured loan and interest receivables bear interest at fixed interest rate ranging from 4% to 10% (2016: 2% to 10%) per annum. Subsequent to the end of the reporting period, all the outstanding balances of unsecured loan and interest receivables have been settled.

The Group's loan financing customers included in the loan and interest receivables are due for settlement at the dates specified in the respective loan agreements.

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

	2017	2016
	HK$'000	*HK$'000*
Less than 3 months	**58,851**	–
More than 3 months but less than 6 months	**139,703**	61,780
More than 6 months but less than 12 months	**190,762**	55,216
More than 12 months	**11,913**	–
	401,229	116,996

12. SHARE CAPITAL

Ordinary shares

	Par value per share	Number of ordinary shares	Nominal value
	HK$		*HK$'000*
Authorised:			
At 1 April 2015, and 31 March 2016 and 31 March 2017	0.01	5,000,000,000	50,000
Issued and fully paid:			
At 1 April 2015	0.01	665,000,000	6,650
Issue of ordinary shares upon placing *(Note (a))*	0.01	66,500,000	665
Issue of ordinary shares upon acquisition of subsidiaries *(Note (b))*	0.01	148,076,923	1,481
Issue of ordinary shares upon conversion of convertible preference shares *(Note 13)*	0.01	272,500,000	2,725
At 31 March 2016	0.01	1,152,076,923	11,521
Issue of ordinary shares upon placing *(Note (c))*	0.01	25,000,000	250
Issue of ordinary shares upon placing *(Note (d))*	0.01	30,000,000	300
Issue of ordinary shares upon placing *(Note (e))*	0.01	11,500,000	115
Issue of ordinary shares upon placing *(Note (f))*	0.01	30,000,000	300
Issue of ordinary shares upon conversion of convertible preference shares *(Note 13)*	0.01	1,000,000	10
Issue of ordinary shares upon placing *(Note g))*	0.01	109,050,000	1,091
Issue of ordinary shares upon acquisition of subsidiaries *(Note (h))*	0.01	102,941,177	1,029
At 31 March 2017	**0.01**	**1,461,568,100**	**14,616**

Notes:

(a) 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 the par value of HK$0.01 each at a price of HK$1.180 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.

(b) 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 Holdings Limited.

(c) On 6 May 2016, the Company entered into a placing agreement (the "First Placing Agreement") with China Industrial Securities International Brokerage Limited (the "Placing Agent"). Pursuant to the First Placing Agreement, the Company appointed the Placing Agent, on a best effort basis, 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$0.640 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 by one placee pursuant to the terms and conditions of the First Placing Agreement. The net proceeds arising from the First Placing were HK$15,679,000.

(d) On 27 May 2016, the Company entered into a placing agreement (the "Second Placing Agreement") with the Placing Agent. Pursuant to the Second Placing Agreement, the Company appointed the Placing Agent, on a best effort basis, 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 by one placee pursuant to the terms and conditions of the Second Placing Agreement. The net proceeds arising from the Second Placing were HK$20,137,000.

(e) On 20 June 2016, the Company entered into a placing agreement (the "Third Placing Agreement") with the Placing Agent. Pursuant to the Third Placing Agreement, the Company appointed the Placing Agent, on a best effort basis, 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 was completed on 5 July 2016 where 11,500,000 placing shares were subscribed for by one placee in full pursuant to the terms and conditions of the Third Placing Agreement. The net proceeds arising from the Third Placing were HK$7,562,000.

(f) On 26 August 2016, the Company entered into a placing agreement (the "Other Placing Agreement") with Cinda International Securities Limited (the "Other Placing Agent"). Pursuant to the Other Placing Agreement, the Company appointed the Other Placing Agent, on a best effort basis, 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$1.040 per placing share (the "Other Placing"). The Other Placing was completed on 19 September 2016 where 30,000,000 placing shares were subscribed for in full pursuant to the terms and conditions of the Other Placing Agreement. The net proceeds arising from the Other Placing were HK$30,576,000.

(g) On 12 December 2016, the Company entered into a placing agreement (the "Fourth Placing Agreement") with the Placing Agent. Pursuant to the Fourth Placing Agreement, the Company appointed the Placing Agent, on a best effort basis, to procure not less than six placees who are independent third parties to subscribe for up to 109,050,000 placing shares at a price of HK$0.917 per placing share (the "Fourth Placing"). The Fourth Placing was completed on 23 December 2016 where 109,050,000 placing shares were subscribed for by one placee in full pursuant to the terms and conditions of the Fourth Placing Agreement. The net proceeds arising from the Fourth Placing were HK$99,241,000.

(h) On 16 December 2016, the Company allotted and issued an aggregate of 102,941,177 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 Beauty Sky Group Limited ("Beauty Sky").

(i) All the shares issued during the years ended 31 March 2017 and 31 March 2016 rank pari passu with the then existing shares in all respects.

13. CONVERTIBLE PREFERENCE SHARES

During the year ended 31 March 2016, for the acquisition of Radiant Expert Global Limited ("Radiant Expert"), 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 2015	–	–
Issue of CPS upon acquisition of Radiant Expert	340,000,000	506,600
Issue of ordinary shares upon conversion *(Note 12)*	(272,500,000)	(406,025)
At 31 March 2016	67,500,000	100,575
Issue of ordinary shares upon conversion *(Note 12)*	(1,000,000)	(1,490)
At 31 March 2017	**66,500,000**	**99,085**

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 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 valuer, 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, amounting to approximately HK$506,600,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

For the year ended 31 March 2017, the Group has continued to maintain its market position as the leading human resources services provider in Hong Kong. Revenue derived from Human Resources Services segment amounted to approximately HK$195,649,000 (2016: approximately HK$214,141,000), a decrease of approximately 8.6% in revenue as compared to the corresponding period in the previous year. Out of the segment revenue, the amount derived from staff outsourcing services has dropped by approximately HK$17,572,000 or 8.7% from that recorded in the previous year of approximately HK$202,966,000. The revenue derived from executive/staff search services for this year continued to shrink by approximately HK$1,062,000 or 15.3% from approximately HK$6,936,000 last year whereas the revenue from other human resources support services remained stable in this year generating approximately HK$4,381,000 as compared to approximately HK$4,239,000 in the previous year. The overall drop in revenue from this business segment was mainly attributable to the increasing competition in this business sector in Hong Kong and the relocation of certain clients' human resources function to their regional head offices in other countries leading to a reduction in using the Group's human resources services in Hong Kong.

Revenue from credit assessment and credit consultancy services in the PRC was approximately HK$13,243,000 for the year ended 31 March 2017 (2016: approximately HK$12,332,000). The increase in revenue of this business segment is mainly due to the contribution from the new sub-group in this segment acquired during the year which is engaged in provision of financing counselling and financing referral services to the institutional lenders with borrowers mainly in the real estate property market in the PRC. The completion of acquisition of this new sub-group in December 2016 strengthened the Group's business in this segment by expanding the segment's service network to real estate property borrowers and institutional lenders and hence further consolidated its revenue base.

The Group has commenced its operation of the peer-to-peer ("P2P") financing platform and provision of other loan facilitation business in the PRC since the completion of the acquisition of Radiant Expert Global Limited ("Radiant") in November 2015. This business segment recorded a segment revenue for the year ended 31 March 2017 amounted to approximately HK$48,520,000 (2016: approximately HK$27,635,000), representing an increase of approximately 75.6% from prior year. It accounted for approximately 17.3% (2016: approximately 10.6%) of the Group's total revenue and became one of the main streams of the Group's revenue this year evidencing the right direction of the Group's business diversification strategy in the recent years with an objective of broadening its sources of income.

Following the completion of acquisition of Best Moon Holdings Limited ("Best Moon") in mid-March 2016, the Group commenced its asset management services business in the PRC and this business segment contributed a revenue of approximately HK$9,192,000 to the Group's overall revenue for the year ended 31 March 2017 (2016: approximately HK$7,221,000). The asset management services business not only generate revenue from its own operations, but because of its possession of 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. As such, the underlying value of this business segment is not explicitly reflected on its own financial performance but implicitly benefit other business segments of the Group.

During the year ended 31 March 2017, the Group classified its loan financing services as one of its business segments. A wholly-owned subsidiary of the Group possesses a money lender license commenced its loan financing service business during the year. The business segment recorded a revenue of approximately HK$14,602,000. The Group believes extending its principal business activities into the loan financing service business will further diversify the Group's business and widen its existing financial services business spectrum.

FINANCIAL REVIEW

For the year ended 31 March 2017, the Group recorded revenue of approximately HK$281,206,000 (2016: approximately HK$261,329,000), representing a growth of 7.6%. Gross profit for the year ended 31 March 2017 was approximately HK$97,126,000 (2016: approximately HK$59,527,000), representing a gross profit margin of approximately 34.5% for the year ended 31 March 2017 (2016: approximately 22.8%).

During the year ended 31 March 2017, direct costs amounted to approximately HK$184,080,000 (2016: approximately HK$201,802,000), 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 direct costs rendered for credit consultancy and assessment services.

Other income for the year ended 31 March 2017 amounted to approximately HK$2,204,000 (2016: approximately HK$8,040,000). The drop in other income of approximately HK$5,836,000 was mainly due to the reduction of dividend income from available-for-sale investments as well as interest income.

General and administrative expenses for the year ended 31 March 2017 were approximately HK$50,357,000 (2016: approximately HK$26,798,000), representing a significant increase of approximately 87.9% compared with that of last year, of which staff related costs (including directors' emoluments) were approximately HK$16,282,000 (2016: approximately HK$9,917,000). Rental expenses were approximately HK$2,733,000 (2016: approximately HK$2,346,000). Professional fees were approximately HK$2,353,000 (2016: approximately HK$3,361,000). Marketing and promotion fees for loan facilitation services were approximately HK$6,356,000 (2016: approximately HK$1,137,000). Consultancy fee for assets management service amounted to approximately HK$1,368,000 (2016: Nil). The overall increase in general and administrative expenses is due to the full year effect of the loan facilitation service business and the asset management service business which were acquired by the Group in the third and the last quarter of the Company's previous financial year respectively.

The Group recorded a profit before tax for the year ended 31 March 2017 of approximately HK$44,949,000 representing a growth of 10.3% or HK$4,195,000 from that recorded in the previous year of approximately HK$40,754,000. The growth is attributable to the encouraging performance from the Group's financial services related businesses.

Although the Group has recorded a fair value gain of approximately HK$7,171,000 (2016: Nil) on certain available-for-sale investments, it also suffered a loss on disposal of another available-for-sale investment amounted to approximately HK$4,498,000 (2016: Nil) which was charged to the profit and loss for the year.

FINANCIAL POSITION

Net assets value of the Group as at 31 March 2017 amounted to approximately HK$1,190,907,000 compared to approximately HK$878,510,000 as at 31 March 2016. The increase was mainly due to the equity funds raised in the year and the net profit of the Group for the year.

The total non-current assets of the Group increased from approximately HK$636,242,000 as at 31 March 2016 to approximately HK$704,744,000 as at 31 March 2017. The increase was mainly due to the goodwill arising from the acquisition of the subsidiary, Beauty Sky Group Limited during the year and the relating contingent consideration in respect of the profit guarantees from a guarantor.

Net current assets as at 31 March 2017 amounted to approximately HK$487,582,000 as compared to approximately HK$244,129,000 in the previous year. The increase was mainly attributable to the increase in loan and interest receivables in respect of the loan financing business.

Non-current liabilities as at 31 March 2017 reduced slightly by approximately HK$442,000 as a result of the repayment of obligation under finance lease and the reversal of deferred tax liabilities upon amortization of intangible assets in the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by its own working capital and from equity fund raisings. Net cash used in operating activities for the year ended 31 March 2017 amounted to approximately HK$190,572,000 as compared to that in 2016 of approximately HK$87,918,000 mainly for the loan financing service business. Total net cash inflow from financing amounted to approximately HK$173,016,000 for the year ended 31 March 2017 (2016: approximately HK$77,796,000) mainly from the placing of shares for cash.

As at 31 March 2017, the Group had obligations under finance leases of approximately HK$292,000 (2016: approximately HK$460,000). Among the total outstanding amounts of obligations under finance leases as at 31 March 2017, approximately 59.6% (2016: approximately 36.5%) is repayable within the next year.

The Group had a current ratio of approximately 14.66 as at 31 March 2017 comparing to that of approximately 6.09 as at 31 March 2016. As at 31 March 2017, the Group was barely had any borrowings and hence it's gearing ratio was as low as 0.02% (2016: approximately 0.05%), which is calculated based on the Group's total borrowings of approximately HK$292,000 (2016: approximately HK$460,000) and the Group's total equity of approximately HK$1,190,907,000 (2016: approximately HK$878,510,000).

The Group's total cash and bank balances as at 31 March 2017 amounted to approximately HK$65,253,000 compared to approximately HK$94,152,000 as at 31 March 2016. 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 12.

FINANCIAL MANAGEMENT AND FOREIGN EXCHANGE EXPOSURE

The Group's finance division works closely with the executive directors and manages the financial risks of the Group. The key objectives of the Group's treasury policies are to manage the Group's onshore and offshore fund to support and facilitate the Group's future business and investment plans; to manage its exposure to fluctuations in foreign currency exchange rates and to reach the goals of corporate cash management. 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 and not to engage in any speculative activities. 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$543,000 (2016: approximately HK$826,000).

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any material contingent liabilities (2016: Nil).

COMMITMENTS

As at 31 March 2017, the Group did not have any material capital commitments (2016: Nil). The Group had operating lease commitments amounted to approximately HK$5,157,000 (2016: approximately HK$2,426,000) which represented rentals payable for office premises and car park space.

SIGNIFICANT INVESTMENT

During the year ended 31 March 2017, the Group did not have any significant investment (2016: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 7 December 2016, Wise Astute Limited ("Wise Astute") a wholly-owned subsidiary of the Company and Fast Sonic Investments Limited ("Fast Sonic"), an independent third party, entered into a conditional sales and purchase agreement (the "Conditional Agreement") in which Fast Sonic has conditionally agreed to sell the entire issued share capital of Beauty Sky to Wise Astute at a consideration of RMB70,000,000 (equivalent to approximately to HK$87,500,000) by way of allotment and issue of 102,941,177 new ordinary shares of the Company to Fast Sonic at the issued price of HK$0.850 each. The acquisition was completed on 13 December 2016.

No material disposals of subsidiaries were made by the Group for the year ended 31 March 2017 (2016: Nil).

MATERIAL TRANSACTIONS

During the year ended 31 March 2017, the Group entered into the following material transactions:

(a) On 6 May 2016, the Company entered into a placing agreement (the "First Placing Agreement") with China Industrial Securities International Brokerage Limited ("CIS") pursuant to which CIS agreed to place (the "First Placing"), on a best effort basis, up to an aggregate of 25,000,000 new shares at the placing price of HK$0.64 per share on behalf of the Company to not less than six placees who and whose ultimate beneficial owners are independent third parties. The closing price per share as quoted on the Stock Exchange on the date of the First Placing Agreement was HK$0.79. It was intended that the net proceeds from the First Placing of approximately HK$15.6 million would be utilised as general working capital of the Group and for the liquid capital pool of the Group to provide entrusted loans to customers when opportunities may arise from time to time. Completion of the First Placing took place on 20 May 2016. The Group has utilized all the net proceeds from the First Placing for its loan financing services business.

(b) On 27 May 2016, the Company entered into a placing agreement (the "Second Placing Agreement") with CIS pursuant to which CIS agreed to place (the "Second Placing"), on a best effort basis, up to an aggregate of 30,000,000 new shares at the placing price of HK$0.685 per share on behalf of the Company to not less than six placees who and whose ultimate beneficial owners are independent third parties. The closing price per share as quoted on the Stock Exchange on the date of the Second Placing Agreement was HK$0.85. It was intended that the net proceeds from the Second Placing of approximately HK$20.1 million would be utilised as general working capital of the Group and for the liquid capital pool of the Group to provide entrusted loans to customers when opportunities may arise from time to time. Completion of the Second Placing took place on 13 June 2016. The Group has utilized all the net proceeds from the Second Placing for its loan financing services business.

(c) On 20 June 2016, the Company entered into a placing agreement (the "Third Placing Agreement") with CIS pursuant to which CIS agreed to place (the "Third Placing"), on a best effort basis, up to an aggregate of 11,500,000 new shares at the placing price of HK$0.671 per share on behalf of the Company to not less than six placees who and whose ultimate beneficial owners are independent third parties. The closing price per share as quoted on the Stock Exchange on the date of the Third Placing Agreement was HK$0.78. It was intended that the net proceeds from the Third Placing of approximately HK$7.5 million would be utilised as general working capital of the Group and for the liquid capital pool of the Group to provide entrusted loans to customers when opportunities may arise from time to time. Completion of the Third Placing took place on 5 July 2016. The Group has utilized all the net proceeds from the Third Placing for its loan financing services business.

(d) On 26 August 2016, the Company entered into a placing agreement (the "Fourth Placing Agreement") with Cinda International Securities Limited ("Cinda") pursuant to which Cinda agreed to place (the "Fourth Placing"), on a best effort basis, up to an aggregate of 30,000,000 new shares at the placing price of HK$1.04 per share on behalf of the Company to not less than six placees who and whose ultimate beneficial owners are independent third parties. The closing price per share as quoted on the Stock Exchange on the date of the Fourth Placing Agreement was HK$1.27. It was intended that the net proceeds from the Fourth Placing of approximately HK$30.5 million would be utilised as general working capital of the Group and for the liquid capital pool of the Group to provide entrusted loans to customers when opportunities may arise from time to time. Completion of the Fourth Placing took place on 19 September 2016. The Group has utilized all the net proceeds from the Fourth Placing for its loan financing services business.

(e) On 12 December 2016, the Company entered into a placing agreement (the "Fifth Placing Agreement") with CIS pursuant to which CIS agreed to place (the "Fifth Placing"), on a best effort basis, up to an aggregate of 109,050,000 new shares at the placing price of HK$0.917 per share on behalf of the Company to not less than six placees who and whose ultimate beneficial owners are independent third parties. The closing price per share as quoted on the Stock Exchange on the date of the Fifth Placing Agreement was HK$1.01. It was intended that the net proceeds from the Fifth Placing of approximately HK$99.2 million would be utilised as general working capital of the Group and for the liquid capital pool of the Group to provide loans to customers when opportunities may arise from time to time. Completion of the Fifth Placing took place on 23 December 2016. The Group has utilized approximately HK$94.7 million of the net proceeds from the Fifth Placing for its loan financing services business and the remaining balance of approximately HK$4.5 million was kept in the bank at 31 March 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group's staff costs, including director's remuneration, were approximately HK$198.4 million (2016: approximately HK$208.9 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 2017 (2016: Nil).

PROSPECTS

The Group aims to capitalize on its existing platforms and service networks in the PRC. Most of which has been well-established by the former owners and their management of those business prior to being acquired by the Group. With such business connections, the Group, among its different business segments, is able to further develop its financial services related businesses.

Recently, The People's Bank of China, The China Banking Regulatory Commission, The China Securities Regulatory Commission, The China Insurance Regulatory Commission and The Standardization Administration of the People's Republic of China jointly promulgated The Development Planning of Financial Industry Standardization System[#] 金融業標準化體系建設發展規劃 (the "Plan") which is the implementation of standardization of financial industry in the 13th Five-Year Plan Period. The Plan, among others, established the standards for on-line financing business with the objective to create a better business environment for the financial industry. The Group believe that with such Plan and the improved business environment, the Group's financial services related business will also be benefited especially the online intermediary services business. The Group plans to further expand its financial related service business in the future. It recently established two wholly-owned subsidiaries in Tibet to be engaged in the financial advisory services business.

The Group's human resources services business remained stable. However, the increasing competition in the business environment it operates hindered its continuing expansion. As such, the Group is in the course of reviewing the condition of operating such segment in the future by taking into consideration of the Group's overall business strategy and available resources. The Group will continue to seek suitable investment opportunities and utilize its resources with an objective to maximize the returns to its shareholders.

[#] 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.

SUBSEQUENT EVENT

Establishment of new subsidiaries

a. On 19 April 2017, a new wholly-owned subsidiary, 西藏圓山投資管理有限公司 ("西藏圓山") was established in the PRC by the Group with registered capital of RMB10 million, through one of its wholly-owned subsidiaries, 廣東合銀投資管理諮詢有限公司 ("廣東合銀"). The principal activity of 西藏圓山 is provision of financial advisory services.

b. On 21 April 2017, a new wholly-owned subsidiary, 西藏良木投資管理有限公司 ("西藏良木") was established in the PRC by 廣東合銀 with registered capital of RMB 20 million. The principal activity of 西藏良木 is provision of financial advisory services.

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 2017.

NON-COMPETITION UNDERTAKING

All the independent non-executive Directors were delegated with the authority to review on an annual basis the non-competition undertaking given by Ms. Yeung Ka Fung, Queenie ("Ms. Yeung"), in the respective non-competition undertaking (the "Undertaking") entered into by Ms. Yeung and Zebra Strategic Outsource Solution Limited dated 1 March 2013 and the deed of non-competition (the "Deed of Non-competition") dated 19 March 2013 (an extract of the respective material terms of Undertaking and the Deed of Non-competition had been set out in the Prospectus). Ms. Yeung confirmed that (a) she has provided all information necessary for the enforcement of the Undertaking and the Deed of Non-competition, as requested by all independent non-executive directors from time to time; and (b) from the effective date of respective Undertaking and the Deed of Non-competition and up to 26 June 2017, Ms. Yeung had complied with the Undertaking and the Deed of Non-competition. All independent non-executive Directors also confirmed that they were not aware of any non-compliance with the Undertaking by Ms. Yeung or the Deed of Non-competition during the same period.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2017, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all of them have complied with the required standards of dealings regarding securities transactions throughout the year ended 31 March 2017.

AUDIT COMMITTEE

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

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

The Audit Committee reports to the Board and has held regular meetings during the year ended 31 March 2017 to review and make recommendations to improve the Group's financial reporting process and internal controls.

During the year ended 31 March 2017, 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 2017, and discussed internal controls and financial reporting matters. The Audit Committee had also reviewed this annual report, and confirmed that this annual report complies with the applicable standard, the GEM Listing Rules and other applicable legal requirements and that adequate disclosures have been made. The Audit Committee also met with the external auditor. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment/re-appointment of the external auditor.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Group's auditors, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Asian Alliance (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Asian Alliance (HK) CPA Limited on the preliminary announcement.

CORPORATE GOVERNANCE

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

During the year ended 31 March 2017, 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.6.7

Mr. Chang, Tin Duk Victor was absent from the annual general meeting of the Company held on 3 August 2016 due to his other important engagements.

Mr. Wang En Ping was absent from the annual general meeting of the Company held on 3 August 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 and other non-executive Directors should attend general meetings.

On behalf of the Board
Yin He Holdings Limited
Zheng Zhong Qiang
Executive Director

Hong Kong, 26 June 2017

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

This announcement will remain on GEM website on the "Latest Listed Company Information" page for at least seven days from the day of its posting and on the Company's website at www.yinhe.com.hk.