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 2019

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This report, for which the directors (the "Directors") of Yin He Holdings Limited (the "Company", together with its subsidiaries, the "Group") 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 purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Li Ang *(Chairman)*
Zheng Zhong Qiang

NON-EXECUTIVE DIRECTOR
Chang, Tin Duk Victor
Lam Tsz Chung

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

COMPLIANCE OFFICER
Lam Tsz Chung

COMPANY SECRETARY
Fok Wai Man

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Bank of Communications Co., Ltd., Hong Kong Branch
Citibank, N.A., Hong Kong Branch
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Ping An Bank Co. Ltd.
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
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STOCK CODE
8260

BUSINESS REVIEW

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

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

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

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

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

Revenue recorded for the Assets Management Services segment increased by 18.6% to approximately HK$5,661,000 for the year ended 31 March 2019 (FY2018: HK$4,774,000). In FY2019, the revenue generated from the Assets Management Service segment represented 2.2% (FY2018: 1.7%) of the Group's total revenue. Although the Asset Management Services segment was not the Group's major revenue generating unit, it could benefit the Group's Credit Consultancy Services segment and Loan Facilitation segment through its valuable network of funds and investors which allowed the Group to provide more value-added services to its all customers as a whole. As such, the underlying value of this business segment is not explicitly shown on its own financial performance but will implicitly benefit other business segments of the Group. The profit contributed by this segment was HK$11,771,000, increased by HK$4,359,000 or 58% as compared with HK$7,412,000 last year.

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

FINANCIAL REVIEW

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

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

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

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

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

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

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

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

FINANCIAL POSITION

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

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

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

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

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

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

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

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

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

– Any significant financial difficulty of the borrower;

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

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

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

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

CAPITAL STRUCTURE OF THE GROUP

Details of the movements in the Company's share capital are set out in note 35.

FINANCIAL MANAGEMENT AND FOREIGN EXCHANGE EXPOSURE

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

CHARGES ON GROUP'S ASSETS

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

CONTINGENT LIABILITIES

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

COMMITMENTS

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

SIGNIFICANT INVESTMENT

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

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

MATERIAL TRANSACTIONS

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

EMPLOYEES AND REMUNERATION POLICIES

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

FINAL DIVIDENDS

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

EVENT AFTER THE REPORTING PERIOD

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

PROSPECTS

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

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

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

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Li Ang, aged 32, was appointed as executive Director on 20 April 2017 and appointed as the Chairman of the Company ("Chairman") on 5 March 2019. Mr. Li graduated from University of Auckland in New Zealand with a Bachelor of Arts degree in Economics. And Mr. Li obtained EMBA from Sun Yat-sen University in 2018. Mr. Li has extensive experience in lending business, credit assessment, investment advisory, corporate information advisory and corporate investment management. Prior to joining the Group, Mr. Li worked at senior position in a financial institution and a finance leasing company in the People's Republic of China. He is the Executive Vice President of 廣州市工商業聯合會（廣州市總商會）青年企業家委員會 (Guangzhou Municipal Federation of Industry and Commerce (Guangzhou General Chamber of Commerce) Youth Entrepreneurs Committee#).

Mr. Zheng Zhong Qiang (鄭鍾強), aged 56, 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 a Master degree in Hotel and Tourism Management from The Hong Kong Polytechnic University in 2014. Mr. Zheng was appointed as a deputy general manager in 中山市中糖集團有限公司 (Zhongshan 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 2003 to 2010, Mr. Zheng served as the vice chairman of 中山公用事業集團有限公司 (Zhongshan Public Utilities Group Co., Ltd.#), the chairman of 中山公用科技股份有限公司 (Zhongshan Public Utilities Science and Technology Co., Ltd.#), a director of 中山公用事業集團股份有限公司 (Zhongshan Public Utilities Group Co., Ltd.#) (SZ: 000685) and the general manager of its holding company, 中山中滙投資集團有限公司 (Zhongshan Zhonghui Investment Group Co., Ltd.#). Mr. Zheng was appointed as chairman of the board of 中山旅遊集團有限公司 (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#).

NON-EXECUTIVE DIRECTORS

Mr. Chang, Tin Duk Victor (張天德), aged 48, was first appointed as an executive Director on 24 February 2012 and re-designated as a 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 each of Dakin Securities Limited and Dakin Asset Management Limited. Dakin Securities Limited is a corporation licensed to carry out type 1 (dealing in Securities) and Type 2 (dealing in futures contract) regulated activities under the SFO and Dakin Asset Management Limited is a corporation licensed to carry out type 9 (asset management) regulated activity 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).

Mr. Lam Tsz Chung (林子聰), aged 46, was appointed as a non-executive Director on 1 September 2014 and re-designated as an executive director on 31 August 2015. Mr. Lam was subsequently re-designated as a non-executive Director on 1 September 2016. Mr. Lam is member of the remuneration committee of the Company. 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 20 years, he was admitted as a solicitor of the High Court of Hong Kong and a solicitor of the Supreme Court of 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, a member of Appeal Panel (Housing) and a member of Disciplinary Panel A of the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam, Raymond Shiu Cheung (林兆昌), aged 53, 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 corporate governance and internal control of the Company. He is also the chairman of the remuneration committee and a member of the audit 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 independent non-executive director of each of China Strategic Holdings Limited (stock code: 8089) and China Assurance Finance Group Limited (stock code: 8090), all of which are companies listed on GEM of Stock Exchange. He is also an independent non-executive director of Kakiko Group Limited (stock code: 2225), which is listed on the main board of the Stock Exchange.

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 of the Stock Exchange. He was also an independent non-executive director of China Regenerative Medicine International Limited (formerly known as China Bio-Med Regeneration Technology Limited) and B M Intelligence International Limited)(stock code: 8158) from June 2008 to June 2009 which is listed on GEM. He was also the deputy chief executive officer of China Eco-Farming Limited (formerly known as Linefan Technology Holdings Limited)(stock code: 8166) from June 2009 to April 2013, a company listed on GEM.

Mr. Wang En Ping (王恩平), aged 65, 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 corporate governance and internal control 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，*太平紳士*), aged 83, 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 corporate governance and internal control of the Company. He is also the chairman of nomination committee and a member of the audit committee of the Company.

Dr. Cheung is currently director and vice chairman of executive committee of the Metropolitan Bank (China) Ltd. PRC. Dr. Cheung is an independent non-executive director of each of Pioneer Global Group Limited (Stock code: 224), Universal Technologies Holdings Limited (Stock code: 1026), Modern Dental Group Limited (Stock code: 3600), Jiayuan International Group Limited (Stock Code: 2768) and Fullsun International Holdings Group Co., Limited_(Stock Code: 627). He is a non-executive director of Galaxy Entertainment Group Limited (Stock code: 27). All of the above companies are listed on the main board of the Stock Exchange.

Dr. Cheung formerly held various directorship positions in the following companies whose shares are listed on the main board, GEM of the Stock Exchange and/or the Shanghai Stock Exchange. Dr. Cheung was an executive director and chairman of the board of directors of Roma Group Limited (Stock code: 8072) from June 2017 to December 2017. He was an independent non-executive director and chairman, subsequently co-chairman of Grand TG Gold Holdings Limited (Stock code: 8299) from July 2009 to March 2016. He was an independent non-executive director of each of China Financial International Investments Limited (Stock code: 721) from May 2001 to September 2018, China Taifeng Bedding Holdings Limited (Stock code: 873) from April 2017 to July 2018, and Shanghai Electric Group Company Limited (Stock code: 2727 (Hong Kong) and A Stock 601727 (Shanghai)) from April 2005 to February 2014.

Dr. Cheung 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 the Directors of the Year Awards 2002 of Listed Company Non-executive Director by the Hong Kong Institute of Directors. 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

Mr. Cai Zhen Hui (蔡鎮輝), aged 36, has joined the Group in January 2017 and appointed as the chief executive officer of the Company on 5 March 2019. Mr. Cai obtained a bachelor's degree in management from Guangdong University of Finance and Economics in 2006 and graduated from the Lingnan College of Sun Yat-sen University in 2015 with a Master's degree in Finance. Mr. Cai has over 10 years of working experience in the financial industry and has extensive management experience. Prior to joining the Group, Mr. Cai held management positions with the Guangzhou Branch of Hong Kong and Shanghai Banking Corporation Limited. Since then, Mr. Cai has worked in the CITIC Bank Guangzhou Branch. He has held senior managerial positions such as senior manager in the core operation department of the bank. Mr. Cai was the director and assistant chief executive officer of 廣東銀達融資擔保投資集團有限公司 (Guangdong Yin Da Financing Guarantee & Investment Group Co. Ltd.#), and the chairman and chief executive officer of 廣東思達富基金有限公司 (Guangdong Sidafu Fund Co. Ltd#).

Ms. Zhang, Jin (張瑾), aged 40, 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 2002. 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 48, joined the Group 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 48, is the head of the ESS-Banking Team of the executive/staff search department. She joined the Group 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 17 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 42, joined the Group 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 12 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.

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.

Pursuant to Rule 18.44(2) of the GEM Listing Rules, the Board is pleased to present the corporate governance report for the year ended 31 March 2019.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to promoting good corporate governance, with the objectives:

(i) the maintenance of responsible decision making;

(ii) the improvement in transparency and disclosure of information to shareholders of the Company (the "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.

The Board is satisfied that the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules to the extent applicable to the Company during the year ended 31 March 2019.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on each of the Directors, the Company was not aware of any non-compliance with the required standard set out in Chapter 5 of the GEM Listing Rules for the year ended 31 March 2019.

BOARD OF DIRECTORS

The Board is entrusted with the overall responsibility for promoting the success of the Group by directing and supervising the Group's business and affairs. The day-to-day management, administrative and operational matters of the Group are delegated to the executive Directors and the senior management. Any significant operational and financial matters of the Group have to be approved by the Board before entering into any significant transactions. The Board has obtained full support from the Directors and the senior management to discharge its responsibilities.

The Company is committed to the view that the Board should include a balance composition of executive and independent non-executive Directors (the "INEDs") so that there is a strong independent element on the board, which can effectively exercise independent judgment. Non-executive directors are of sufficient caliber and number for their views to carry weight.

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 INED 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.

As at the date of this report, the Board comprises seven Directors, including two executive Directors, namely Mr. Li Ang and Mr. Zheng Zhong Qiang, two non-executive Directors namely Mr. Chang Tin Duk Victor and Mr. Lam Tsz Chung, and three INEDs, namely Mr. Lam, Raymond Shiu Cheung, Mr. Wang En Ping and Dr. Cheung Wai Bun Charles, JP. There is no relationship, including financial, business, family or other material relationship among the Directors.

The INEDs have brought in a wide range of business and financial expertise, experiences and independent judgement to the Board. Through actively participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.

Throughout the year ended 31 March 2019, the Company had three INEDs which has met the requirements of the GEM Listing Rules that the number of INEDs must represent at least one-third of the Board and has met the requirement that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received an annual written confirmation of independence from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules for the year ended 31 March 2019. Accordingly, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules for the year ended 31 March 2019.

The biographical details of each Director and relationships between the members of the Board are disclosed in the section headed "Biological Details of Directors and Senior Management" in this annual report.

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.

If any Directors and their associates with a material interest in the transactions to be discussed at the Board meetings will abstain from voting on resolutions, approving such transactions and are not counted in the quorum of the meetings.

During the year ended 31 March 2019 and up to the date of this report, 14 Board meetings were held, at which the works performed are summarized as follows:

– Discussed and approved the annual, interim and quarterly results of the Group;

– Approved the placing agreements to with placing agents in relation to the placing of shares and placing of bonds;

– Approved the appointment of Chairman, CEO and company secretary of the Company (the "Company Secretary");

– Discussed the possible acquisition of a company specialized in training services; and

– Discussed the possible acquisition of a company specialized in manufacturing of arcade machines and the subsequent termination of the acquisition.

The attendance records of individuals Directors are as follows:

	Number of Meetings Attended/Held
Executive Directors	
Li Ang *(Chairman)*	14/14
Zheng Zhong Qiang	14/14
Non-Executive Directors	
Chang, Tin Duk Victor	10/14
Lam Tsz Chung	14/14
Independent Non-Executive Directors	14/14
Lam, Raymond Shiu Cheung	14/14
Wang En Ping	14/14
Cheung Wai Bun Charles, *JP*	14/14

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.

All Directors should have access to the advice and services of the Company Secretary with a view to ensuring that the Board procedures and all applicable rules or regulations are followed. The Company Secretary is responsible for keeping all Board meeting minutes. The minutes will be circulated to the Directors for comments and recorded within a reasonable time after each meeting and the minutes are open for Directors' inspection

Meeting minutes were reviewed by the Directors and 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 3 August 2018. All Directors including INEDs and other non-executive directors attended the annual general meeting.

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.

The functions of non-executive Directors include, but not limited to:

– taking part in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

– taking the lead where potential conflicts of interests arise;

– serving on the Audit, Remuneration and Nomination Committees when invited; and

– scrutinizing the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

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.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remunerations for the year ended 31 March 2019 are set out in Note 12 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management" in this annual report for the year ended 31 March 2019 by band is set out below:

Remuneration band (in HK$)	**Number of individual**
Nil to 1,000,000	11
1,000,001 to 1,500,000	1

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 2019, 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	
Li Ang	A, B
Zheng Zhong Qiang	A, B
Non-Executive Directors	
Chang Tin Duk Victor	A, B
Lam Tsz Chung	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. Either party has the right to give not less than three months' written notice to terminate the respective service contract.

Each of the non-executive Directors and the independent non-executive Directors has entered into an appointment letter with the Company on an initial term of three years from his appointment date. Please refer to the section headed "Biographical details of Directors and Senior Management" of this annual report for their respective appointment dates. Either party has the right to give not less than three months' written notice to terminate the respective appointment.

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.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has complied with code provision A.2.1 of the CG Code which stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Li Ang, the Chairman, is responsible for the approval and supervision of the overall strategies and policies of the Group, approval of annual budgets and business plans, evaluation of the Company's performance and oversight of the management. Mr. Cai Zhen Hui, the chief executive officer of the Company, is responsible for the day-to-day operations of the Group.

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 Audit Committee was established 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 principal functions of the Audit Committee include, but are not limited to:

Relationship with the Company's auditors

– making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any questions of their resignation or dismissal;

– reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; discussing with the auditors the nature and scope of the audit and reporting obligations before the audit commences; and

– developing and implementing a policy on engaging external auditors to supply non-audit services (for this purpose, "external auditors" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally); and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed.

Review of the Company's financial information

– monitoring integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements contained in them before submission to the Board with particular focus on:

  (i) any changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from audit;

  (iv) the going concern assumptions and any qualifications;

  (v) compliance with accounting standards; and

  (vi) compliance with the GEM Listing Rules and legal requirements in relation to financial reporting;

– regarding the above paragraph:

  (i) liaising with the Board and senior management and meeting, at least twice a year, with the Company's external auditors; and

  (ii) considering any significant or unusual items that are, or may need to be, reflected in the report and financial statements; giving due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors.

Oversight of the Company's financial reporting system, risk management and internal control systems

– reviewing the Company's financial controls and the risk management and internal control systems ("RM and IC Systems");

– discussing the RM and IC Systems with management to ensure that management has performed its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

– considering major investigation findings on RM and IC matters as delegated by the Board or on its own initiative and management's response to these findings;

– where an internal audit function exists, ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;

– reviewing the financial and accounting policies and practices of the Group;

– reviewing the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response;

– ensuring that the Board will provide a timely response to the issues raised in the external auditors' management letter;

– reporting to the Board on the matters in relation to its principal functions;

– considering other topics, as defined by the Board;

– making recommendations to the Board as it deems appropriate on any area within its scope of duties where an action or improvement is needed;

– acting as the key representative body for overseeing the Company's relations with the external auditors; and

– discuss any whistleblowing matters, including but not limited to possible improprieties in financial reporting and internal controls, raised by employees and those who deal with the Group (e.g. customers and suppliers) if there is any.

During the year ended 31 March 2019, 5 Audit Committee meetings were held. The works performed are as follows:

– reviewed the Group's annual, interim and quarterly results;

– reviewed the accounting principles and practices adopted by the Group and other financial reporting matters;

– discussed the effectiveness of the internal controls system throughout the Group, including financial, operational and compliance controls, and risk management;

– confirmed that an external professional company, which will report directly to the Audit Committee, was engaged to perform an independent appraisal of the adequacy and effectiveness of RM and IC Systems; and

– met with the Company's external auditors as to discuss and to resolve key matters, if any, raised by the auditors.

The individual attendance record of the Audit Committee members as follows:

	Number of Meetings Attended/Held
Wang En Ping *(Chairman)*	5/5
Lam, Raymond Shiu Cheung	5/5
Cheung Wai Bun Charles, *JP*	5/5

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 non-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 principal functions of the Remuneration Committee include, but not are limited to:

– making recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

– reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives from time to time;

– to reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

– reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

– any other works things to enable the Remuneration Committee to discharge its powers and functions conferred on it by the Board;

– with delegated responsibility from the Board:

  (i) determining the remuneration packages of individual executive Directors and senior management (including benefits in kind, pension rights and compensation payments such as compensation payable for loss or termination of their office or appointment);

  (ii) making recommendations to the Board on the remuneration packages of individual executive Directors and senior management; and

  (iii) making recommendations to the Board on the remuneration of non-executive Directors.

– ensuring that no Director or any of his associates is involved in deciding his own remuneration;

– determining the criteria for assessing employee performance, which should reflect the Company's business objectives and targets;

– to considering the performance bonus for executive Directors, Senior Management and the general staff, having regard to their achievements against the performance criteria and by reference to market norms;

– reviewing the service agreements of the Directors and senior management from time to time. The Remuneration Committee is empowered to seek advice from external professional advisers whenever the Remuneration Committee considers necessary.

During the year ended 31 March 2019, 3 Remuneration Committee meetings were held, at which the works performed are summarized as follows:

– evaluated the performance of the Directors and senior management;

– reviewed the remuneration policies and appraisal system;

– recommended to the Board on the Directors' fee for the year; and

– considered and approved the remuneration of the Directors and senior management.

The individual attendance records of the Remuneration Committee members are as follows:

	Number of Meetings Attended/Held
Lam Raymond Shiu Cheung *(Chairman)*	3/3
Lam Tsz Chung	3/3
Wang En Ping	3/3

Details of the remuneration of each Director for the year ended 31 March 2019 are set out in note 12 to the financial statements contained in this annual report.

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 principal functions of the Nomination Committee include, but are not limited to:

– reviewing the structure, size and composition (including the skills, knowledge and experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

– identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

– assessing the independence of the INEDs; and

– making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for the Directors, in particular, the Chairman and the chief executive.

Nomination Policy

Nomination Criteria

In determining the suitability of a candidate, the Nomination Committee shall consider the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence, age, culture, ethnicity and gender diversity. The Nomination Committee shall consider a number of factors in making nominations, including but not limited to skills and experience, diversity, availability, character and integrity, and independence. The above criteria are for reference only and are not meant to be exhaustive or decisive. The Board shall take into consideration the benefits of a diversified Board when selecting Board candidates.

Nomination Procedures

1. If the Board determines that an additional or replacement director is required, the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate.

2. The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a Shareholder as a nominee for election to the Board.

3. Upon considering a candidate suitable for the position of director, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment.

4. On making recommendation, the Nomination Committee may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate as director to fill a casual vacancy or as an addition to the Board or recommend such candidate to Shareholders for election or re-election (where appropriate) at the general meeting.

During the year ended 31 March 2019, 3 Nomination Committee meetings were held, at which the works performed are summarized as follows:

– reviewed the structure, size and diversity of the Board;

– assessed the independence of the INEDs;

– reviewed the Board Diversity Policy; and

– recommended to the Board for consideration the re-election of all the retiring Directors at the forthcoming annual general meeting.

	Number of Meetings Attended/Held
Cheung Wai Bun Charles, *JP (Chairman)*	3/3
Zheng Zhong Qiang	3/3
Wang En Ping	3/3

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, but not limited to:

– developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;

– reviewing and monitoring the training and continuous professional development of the Directors and senior management of the Group;

– reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

– developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and

– reviewing the Company's compliance with the CG Code and disclosures in the corporate governance report.

During the year ended 31 March 2019, the Board has reviewed and performed the above corporate governance functions.

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 auditors' financial reporting responsibilities on the Company's consolidated financial statements are set out in the "Independent Auditor's Report" of this annual 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 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 at the forthcoming annual general meeting.

The aggregate remuneration paid and payable to the Company's auditor for the year ended 31 March 2019 is as follows:

	Services fee paid/ payable HK$'000
Audit services	759
Non-audit services	80

COMPANY SECRETARY

Mr. Yu Ho Fung ("Mr. Yu") was appointed as the Company Secretary for the period from 16 March 2018 to 3 August 2018.

Mr. Yu is a member of the Hong Kong Institute of Certified Public Accountants and fellow member of Association of Certified Chartered Accountants and obtained a Bachelor degree in Accountancy from Hong Kong Polytechnic University. He has extensive experiences in company secretary, financial accounting and corporate governance compliance for listed company.

Mr. Fok Wai Man ("Mr. Fok") was appointed as the Company Secretary with effect from 3 August 2018.

Mr. Fok has over 20 years of experience in auditing, accounting and financial managing field and over 10 years of working experience in Hong Kong listed companies. He is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. In addition, he holds a degree of Bachelor of Arts (Honors) in Accountancy from the Hong Kong Polytechnic University and a degree of Master of Business Administration from the University of Adelaide.

For the year ended 31 March 2019, Mr. Fok has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

All members of the Board have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary are subject to the Board's approval.

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, 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, 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.

Information will be communicated to its shareholders through the Company's financial reports, circulars and announcements, annual general meeting and other general meetings that may be convened, as well as the disclosures submitted to the Stock Exchange for publication. The latest corporate information and updates are also available on the Company's website (www.yinhe.com.hk) for public interest.

During the year ended 31 March 2019, there was no significant changes to the Company's memorandum and the Articles of Association. The memorandum and Articles of Association is available on the respective websites of the Stock Exchange and the Company.

DIVIDEND POLICY

The Company aims at providing stable and sustainable returns to Shareholders. In deciding whether to propose a dividend and in determining an appropriate basis and method for dividend distribution, the Board will take into account, inter alia, the reasonable return in investment of the investors and the Shareholders, the actual and expected financial conditions, business plans, future operations and earnings, capital requirements and expenditure plans of the Company, any restrictions on payment of dividends that may be imposed by the Company's lenders, the general market sentiment and circumstances and any other factors the Board deems appropriate.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the effectiveness of the Group's RM and IC Systems on an ongoing basis. The main features of the risk management and internal control systems of the Group include the identification, assessment and evaluation of risks, the development and continuous updating of mitigation measures, and the ongoing review of internal control procedures to ensure their effectiveness. The Board sets the risk management objectives through board meetings from time to time. The Group has adopted a series of internal control measures including the strengthening of reporting lines of senior management. As a routine procedure and part of the RM and IC Systems, executive Directors and the senior management would meet regularly to review the financial and operating performance of the Group.

The Group has also established an organisational structure in such control systems, clearly defining the power and obligations of each department in the Group, in order to protect the Group's assets against improper use and ensure compliance with rules and regulations. Such RM and IC Systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has in place an internal audit function within the Group as required under code provision C.2.5 of the CG Code. During the year ended 31 March 2019, to strengthen the risk management and internal control of the Group, the Company has engaged an independent professional adviser ("Internal Control Adviser") to perform independent appraisal of the adequacy and effectiveness of RM and IC Systems for the year ended 31 March 2019. The appraisal includes revenue cycles, cost of sales cycles and financial reporting cycles for the provision of financial advisory services for the selected subsidiary.

The review process of Internal Control Adviser includes:

1. Conducting interviews with relevant management and staff members relating to the RM and IC Systems

2. Conducting walk-through relating to the RM and IC Systems

3. Reviewing relevant documentation on site relating to the RM and IC Systems

4. Identifying significant deficiencies in the design of the risk management and internal controls

5. Communicate the significant findings with the management so as to confirm the factual accuracy of the findings

6. Made recommendations to improve the risk management and internal control design of the Group

After the review, the management will provide an action plan so as to mitigate those identified deficiencies in a timely manner. The Company will engage Internal Control Adviser to conduct the follow-up so as to ensure that the action plan is implemented accordingly.

During the year ended 31 March 2019, no major issue was identified by the Board but minor improvement procedures were raised by the external auditors and subsequently adopted by the management. The Board was satisfied that the Group's risk management and internal control processes are adequate to meet the needs of the Group in its current business environment and that nothing has come to its attention to cause the Board to believe the Group's RM and IC Systems are inadequate. Moreover, the existing RM and IC Systems are effective and adequate, and will continue to be reviewed, added on or updated to provide for changes in the operating environment. The Board has also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

HANDLING AND DISSEMINATION OF INSIDER INFORMATION

The Board has established policy and internal control procedures for the handling and dissemination of insider information in compliance with the requirements under Part XIVA of the Securities and Future Ordinance and the Listing Rules to ensure that disclosures are made on a timely and accurate manner. Every Director and senior management must take all reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach of disclosure requirement. The chief financial officer works closely with Directors and senior management in identifying potential inside information and assessing the materiality thereof, and if appropriate, will escalate to the attention of the Board to take appropriate action promptly to ensure compliance of the applicable laws and regulations.

The Company has also taken all reasonable measures from time to time to ensure proper preservation of confidentiality of inside information until disclosure to general public, including restrictive access to inside information to a limited number of employees on a need-to-know basis, ensure the relevant employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality and ensure appropriate confidentiality agreements are in place when the Group enters into significant negotiations.

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 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 2 August 2019.

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 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are the provision of staff outsourcing services, executive/staff search services and other human resources support services, provision of credit assessment and consultancy services, loan facilitation services, asset management services and loan financing services and the operation of the peer-to-peer ("P2P") financing platform.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by operating segments is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2019 and the state of its affairs as at that date are set out in the consolidated financial statements on pages 38 to 123 of this annual report. The Directors did not recommend the payment of any final dividend for the year ended 31 March 2019.

BUSINESS REVIEW

The business review of the Group For the year ended 31 March 2019 is set out in "Management Discussion and Analysis" on pages 4 to 8 respectively of this annual report.

SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 31 March 2019 are set out in note 35 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 March 2019 are set out in note 46 to the consolidated financial statements and in the consolidated statement of changes in equity on pages 42 in this annual report, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2019, the Company's reserves available for distribution amounted to approximately HK$1,168,564,000. The amount includes the Company's share premium and contributed surplus, add retained earnings 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 2019 are set out in note 16 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 five financial years, is set out on page 127 of this report. This summary does not form part of the audited financial statements.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES

Saved for placing of 80,000,000 shares made during the year ended 31 March 2019, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities. Details of the placing are set out in the note 35 to the consolidated financial statements.

MAJOR CUSTOMERS

Sales to the Group's five largest customers accounted for approximately 52% of the total sales for the year ended 31 March 2019 (2018: 62%) and sales to the largest customer included therein amounted to approximately 21% (2018: 35%).

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 2019.

DIRECTORS

The Directors of the Company who hold office during the year ended 31 March 2019 and up to the date of this report are:

Executive Directors:

Mr. Li Ang *(Chairman)*
Mr. Zheng Zhong Qiang

Non-Executive Directors:

Mr. Chang Tin Duk Victor
Mr. Lam Tsz Chung

Independent Non-Executive Directors:

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

Mr. Li Ang, Mr. Lam Raymond Shiu Cheung and Mr. Wang En Ping shall retire from office by rotation at the forthcoming annual general meeting. Being eligible, Mr. Li Ang, Mr. Lam Raymond Shiu Cheung and Mr. Wang En Ping will offer themselves for re-election as executive/non-executive/independent non-executive Director (as the case may be) at the forthcoming general meeting.

All other existing Directors shall continue in office.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 9 to 12 of this report.

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 non-executive Directors are considered to be independent.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as aforesaid and disclosed in note 44 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 2019 or at any time during the year ended 31 March 2019.

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.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining a high standard of corporate governance and a detailed corporate governance report is set out on pages 13 to 26 of this annual report.

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

An environmental, social and governance report which explains how the Company complies with the environmental, social and governance reporting guide in Appendix 20 to the GEM Listing Rules will be issued separately by the Company.

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 2019.

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 2019, interests and short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long position in the Shares

Name of Director/ chief executive	Nature of interests	Number of Share held	Approximate percentage of Issued share capital
Li Ang	Interest in controlled corporation	141,764,039	9.18%
Cai Zhen Hui	Directly beneficially owned	62,970,000	4.08%

Note:

1. Mr. Li Ang's interest in shares duplicates his interest in shares as substantial shareholder as disclosed in the section headed "Interests and short positions disclosable under the SFO and substantial shareholders".

Save as disclosed above, as at 31 March 2019, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any.the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS AND SHORT POSITIONS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2019, 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:

Long position in the Shares

Name	**Nature of interests**	**Number of Share held**	**Approximate percentage of issued share capital**
Upmost Corporation Limited ("Upmost")	Beneficial owner (Note 1)	207,200,000	13.42%
Zhang Jian	Interest in controlled corporation (Note 1)	207,200,000	13.42%
Li Ang	Interest in controlled corporation (Note 2)	141,764,039	9.18%
Elate Star Limited ("Elate Star")	Beneficial owner (Note 2)	141,764,039	9.18%

Notes:

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

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

Save as disclosed above, no other parties (other than Directors and chief executive of the Company) has disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of SFO or were recorded in the register kept by the Company under section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 31 March 2019.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2019 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 on 10 April 2013 and up to 31 March 2019, no share options were granted, exercised or cancelled by the Company under the Scheme and there were no outstanding share options under the Scheme as at 31 March 2019.

MATERIAL RELATED PARTIES TRANSACTIONS

During the year, the Group has entered into certain transactions with related parties in the ordinary course of business. Certain transactions with related parties fall within the definition of "connected transactions" or "continuing connected transactions" as defined in Chapter 20 of the GEM Listing Rules as the case may be. Details of these transactions, which are exempted from reporting, announcement and independent shareholders' approval, are set out in note 44 to the consolidated financial statements in this annual report.

The material related party transactions in relation to the key management personnel remuneration as disclosed in note 44 to the consolidated financial statements in this annual report are connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 20.93 of the GEM Listing Rules.

Save as disclosed above, the Directors consider that those material related party transactions disclosed in note 44 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

Save as disclosed in this annual report, during the year ended 31 March 2019, the Group has not entered into any connected transactions and/or continuing connected transactions that are not exempted under Rule 20.71 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 2019.

NON-COMPETITION UNDERTAKING

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

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 2019 are set out in note 43 to the financial statements.

AUDITOR

The financial statements for the year ended 31 March 2019 have been audited by Asian Alliance (HK) CPA Limited, the external auditor of the Company. A resolution for the re-appointment of Asian Alliance (HK) CPA Limited as the independent auditor of the Company for the ensuing year will be proposed at the forthcoming annual general meeting of the Company.

REVIEW OF ANNUAL REPORT

This annual report for the year ended 31 March 2019 has been reviewed by the Audit Committee of the Company, which was of the opinion that the information contained therein had complied with the disclosure requirements of the GEM Listing Rules, and that adequate disclosures had been made.

By order of the Board
Yin He Holdings Limited

Li Ang
Chairman

Hong Kong, 28 June 2019

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

TO THE MEMBERS OF
YIN HE HOLDINGS LIMITED
銀合控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

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 38 to 123, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of goodwill

As disclosed in Note 17 to the consolidated financial statements, as at 31 March 2019, the carrying amount of goodwill amounted to approximately HK$533,030,000, which arose through various business combinations over the recent years of the following businesses which are also the underlying cash-generating units adopted for impairment testing: (i) credit consultancy services; (ii) loan facilitation services; and (iii) asset management services.

For the year ended 31 March 2019, impairment loss of approximately HK$9,240,000 and HK$7,442,000 had been provided for the goodwill on the loan facilitation service segment and credit consultancy service segment, respectively.

The recoverable amounts of these cash-generating units have been determined based on value-in-use calculations using discounted cash flow projections based on financial budgets approved by the management of the Company. The preparation of the financial budgets and other key inputs requires exercise of significant judgement by management of the Company and high level of estimation uncertainty, and are subjective. Accordingly, we have identified the impairment assessment of the Group's goodwill as a key audit matter.

KEY AUDIT MATTERS (Continued)

How our audit addressed the key audit matter

Our major audit procedures to address this key audit matter included:

- We have compared the actual results of the cash-generating units for the current year with management's forecasts made in the previous year's impairment assessment in order to assess the historical accuracy and reliability of the management's forecasting process.

- We have evaluated the objectivity, independence and competency of the external professional valuer engaged by the Company.

- We have assessed the methodologies and evaluated the relevance and reasonableness of the basis and assumptions adopted in the value-in-use valuation of the cash-generating units.

- We have reviewed the sensitivity analysis prepared by the management on the key assumptions used in order to assess the magnitude of their impact on the calculation of the recoverable amount of the cash generating units.

Impairment assessment of loan and interest receivables

As disclosed in Note 25 to the consolidated financial statements, as at 31 March 2019, the Group's gross loan and interest receivables amounted to approximately HK$669,495,000 and an allowance for credit loss of loan and interest receivables of approximately HK$20,632,000 were included in the Group's consolidated statement of financial position.

A reversal of impairment loss, net of impairment loss recognised, on loan and interest receivables included in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 amounted to approximately HK$4,128,000.

The allowance for credit loss of loan and interest receivables represents the management's best estimates at the end of the reporting period of expected credit losses under Hong Kong Financial Reporting Standard 9: *Financial Instruments* expected credit losses models.

Management assesses whether the credit risk of loan and interest receivables have increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their expected credit losses.

The impairment assessment of the loan and interest receivables requires significant judgement from the management of the Company, in particular, it needs to take into account a number of factors, e.g., the financial position of the borrowers, etc. Accordingly, we have identified the management's impairment assessment of the Group's loan and interest receivables as a key audit matter.

How our audit addressed the key audit matter

Our major audit procedures to address this key audit matter included:

- We have understood the key control procedures performed by management, including its procedures on periodic review on overdue receivables and the assessment of expected credit losses allowance on the loan and interest receivables.

- We have understood and evaluated the methodologies for expected credit losses measurement, assessed the reasonableness of the model selection and key measurement parameters determination.

- We have discussed with management, comparing with the historical information, to understand the management's identification of significant increase in credit risk, defaults and credit-impaired loans, corroborated management's explanation with supporting evidence.

KEY AUDIT MATTERS (Continued)

How our audit addressed the key audit matter (Continued)

– We assessed the reasonableness of economic indicator selection, economic scenarios and weightings application, assessed the reasonableness of the estimation by comparing with industry data for forward-looking measurement.

– We have evaluated the objectivity, independence and competency of the external professional valuer engaged by the Company.

– We have checked major data inputs used in the expected credit losses models on sample basis to the Group's record.

Valuation of unlisted equity instruments at fair value through other comprehensive income ("FVTOCI")

As disclosed in Note 20 to the consolidated financial statements, as at 31 March 2019, the Group had unlisted equity investments recognised as financial assets at fair value through other comprehensive income with carrying amounts of approximately HK$88,779,000. A fair value loss of approximately HK$28,498,000 was recognised in other comprehensive income during the year ended 31 March 2019.

The Group engaged an external professional valuer in determining the fair value of the unlisted equity investments at FVTOCI, in which the unlisted equity investments were classified under level three in the fair value hierarchy. The valuation methodologies and assumptions used, which are based mainly on unobservable inputs, are disclosed in Note 38(c) to the consolidated financial statements.

We identified the estimation of the valuation of unlisted equity instrument at FVTOCI as a key audit matter due to the significance of unlisted equity instrument to the consolidated financial statements as a whole and because management's assessment on the valuation of the unlisted equity instrument involved making significant judgement and estimates on the selection of valuation methodology and determination of key valuation assumptions.

How our audit addressed the key audit matter

Our major audit procedures to address this key audit matter included:

– We have evaluated the objectivity, independence and competency of the external professional valuer engaged by the Company.

– We discussed with the external professional valuer on its scope of work, and assessed the appropriateness of the valuation methodologies used in determining the fair value of the unlisted equity investments based on our industry knowledge and market practices.

– We assessed the reasonableness of the key assumptions adopted by the management and the external professional valuer by comparing these assumptions against relevant market data and industry research.

– We tested the arithmetical accuracy on the calculation of the fair value of the unlisted available-for-sale investments in the valuation report.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

28 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	6	**256,300**	278,484
Direct costs		**(146,800)**	(144,567)
Gross profit		**109,500**	133,917
Other income, gains and losses, net	7	**8,711**	11,680
General and administrative expenses		**(54,587)**	(52,822)
Change in fair value of contingent consideration		**1,447**	(1,306)
Impairment loss on goodwill		**(16,682)**	(5,631)
Impairment losses on financial assets, net of reversal	11	**4,255**	–
Gain on disposal of available-for-sales investments		**–**	3,119
Share of results of associates		**(759)**	–
Operating profit		**51,885**	88,957
Finance costs	8	**(16,374)**	(15,531)
Profit before tax		**35,511**	73,426
Income tax expense	9	**(4,592)**	(8,116)
Profit for the year	10	**30,919**	65,310
Other comprehensive (expense) income for the year			
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		**(28,498)**	–
Items that may be reclassified subsequently to profit or loss			
Fair value loss on available-for-sale investments		**–**	(12,665)
Release of investment revaluation reserve upon disposal of available-for-sale investment		**–**	(3,119)
Exchange differences arising on translation of foreign operations		**(73,357)**	57,339
		(73,357)	41,555
Other comprehensive (expense) income for the year, net of income tax		**(101,855)**	41,555
Total comprehensive (expense) income for the year		**(70,936)**	106,865
Profit (loss) for the year attributable to			
Owners of the Company		**30,704**	65,418
Non-controlling interest		**215**	(108)
		30,919	65,310
Total comprehensive (expense) income attributable to			
Owners of the Company		**(70,686)**	106,727
Non-controlling interest		**(250)**	138
		(70,936)	106,865
Earnings per share	15		
Basic (HK cents)		**2.0**	4.5
Diluted (HK cents)		**2.0**	4.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Plant and equipment	16	664	1,328
Goodwill	17	533,030	589,741
Deferred tax assets	33	4,203	–
Contingent consideration receivable – non-current portion	39	–	1,272
Loan and interest receivables – non-current portion	25	–	6,430
Intangible assets	18	3,640	4,834
Interests in associates	19	15,379	–
Equity instruments at fair value through other comprehensive income	20	88,779	–
Available-for-sale investments	21	–	101,407
Deposit paid for acquisition of an associate	22	7,869	–
		653,564	705,012
Current assets			
Financial assets at fair value through profit or loss	23	2,200	2,716
Trade and other receivables	24	53,593	50,661
Loan and interest receivables – current portion	25	648,863	737,550
Contingent consideration receivable – current portion	39	3,710	991
Tax recoverable		–	101
Amounts due from related parties	26	4,319	16,496
Amount due from an associate	19	15,601	–
Bank balances and cash	27	27,875	39,490
		756,161	848,005
Current liabilities			
Other payables and accrued expenses	28	19,129	30,208
Contract liabilities	29	2,459	–
Obligation under a finance lease	30	–	118
Amount due to an associate	19	3	3
Convertible bond	31	–	49,945
Bond payables – current portion	32	24,746	58,057
Other borrowing	34	8,365	8,759
Tax payable		1,399	2,578
		56,101	149,668
Net current assets		700,060	698,337
Total assets less current liabilities		1,353,624	1,403,349

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Bond payables – non-current portion	32	**85,757**	104,252
Deferred tax liabilities	33	**903**	1,174
		86,660	105,426
Net assets		**1,266,964**	1,297,923
Capital and reserves			
Share capital	35	**15,435**	14,635
Reserves		**1,247,127**	1,278,636
Equity attributable to owners of the Company		**1,262,562**	1,293,271
Non-controlling interest		**4,402**	4,652
Total equity		**1,266,964**	1,297,923

The consolidated financial statements on pages 38 to 123 were approved and authorised for issue by the board of directors on 28 June 2019 and are signed on its behalf by:

Li Ang
Director

Lam Tsz Chung
Director

	Attributable to owners of the Company											
	Share capital HK$'000 (Note 35)	**Share premium** HK$'000	**Convertible preference shares** HK$'000 (Note 36)	**Convertible bond reserve** HK$'000 (Note 31)	**Merger reserve** HK$'000 (Note a)	**Investment revaluation reserve** HK$'000	**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 2017	14,616	997,994	99,085	–	(213)	7,171	10,936	(16,229)	73,033	1,186,393	4,514	1,190,907
Profit for the year	–	–	–	–	–	–	–	–	65,418	65,418	(108)	65,310
Other comprehensive (expense) income for the year												
Items that may be reclassified subsequently to profit or loss:												
Fair value loss on available-for-sale investments	–	–	–	–	–	(12,665)	–	–	–	(12,665)	–	(12,665)
Release of revaluation reserve upon disposal of available-for-sale investments	–	–	–	–	–	(3,119)	–	–	–	(3,119)	–	(3,119)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	57,093	–	57,093	246	57,339
Other comprehensive (expense) income for the year, net of income tax	–	–	–	–	–	(15,784)	–	57,093	–	41,309	246	41,555
Total comprehensive (expense) income for the year	–	–	–	–	–	(15,784)	–	57,093	65,418	106,727	138	106,865
Issue of ordinary shares upon conversion of convertible preference shares (Note 36)	19	2,832	(2,851)	–	–	–	–	–	–	–	–	–
Exchange of bond into convertible bond	–	–	–	151	–	–	–	–	–	151	–	151
Statutory reserve appropriation	–	–	–	–	–	–	8,325	–	(8,325)	–	–	–
At 31 March 2018	14,635	1,000,826	96,234	151	(213)	(8,613)	19,261	40,864	130,126	1,293,271	4,652	1,297,923

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Attributable to owners of the Company											
	Share capital HK$'000 (Note 35)	**Share premium** HK$'000	**Convertible preference shares** HK$'000 (Note 36)	**Convertible bond reserve** HK$'000 (Note 31)	**Merger reserve** HK$'000 (Note a)	**Investment revaluation reserve** HK$'000	**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 2018	14,635	1,000,826	96,234	151	(213)	(8,613)	19,261	40,864	130,126	1,293,271	4,652	1,297,923
Adjustments	–	–	–	–	–	32,161	–	–	(24,694)	7,467	–	7,467
At 1 April 2018 (restated)	14,635	1,000,826	96,234	151	(213)	23,548	19,261	40,864	105,432	1,300,738	4,652	1,305,390
Profit for the year	–	–	–	–	–	–	–	–	30,704	30,704	215	30,919
Other comprehensive expense for the year												
Items that will not be reclassified to profit or loss:												
Fair value loss on investments in equity instruments at fair value through other comprehensive income	–	–	–	–	–	(28,498)	–	–	–	(28,498)	–	(28,498)
Items that may be reclassified subsequently to profit or loss:												
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(72,892)	–	(72,892)	(465)	(73,357)
Other comprehensive expense for the year, net of income tax	–	–	–	–	–	(28,498)	–	(72,892)	–	(101,390)	(465)	(101,855)
Total comprehensive (expense) income for the year	–	–	–	–	–	(28,498)	–	(72,892)	30,704	(70,686)	(250)	(70,936)
Placing of shares (Note 35)	800	31,710	–	–	–	–	–	–	–	32,510	–	32,510
Redemption of convertible bonds	–	–	–	(151)	–	–	–	–	151	–	–	–
Release of investment revaluation reserve upon disposal of equity instruments at fair value through other comprehensive income	–	–	–	–	–	(5,545)	–	–	5,545	–	–	–
Statutory reserve appropriation	–	–	–	–	–	–	5,804	–	(5,804)	–	–	–
At 31 March 2019	15,435	1,032,536	96,234	–	(213)	(10,495)	25,065	(32,028)	136,028	1,262,562	4,402	1,266,964

Notes:

(a) Merger reserve

Merger reserve represents the difference between the nominal value of the share capital of a subsidiary held by Yin He Holdings Limited (the "Company") and its subsidiaries (collectively referred to as 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 (the "PRC"), subsidiaries of the Company 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' losses, 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**35,511**	73,426
Adjustments for:		
Bank interest income	**(40)**	(19)
Dividend income	**(13,243)**	(9,177)
Interest expenses	**16,374**	15,531
Depreciation of plant and equipment	**770**	915
Amortisation of intangible assets	**907**	921
Gain on disposals of available-for-sale investments	**–**	(3,119)
Loss (gain) on disposals of financial assets at fair value through profit or loss	**426**	(72)
(Gain) loss from changes in fair value of financial assets at fair value through profit or loss	**(90)**	720
(Gain) loss from change in fair value of contingent consideration receivable	**(1,447)**	1,306
Impairment loss, net of reversal		
– trade and other receivables	**(140)**	–
– loan and interest receivable	**(4,128)**	–
– amounts due from related parties	**(92)**	–
– amount due from an associate	**105**	–
– goodwill	**16,682**	5,631
Share of result of an associate	**759**	–
Operating cash flows before movements in working capital	**52,354**	86,063
(Increase) decrease in trade and other receivables	**(7,431)**	16,239
Decrease (increase) in loan and interest receivables	**74,815**	(342,751)
(Decrease) increase in other payables and accrued expenses	**(8,174)**	2,445
Increase in contract liabilities	**419**	–
Cash generated from (used in) operations	**111,564**	(238,004)
Income tax paid	**(5,197)**	(9,580)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**106,367**	(247,584)
INVESTING ACTIVITIES		
Interest received	**40**	19
Purchase of plant and equipment	**(130)**	(447)
Purchase of intangible assets	**–**	(9)
Deposit paid for acquisition of an associate	**(8,147)**	–
Purchase of financial assets at fair value through other comprehensive income	**(3,380)**	–
Proceeds from disposals of available-for-sale investments	**–**	4,170
Dividends received from available-for-sale investments	**–**	6,690
Proceeds from disposals of financial assets at fair value through profit or loss	**1,987**	–
Proceeds from disposals of held for trading investments	**–**	4,271
Purchase of financial assets at fair value through profit or loss	**(1,629)**	(7,493)
Decrease (increase) in amounts due from related parties	**12,143**	(12,756)
Increase in amount due from an associates	**(2,463)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(1,579)**	(5,555)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	2019 **HK$'000**	2018 HK$'000
FINANCING ACTIVITIES		
Proceeds from issue of new bonds, net of issuance costs	**–**	209,188
Proceeds from issue of ordinary shares, net of issuance costs	**32,510**	–
Repayment of obligations under finance lease	**(118)**	(174)
Interest paid on finance lease	**(2)**	(5)
Repayment of other borrowings	**(394)**	–
Interest paid on other borrowings	**(1,572)**	–
Repayment of bond	**(51,806)**	–
Repayment of convertible bond	**(50,000)**	–
Bond interest paid	**(12,307)**	(6,784)
Convertible bond interest paid	**(3,319)**	(790)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(87,008)**	201,435
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**17,780**	(51,704)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**39,490**	65,253
Effect of foreign exchange rate changes	**(29,395)**	25,941
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**27,875**	39,490

1. GENERAL

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries (together with the Company collectively referred to as the "Group") are set out in Note 45 to the consolidated financial statements.

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

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

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

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

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

Except as described below, the application of the amendments to HKFRSs in the current year has 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.

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

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

2.1 HKFRS 15 Revenue from Contracts with Customers

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

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

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

- Human resources services
- Credit consultancy services
- Loan facilitation services
- Assets management services

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Notes 6 and 3 to the consolidated financial statements respectively.

Summary of effects arising from initial application of HKFRS 15

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

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

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

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

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

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

2.1 *HKFRS 15 Revenue from Contracts with Customers (Continued)*

Summary of effects arising from initial application of HKFRS 15 (Continued)

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

Impact on the consolidated statement of financial position

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

Impact on the consolidated statement of cash flows

	As reported	Adjustment	Amounts without application of HKFRS 15
	HK$'000	HK$'000	HK$'000
Operating Activities			
Profit before tax	35,511	419	35,930
Operating cash flows before movements in working capital	52,354	419	52,773
Increase in contract liabilities	419	(419)	–

2.2 *HKFRS 9 Financial Instruments*

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

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

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

Accounting policies resulting from application of HKFRS 9 are disclosed in Note 3 to the consolidated financial statements.

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

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

2.2 *HKFRS 9 Financial Instruments (Continued)*

Summary of effects arising from initial application of HKFRS 9

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

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

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

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

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

(b) Financial assets at FVTPL

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

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

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

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

2.2 *HKFRS 9 Financial Instruments (Continued)*

Summary of effects arising from initial application of HKFRS 9 (Continued)

(c) Impairment under ECL model

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

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

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

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

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

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

New and revised HKFRSs in issue but not yet effective

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

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

[1] Effective for annual periods beginning on or after 1 January 2019.
[2] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
[3] Effective for annual periods beginning on or after 1 January 2020.
[4] Effective for annual periods beginning on or after 1 January 2021.
[5] Effective for annual periods beginning on or after a date to be determined.

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

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

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

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

HKFRS 16 Leases (Continued)

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$7,153,000 as disclosed in Note 40 to the consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short term leases.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedients to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments 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 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value-in-use in HKAS 36 *Impairment of Assets*.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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 entirely, 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, rather directly or indirectly; and
- Level 3 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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 policies 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, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) 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 (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

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. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. 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. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interests held by the Group. 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.

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 Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9/HKAS 39, 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. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant 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) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in as associate. 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.

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2)

Under HKFRS 15, the Group 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2) (Continued)

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Revenue recognition (prior to 1 April 2018)

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 is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

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.

Interest income from loan financing services is recognised and accrued using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (prior to 1 April 2018) (Continued)

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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.

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 arising on the settlement of monetary items, and on the retranslation of 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 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, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. 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).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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.

Plant and equipment

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 the 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 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 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.

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

At the end of the reporting period, the Group reviews the carrying amounts of its tangible, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, 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 (or a cash-generating unit) 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. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on tangible and intangible assets other than goodwill (Continued)

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.

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. All regular way purchases or sales of financial assets are recognised and derecognized 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 market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(a) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

(b) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, gains and losses, net" line item in profit or loss.

(c) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses" line item.

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, loan and interest, amounts due from related parties, amount due from an associate and bank balances.) The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2) (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2) (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. The Group's trade receivables are each assessed as a separate group. Other receivables, loan and interest receivables, amount(s) due from related parties/ an associate and bank balances are assessed for ECL on an individual basis.);

- Past-due status;

- Nature, size and industry of debtors; and

- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments through a loss allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are classified into the following specified categories: financial assets at FVTPL, AFS financial assets and loans and receivables. 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.

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading; or (ii) it is designated as at FVTPL, or (iii) contingent consideration that may be received by an acquirer as part of a business combination.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading (or contingent consideration that may be received by an acquirer as part of a business combination) may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "change in fair values of investments held for trading" and "change in fair value of contingent consideration" line items. Fair value is determined in the manner described in Note 38(c) to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018) (Continued)

(ii) AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables or (b) financial assets at FVTPL. 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 are measured at fair value at the end of each reporting period except for unquoted equity investments whose fair value cannot be reliably measured. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in OCI and accumulated under the heading of investments revaluation reserve.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

(iii) 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, amounts due from related parties, amount due from an associate and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets, other than those at FVTPL, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018) (Continued)

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, 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.

The carrying amount of the financial asset, including trade and other receivables, loan and interest receivables, accounts due from related parties and amount due from an associate, are 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, loan and interest receivables, accounts due from related parties and amount due from an associate 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 OCI are reclassified to profit or loss in the period.

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 investments revaluation reserve.

Derecognition of financial assets

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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

On derecognition of an AFS financial asset, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments 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 Company 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 as equity on initial recognition in accordance with the substance of the contractual arrangements and the definitions of an equity instrument. Conversion options allows the holder of non-redeemable convertible preference shares to convert the convertible preference shares into a fixed number of the Company's own 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.

Financial liabilities

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

Convertible bonds contain equity component

The component parts of convertible bonds are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Derecognition of financial liabilities

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 judgement in applying accounting policies

The following is the critical judgement, 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.

Revenue recognition

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.

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 38(b) and Note 24 to the consolidated financial statements respectively.

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

Key sources of estimation uncertainty (Continued)

Provision of ECL for loan and interest receivables

Loan and interest receivables are assessed for ECL on an individual basis. The measurement model of ECL involves significant judgement and estimation, primarily including the following:

– selection of appropriate model and determination of relevant key measurement parameters, including probability of default, loss given default and exposure at default;

– criteria for determining whether or not there was a significant increase in credit risk or a default; and

– economic indicator for forward-looking measurement, and the application of economic scenarios and weightings.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's loan and interest receivables are disclosed in Note 38(b) and Note 25 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.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated, which is the higher of the value-in-use or fair value less costs of disposal. The value-in-use calculation requires the Group 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. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss/further impairment loss may arise. As at 31 March 2019, the carrying amount of goodwill is HK$533,030,000 (2018: HK$589,741,000) (net of accumulated impairment loss of HK$21,685,000 (2018: HK$5,631,000). Details of the value-in-use calculation are disclosed in Note 17 to the consolidated financial statements.

Fair value of contingent consideration receivable arising from business combination

The Directors use their judgement in selecting appropriate valuation techniques for contingent consideration receivable. Income approach, which is commonly used by market practitioners, has been applied for estimating the fair value of contingent consideration receivable. The estimation of fair value of the contingent consideration receivable are derived after taking into account the input and parameters, such as the range if profits shortfall, discount rate and settlement date etc. Further details of which are set out in Note 38(c) and Note 39 to the consolidated financial statements.

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

Key sources of estimation uncertainty (Continued)

Fair value of financial assets at fair value through other comprehensive income

The Group's unlisted equity investments amounting to approximately HK$88,779,000 as at 31 March 2019 are measured at fair values through other comprehensive income with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Details of these estimates are disclosed in Note 38(c) to the consolidation financial statements.

5. SEGMENT INFORMATION

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

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

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

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

5. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

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

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

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

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	Human resources services HK$'000	Credit consultancy services HK$'000	Loan facilitation services HK$'000	Asset management services HK$'000	Loan financing services HK$'000	Consolidated HK$'000
As at 31 March 2019						
Segment assets	**28,216**	**12,336**	**12,527**	**145,042**	**642,521**	**840,642**
Goodwill						**533,030**
Deferred tax assets						**4,203**
Contingent consideration receivable						**3,710**
Bank balances and cash						**27,875**
Unallocated assets						**265**
Consolidated assets						**1,409,725**
Segment liabilities	**9,064**	**2,604**	**1,526**	**12,024**	**114,622**	**139,840**
Tax payable						**1,399**
Deferred tax liabilities						**903**
Unallocated liabilities						**619**
Consolidated liabilities						**142,761**
As at 31 March 2018						
Segment assets	30,976	25,609	6,804	113,410	744,004	920,803
Goodwill						589,741
Contingent consideration receivable						2,263
Bank balances and cash						39,490
Tax recoverable						101
Unallocated assets						619
Consolidated assets						1,553,017
Segment liabilities	11,505	8,263	2,623	11,236	212,257	245,884
Tax payable						2,578
Deferred tax liabilities						1,174
Unallocated liabilities						5,458
Consolidated liabilities						255,094

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, contingent consideration receivable, tax recoverable deferred tax assets, bank balances and cash, certain other receivables and certain plant and equipment; 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	Loan financing services HK$'000	Unallocated HK$'000	Consolidated HK$'000
For the year ended 31 March 2019							
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to plant and equipment	**111**	**3**	**16**	**–**	**–**	**–**	**130**
Depreciation of plant and equipment	**382**	**73**	**71**	**58**	**–**	**186**	**770**
Amortisation of intangible assets	**–**	**632**	**275**	**–**	**–**	**–**	**907**
Finance costs	**1**	**–**	**–**	**211**	**15,317**	**845**	**16,374**
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:							
Bank interest income	**–**	**–**	**–**	**–**	**–**	**(40)**	**(40)**
For the year ended 31 March 2018							
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to plant and equipment	99	312	36	–	–	–	447
Depreciation of plant and equipment	410	48	170	101	–	186	915
Addition to intangible asset	–	–	9	–	–	–	9
Amortisation of intangible assets	–	626	295	–	–	–	921
Finance costs	5	–	–	837	14,689	–	15,531
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:							
Bank interest income	–	(6)	(9)	(3)	–	(1)	(19)

5. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC").

Information about the Group's revenue from external customers is presented based on the location of the services provided. Information about the Group's non-current assets, excluded financial instruments and deferred tax assets, is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**189,723**	176,485	**424**	882
PRC	**66,577**	101,999	**560,158**	595,021
	256,300	278,484	**560,582**	595,903

Information about major customers

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

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

6. REVENUE

A. For the year ended 31 March 2019

(i) Disaggregation of revenue from contracts with customers

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

6. REVENUE (Continued)

A. For the year ended 31 March 2019 (Continued)

(i) Disaggregation of revenue from contracts with customers (Continued)

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

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

(ii) Performance obligations for contracts with customers

Staff outsourcing services

Staff outsourcing services include providing payroll service solutions, a one-stop contract and temporary staffing service to the customers. The revenue of staff outsourcing services is based on a fixed amount on a per headcount or hour basis and recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The customers are usually billed at the end of each month with a credit term of 30 days.

Executive/staff search services

Executive/staff search services include providing qualified candidates to the customers to hire on permanent basis. The revenue for executive/staff search services is recognised at a point in time upon when the Group places the qualified candidate and has unconditional right to payment for its service. Revenue recognised from executive/staff search services is based upon either a fixed fee per placement or as a percentage of the candidate's salary. The customers are usually billed when the Group places the qualified candidate with a credit term of 30 days.

Other human resources support services

Other human resources support services include providing human resources consultancy services and submitting the completed application of Hong Kong work permit, which generally include only a single performance obligation. The revenue for other human resources support services is recognised at a point in time when the Group completed the service and has unconditional right to payment for its service. Revenue recognised from other human resources support services is based upon a fixed fee specified in the contract. The customers are usually billed when the Group completed the service with a credit term of 30 days.

Credit assessment services

Credit assessment services include providing credit rating assessment on customers and valuation of property to be pledged by customers. The revenue for credit consultancy services is recognised at a point in time upon issuance of the credit report or valuation report. Revenue recognised from credit assessment services is based upon a fixed fee per transaction. The customers are usually billed when the Group completed the service with a credit term of 30 days.

6. REVUE (Continued)

A. For the year ended 31 March 2019 (Continued)

(ii) Performance obligations for contracts with customers (Continued)

Credit consultancy services

Credit consultancy services include assisting customers to prepare loan application documents and providing loan application referral services. The revenue of credit consultancy services is recognised at a point in time upon the loan application documents are delivered to the customers or when the customers successfully obtained loans from financial institutes. Revenue recognised from credit consultancy services is based upon a fixed fee per transaction. For the preparation of loan application documents, customers are usually billed when the documents are delivered to the customers with an average credit term of 30 days. For the loan application referral services, the customers are required to make upfront payments before commencement of services, which result in contract liabilities.

Loan facilitation services

Loan facilitation services include assisting the customers to complete P2P financing transactions through the P2P financing platform operated by the Group. The revenue for loan facilitation services are recognised at a point in time when the customers successfully obtained loans through the P2P financing platform. Revenue recognised from loan facilitation services is based upon a fixed fee per transaction. The customers are required to make full payments before commencement of services, which result in contract liabilities.

Assets management services

Assets management services include providing financial advisory services for corporate, asset management firms and private equity funds and minority investments in private companies. The revenue of assets management services is based on a fixed percentage of the size of the funds under management and recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The customers are usually billed at the end of each month with a credit term of 30 days.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers.

All revenue contracts are for period of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

B. For the year ended 31 March 2018

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

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

7. OTHER INCOME AND GAINS AND LOSS, NET

An analysis of the Group's other income, gains and losses, net for the years are as follows:

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

8. FINANCE COSTS

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

9. INCOME TAX EXPENSE

	2019	2018
	HK$'000	HK$'000
Current tax:		
– Hong Kong Profits Tax		
– Current year	**318**	3,447
– Over-provision in prior years	**–**	(20)
	318	3,427
– PRC Enterprise Income Tax ("EIT")		
– Current year	**3,702**	4,453
– Under-provision in prior years	**100**	435
	3,802	4,888
	4,120	8,315
Deferred taxation (Note 33)	**472**	(199)
	4,592	8,116

9. INCOME TAX EXPENSE (Continued)

Hong Kong Profits Tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for both years.

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

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

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

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

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

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

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

	2019	2018
	HK$'000	HK$'000
Profit before tax	**35,511**	73,426
Tax at the domestic income tax rate of 16.5% (2018: 16.5%)	**5,859**	12,115
Tax effect of expenses not deductible for tax purpose	**4,499**	4,543
Tax effect of income not taxable for tax purpose	**(2,623)**	(2,309)
Tax effect of temporary differences not recognized	**35**	20
Tax effect on tax concession	**(185)**	–
Utilisation of tax losses previously not recognised	**(563)**	–
Tax effect of tax loss not recognised	**1,123**	449
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(3,653)**	(7,117)
Under-provision in respect of prior years	**100**	415
Income tax expense for the year	**4,592**	8,116

10. PROFIT FOR THE YEAR

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

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

11. IMPAIRMENT LOSSES OF FINANCIAL ASSETS, NET OF REVERSAL

	2019 HK$'000	2018 HK$'000
Impairment losses (reversed) recognised on:		
Trade receivables	**(120)**	–
Other receivables	**(20)**	–
Loan and interest receivables	**(4,128)**	–
Amounts due from related parties	**(92)**	–
Amount due from an associate	**105**	–
	(4,255)	–

Details of impairment assessment for the year ended 31 March 2019 are set out in Note 38(b) to the consolidated financial statements.

12. 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$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2019				
Chief executive director:				
Mr. Cai Zhen Hui (Note a)	**–**	**16**	**–**	**16**
Executive directors:				
Mr. Li Ang *(Chairman)* (Note b)	**180**	**–**	**–**	**180**
Mr. Zheng Zhong Qiang	**240**	**–**	**–**	**240**
Non-executive directors:				
Mr. Chang Tin Duk Victor	**240**	**3,300**	**18**	**3,558**
Mr. Lam Tsz Chung	**360**	**–**	**18**	**378**
Independent non-executive directors:				
Mr. Lam Raymond Shiu Cheung	**120**	**–**	**–**	**120**
Mr. Wang En Ping	**240**	**–**	**–**	**240**
Dr. Cheung Wai Bun Charles *JP*	**120**	**–**	**–**	**120**
	1,500	**3,316**	**36**	**4,852**
For the year ended 31 March 2018				
Executive directors:				
Mr. Li Ang (Note b)	175	–	–	175
Mr. Li Si Cong (Note c)	20	–	–	20
Mr. Zheng Zhong Qiang	240	–	–	240
Non-executive directors:				
Mr. Chang Tin Duk Victor	240	1,200	18	1,458
Mr. Lam Tsz Chung	360	–	18	378
Independent non-executive directors:				
Mr. Lam Raymond Shiu Cheung	120	–	–	120
Mr. Wang En Ping	120	–	–	120
Dr. Cheung Wai Bun Charles *JP*	240	–	–	240
	1,515	1,200	36	2,751

Notes:

(a) Mr. Cai Zhen Hui was appointed as chief executive officer on 5 March 2019.

(b) Mr. Li Ang was appointed as executive director on 20 April 2017 and as chairman of the Company on 5 March 2019.

(c) Mr. Li Si Cong ("Mr. Li") resigned on 20 April 2017.

The executive directors' and the chief executive officer's 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.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included one (2018: one) director of the Company, details of whose remuneration are set out in Note 12 to the consolidated financial statements. Details of the remuneration of the remaining four (2018: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019 HK$'000	2018 HK$'000
Salaries, allowances and benefits in kind	**3,440**	5,864
Retirement benefits scheme contributions	**69**	68
Total	**3,509**	5,932

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:

	2019	2018
Nil – HK$1,000,000	**3**	–
HK$1,000,001 – HK$1,500,000	**1**	3
HK$1,500,001 – HK$2,000,000	**–**	1

14. DIVIDENDS

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

15. EARNINGS PER SHARE

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

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

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

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

16. 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 2017					
Cost	892	171	1,230	3,580	5,873
Accumulated depreciation	(750)	(165)	(896)	(2,291)	(4,102)
Net carrying values	142	6	334	1,289	1,771
Year ended 31 March 2018					
Opening net carrying amount	142	6	334	1,289	1,771
Additions	182	63	202	–	447
Depreciation	(140)	(13)	(209)	(553)	(915)
Exchange adjustments	8	–	8	9	25
Closing net carrying values	192	56	335	745	1,328
At 31 March 2018					
Cost	1,208	306	1,517	3,809	6,840
Accumulated depreciation	(1,016)	(250)	(1,182)	(3,064)	(5,512)
Net carrying values	192	56	335	745	1,328
Year ended 31 March 2019					
Opening net carrying amount	**192**	**56**	**335**	**745**	**1,328**
Additions	**–**	**6**	**124**	**–**	**130**
Depreciation	**(65)**	**(13)**	**(197)**	**(495)**	**(770)**
Exchange adjustments	**(11)**	**(4)**	**(7)**	**(2)**	**(24)**
Closing net carrying values	**116**	**45**	**255**	**248**	**664**
At 31 March 2019					
Cost	**1,124**	**301**	**1,615**	**3,779**	**6,819**
Accumulated depreciation	**(1,008)**	**(256)**	**(1,360)**	**(3,531)**	**(6,155)**
Net carrying values	**116**	**45**	**255**	**248**	**664**

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	Over the shorter of the lease term or 20%
Furniture and fixtures	20%
Office equipment	20% – 33%
Motor vehicles	20% – 33%

At 31 March 2018, the net carrying amount of property, plant and equipment included the amount of motor vehicle of approximately HK$260,000 in respect of asset held under finance lease. The finance lease has been fully settled during the year ended 31 March 2019.

17. GOODWILL

	HK$'000
COST	
At 1 April 2017	574,556
Exchange adjustments	20,816
At 31 March 2018	595,372
Exchange adjustments	(40,657)
At 31 March 2019	**554,715**
IMPAIRMENT	
At 1 April 2017	–
Impairment loss recognised	5,631
At 31 March 2018	5,631
Impairment loss recognised	16,682
Exchange adjustments	(628)
At 31 March 2019	**21,685**
CARRYING VALUES	
At 31 March 2019	**533,030**
At 31 March 2018	589,741

For the purpose of the impairment testing, goodwill has been allocated to four individual cash generation units ("CGUs"), comprising two subsidiaries in the credit consultancy services segments, one subsidiary in the loan facilitation services segment and one subsidiary in the asset management service segment. The carrying amount of goodwill as at 31 March 2019 and 31 March 2018 allocated to these CGUs are as follow:

	2019 **HK$'000**	2018 HK$'000
Credit consultancy services segment – Sheng Zhou Group Limited (note (i))	**6,616**	7,101
Loan facilitation services segment – Radiant Expert Global Limited (note (ii))	**459,688**	503,376
Asset management services segment – Best Moon Holdings Limited (note (iii))	**1,299**	1,327
Credit consultancy services segment – Beauty Sky Group Limited (note (iv))	**65,427**	77,937
	533,030	589,741

17. GOODWILL (Continued)

(i) Goodwill arising on acquisition of Sheng Zhuo Group Limited ("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 1 of Credit Consultancy Services").

The recoverable amount of the CGU 1 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 pre-tax discount rate of 22.2% (2018: 20.9%). Cash flows beyond the five-year period are extrapolated using a steady 3% (2018: 3%) growth rate, which does not exceed the long-term growth rate for the credit consultancy services industry in the PRC.

(ii) Goodwill arising on acquisition of Radiant Expert Global Limited ("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 pre-tax discount rate of 16.7% (2018: 17.1%). Cash flows beyond the five-year period are extrapolated using a steady 3% (2018: 3%) growth rate, which does not exceed the long-term growth rate for the loan facilitation services industry in the PRC.

(iii) Goodwill arising on acquisition of Best Moon Holding Limited ("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 pre-tax discount rate of 18.81% (2018: 17.35%). Cash flows beyond the five-year period are extrapolated using a steady 3% (2018: 3%) growth rate, which does not exceed the long-term growth rate for the asset management services industry in the PRC.

(iv) Goodwill arising on acquisition of Beauty Sky Group Limited ("Beauty Sky")

For the purpose of impairment testing, the goodwill arising on acquisition of Beauty Sky is allocated to the credit consultancy service cash-generating unit (the "CGU 2 of Credit Consultancy Services")

The recoverable amount of the CGU 2 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 pre-tax discount rate of 13.4% (2018: 15.4%). Cash flows beyond the five-year period are extrapolated using a steady 3% (2018: 3%) growth rate, which does not exceed the long-term growth rate for the asset management services industry in the PRC.

Based on the above basis and assumptions, impairment loss of approximately HK$9,240,000 and HK$7,442,000 in respect of the CGUs of Loan Facilitation Services and Credit Consultancy Services, respectively had been recognised in profit or loss for the year ended 31 March 2019, to the extent that its carrying amount exceeded its recoverable amount based on the best estimate by the Directors, with reference to the valuation report issued by Vincorn Consulting and Appraisal Limited, an independent professional valuer. During the year ended 31 March 2018, impairment loss of approximately HK$5,631,000 had been recognised in respect of the CGU of Asset Management Services to the extent that the carrying amount exceeded its recoverable amount based on the best estimate by the Directors, with reference to the valuation report issued by Colliers International (Hong Kong) Limited ("Colliers"), an independent professional valuer.

18. INTANGIBLE ASSETS

	Software HK$'000	Online platform HK$'000	Customer relationships and customer contracts HK$'000	Total HK$'000
COST				
At 1 April 2017	243	830	5,954	7,027
Additions	9	–	–	9
Exchange adjustments	24	15	602	641
At 31 March 2018	276	845	6,556	7,677
Exchange adjustments	(20)	(11)	(448)	(479)
At 31 March 2019	**256**	**834**	**6,108**	**7,198**
ACCUMULATED AMORTISATION				
At 1 April 2017	102	294	1,340	1,736
Charge for the year	85	210	626	921
Exchange adjustments	14	8	164	186
At 31 March 2018	201	512	2,130	2,843
Charge for the year	64	211	632	907
Exchange adjustments	(17)	(8)	(167)	(192)
At 31 March 2019	**248**	**715**	**2,595**	**3,558**
CARRYING VALUES				
At 31 March 2019	**8**	**119**	**3,513**	**3,640**
At 31 March 2018	75	333	4,426	4,834

Intangible assets represented (i) software acquired for the loan facilitation services business; (ii) online platform recognised by the Group upon the acquisition of the loan facilitation services business; and (iii) customer relationships and customer contracts recognised by the Group upon the acquisition of the credit consultancy 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

19. INTERESTS IN ASSOCIATES

	2019 HK$'000	2018 HK$'000
Cost of investments in associates	17,490	3
Share of post-acquisition losses and other comprehensive expense	(762)	(3)
Exchange adjustments	(1,349)	–
	15,379	–

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

Name	Country of incorporation	Principal place of business	Particulars of issued and fully paid share capital	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
				2019	2018	2019	2018	
Zebra China Holding Limited (Note a)	British Virgin Island ("BVI")	Hong Kong	US$1,000	40%	40%	40%	40%	Investment holding
Zebra Strategic Solution (China) Limited (Note a)	BVI	Hong Kong	US$1,000	40%	40%	40%	40%	Investment holding
廣東合銀創新投資合夥企業（有限合夥）("合銀創新投資") (Note b)	PRC	PRC	RMB35,000,000	43%	–	43%	–	Investment holding

Notes:

(a) The associates were inactive during the years ended 31 March 2019 and 31 March 2018.

(b) 合銀創新投資 is engaged in investment in equity shares listed in PRC.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Summarised financial information of the material associate

Summarised financial information in respect of the Group's material associate, 合銀創新投資, are set out below. The summarised financial information below represents amounts shown in the associate's financial statements presented in accordance with HKFRSs.

	2019 HK$'000
Current assets	114,858
Current liabilities	(78,900)
Net assets	35,958
Revenue	776
Loss for the period	(2,552)
Total comprehensive expense	(1,776)

19. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of the material associate (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate, 合銀創新投資, recognised in the consolidated financial statements:

	2019 HK$'000
Net assets	**35,958**
Carrying amount of the Group's interest	**15,379**

	2019 HK$'000
The Group's share of loss	**(759)**
The Group's share of other comprehensive expense	**–**
The Group's share of total comprehensive expense	**(759)**
Aggregate carrying amount of the Group's interests in the associate	**15,379**

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 losses of those associates, extracted from the financial information of associates, both for the year and cumulatively, are as follows:

	2019 HK$'000	2018 HK$'000
Unrecognised share of losses of associates for the year	**–**	–
Cumulative unrecognised share of losses of associates	**(41)**	(41)

The amount due from (to) an associate is non-trade in nature, unsecured, interest-free and repayable on demand.

Details of impairment assessment of amount due from an associate for the year ended 31 March 2019 are set out in Note 38(b) to the consolidated financial statements.

20. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019
	HK$'000
Unlisted investments:	
Equity securities	**88,779**

The unlisted equity investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC.

The unlisted equity investments are not held for trading, instead, they are held for long-term strategic purposes. The Directors have elected to designate these instruments at FVTOCI as they believe that recognised short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

During the year ended 31 March 2019, after a group restructuring carried out by the investee, 合銀創新投資, the Group further invested RMB5,000,000 into 合銀創新投資 by set off with a loan receivable with principal amount of RMB5,000,000. After the restructuring, the Group's interest in 合銀創新投資 increased to approximately 43% and therefore, together with the fair value of originally investment in 合銀創新投資 of RMB10,000,000, reclassified as interest in associate (Note 19).

21. AVAILABLE-FOR-SALE INVESTMENTS

	2018
	HK$'000
Unlisted equity investments	
– At cost (Note a)	23,045
– At fair value (Notes b)	78,362
	101,407

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC.

Notes:

(a) They are 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 2018.

(b) They are measured at fair value as at 31 March 2018 based on the valuation report issued by Colliers.

During the year ended 31 March 2018, the Group disposed of certain unlisted equity investments, which had been measured at fair value before the disposal. A gain on disposal of approximately HK$3,119,000 has been recognised in profit or loss for the year.

22. DEPOSIT PAID FOR ACQUISITION OF AN ASSOCIATE

As at 31 March 2019, including in equity instruments at FVTOCI, there is an interest in 10% of the equity interest in a PRC private entity, 西藏中盈成長創業投資有限公司("西藏中盈"). During the year ended 31 March 2019, the Group paid RMB6,750,000 as deposit to further acquire 10% equity interest in 西藏中盈. Upon completion, the Group hold 20% equity interest in 西藏中盈. 西藏中盈 become an associate of the Group. The acquisition was completed on 10 June 2019.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Held for trading investments include:

	2019	2018
	HK$'000	HK$'000
Listed securities		
– Equity securities listed in the PRC	**2,200**	2,716

For the valuation method of the financial assets at FVTPL, please refer to Note 38(c) to the consolidated financial statements.

24. TRADE AND OTHER RECEIVABLES

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

The Group normally allows credit periods of 30 days (2018: 30 days) to its major customers. The following is an aged analysis of trade receivables presented based on the invoice dates.

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

As at 31 March 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$28,178,000 which are past due as at the reporting date. Out of the past due balances, approximately HK$7,488,000 has been past due 90 days or more and is not considered as in default by considering the ongoing business relationship, repayment history and expected future settlement. The Group does not hold any collateral over these balances.

As at 31 March 2018, 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.

As at 31 March 2018, included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$18,388,000 which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

24. TRADE AND OTHER RECEIVABLES (Continued)

Aging of trade receivables which are past due but no impaired:

	2018
	HK$'000
1-90 days	**16,107**
91-180 days	**469**
181-365 days	**782**
Over 365 days	**1,030**
	18,388

As at 31 March 2018, the Group reviewed receivables for evidence of impairment on both individual and collective basis. None of the trade receivables as at 31 March 2018 has been identified by the Group to be impaired.

Details of impairment assessment of trade and other receivables for the year ended 31 March 2019 are set out in Note 38(b) to the consolidated financial statements.

25. LOAN AND INTEREST RECEIVABLES

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

25. LOAN AND INTEREST RECEIVABLES (Continued)

As at 31 March 2019, none of the Group's loan and interest receivables balance are past due as at the reporting date.

Included in the carrying amount of loan and interest receivables as at 31 March 2019 is accumulated impairment losses of approximately HK$20,632,000 (31 March 2018: Nil). Details of impairment assessment for the year ended 31 March 2019 are set out in Note 38(b) to the consolidated financial statements.

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 receivables to interest rate risks and their contractual maturity dates at the reporting date are as follows:

	2019	2018
	HK$'000	HK$'000
Within 3 months	**147,093**	152,098
More than 3 months but less than 6 months	**234,087**	259,785
More than 6 months but less than 12 months	**265,336**	310,475
In more than 1 year but not more than 3 years	**–**	6,256
	646,516	728,614

The ranges of effective interest rates, which are equal to contractual interest rates, on the Group's loan receivables are as follows:

	2019	2018
	HK$'000	HK$'000
Secured by corporate guarantee	**4% to 6%**	4% to 6%
Unsecured	**4% to 12%**	4% to 5%

The Group's loan and interest receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below.

	2019	2018
	HK$'000	HK$'000
Amounts denominated in:		
RMB	**360,216**	328,687

26. AMOUNTS DUE FROM RELATED PARTIES

The particulars of amounts due from related parties are as follows:

	2019 HK$'000	2018 HK$'000
廣東銀達典當有限公司 ("銀達典當") (Note 44(a)(ii) and 44(a)(vii))	**116**	–
廣東良策按揭服務有限公司 ("良策按揭") (Note 44(iii))	**–**	250
廣東良策融資擔保有限公司 ("良策融資擔保") (Note) (Note 44(a)(iv))	**4,187**	16,196
Zebra Strategic Investments Limited (Note 44(vi) and (vii))	**50**	50
	4,353	16,496
Less: allowance for credit loss	**(34)**	–
	4,319	16,496

The amounts due from related parties are unsecured, interest-free and repayable on demand.

Details of the above balances with related parties are set out in Note 44 to the consolidated financial statements.

The amount due from 良策融資擔保 is an advance payment associated with the credit facilitation business under normal operation practice. The management regularity monitor and assess the balance to ensure the settlement of the balance. During the year ended 31 March 2018, no impairment loss was recognised for the amount due from 良策融資擔保.

Details of impairment assessment of amounts due from related parties for the year ended 31 March 2019 are set out in Note 38(b) to the consolidated financial statements.

27. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates ranging from 0% to 0.35% (2018: 0% to 0.35%) per annum at 31 March 2019.

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

	2019 HK$'000	2018 HK$'000
Amounts denominated in:		
RMB	**17,579**	25,155

Other than bank balances and cash denominated in HK$ and RMB, the bank balance and cash denominated in other currencies are not significant.

28. OTHER PAYABLES AND ACCRUED EXPENSES

	2019	2018
	HK$'000	HK$'000
Trade payables	**289**	
Other payables	**3,223**	10,034
Receipt in advance	**–**	2,040
Accrued expenses (Note)	**11,763**	13,401
Interest payable	**3,854**	4,733
	19,129	30,208

Note: As at 31 March 2019, accrued expenses mainly included accrued salaries amounted to approximately HK$10,499,000 (2018: HK$11,443,000).

29. CONTRACT LIABILITIES

	31 March 2019	1 April 2018*
	HK$'000	HK$'000
Provision of human resources support services	**–**	248
Provision of credit consultancy services	**–**	313
Provision of loan application referral services	**416**	487
Provision of loan facilitation services	**294**	429
Provision of asset management services (Note)	**1,749**	563
Current	**2,459**	2,040

* The amounts in this column are after the adjustments from the application of HKFRS 15.

All the contract liability balance as at 1 April 2018 has been recognised as revenue during the year ended 31 March 2019.

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Human resources support services

The Group usually received a lump-sum from a new customer before commencement of services, which result in contract liabilities. The contract liabilities would be recognised from other human resources support services is based upon a fixed fee specified in the contract.

Credit consultancy services

The Group usually received 50-100% of the contract value before commencement of services, which result in contract liabilities. The contract liabilities would be recognised as revenue when the Group provide the credit report to the customers.

Loan application referral services

The Group usually received 50-100% of the contract value before commencement of services, which result in contract liabilities. The contract liabilities would be recognised as revenue when the customers successfully obtained loans from financial institutes.

29. CONTRACT LIABILITIES (Continued)

Loan facilitation services

Loan facilitation services include assisting the customers to complete P2P financing transactions through The Group requires customers to make full payments before commencement of services, which result in contract liabilities. The contract liabilities would be recognised as revenue when the customers successfully obtained loans through the P2P financing platform.

Note: The significant increase contract liabilities in the current year was mainly because certain customers have prepaid approximately HK$1,749,000 (equivalent to RMB1,500,000) to the Group.

30. OBLIGATION UNDER A FINANCE LEASE

The Company leased a motor vehicle under a finance lease and settled during the year ended 31 March 2019. The interest rate underlying the obligation under a finance lease was fixed at the respective contract dates at 1.18% (2018: 1.18%) per annum.

	2019	2018
	HK$'000	HK$'000
Analysed for reporting purposes as:		
Current liabilities	**–**	118

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

	Minimum lease payment		**Present value of minimum lease payment**	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**–**	120	**–**	118
In more than one year but not more than two years	**–**	–	**–**	–
	–	120	**–**	118
Less: Future finance charges	**–**	(2)	**–**	N/A
Present value of lease obligations	**–**	118	**–**	118
Less: Amount due for settlement within one year (shown under current liabilities)			**–**	(118)
Amount due for settlement after one year			**–**	–

As at 31 March 2018, the Company's obligation under a finance lease is secured by the leased asset.

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

31. CONVERTIBLE BOND

Tranche B convertible bond (the "CB")

On 20 July 2017, two one-year secured bonds, with referred to as the "Tranche A Bond" and "Tranche B Bond" with principal amount of HK$50,000,000 each, were subscribed by Harvest Progress International Limited (the "Subscriber") with the deed of guarantee given by Mr. Li Si Cong, Mr. Li Ang (collectively, the "Individual Guarantors") and 廣東銀達融資擔保投資集團有限公司 (the "Corporate Guarantor", and together with the Individual Guarantors, the "Guarantors"). Detail are disclosed in Note 32 to the consolidated financial statements.

On 18 September 2017, the Subscriber and the Company agreed to change the terms of the Tranche B Bond, to the CB with the principal amount of HK$50,000,000 in which the Subscriber is entitled to convert the CB into the ordinary shares of the Company. The CB is denominated in HK$.

At initial recognition, the equity component of the CB was separately from debt component. The equity element is presented in equity heading "convertible bond reserve". The debt component was recognised at fair value, calculated based on the present value of the redemption amount at maturity. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 8.39% per annum.

The principal terms of the CB are as follows:

Principal amount:	HK$50,000,000
Coupon rate:	8% per annum
Conversion price:	HK$0.954 per conversion share (per bond instrument), subject to certain customary anti-dilutive adjustment
Maturity date:	20 July 2018, or if the bondholders and the Company mutually agree in writing to extend the maturity of the CB by six months, on 20 January 2019
Conversion period:	At any time on or after the closing date to the close of business on the date falling ten days prior to the abovementioned maturity date (both days inclusive) or, if such CB shall have been called for redemption by the Company before the abovementioned maturity date, then up to the close of business on a date no later than ten days prior to the date fixed for redemption thereof
Transferability:	Bonds may be transferred, without the consent of the Company, (i) to any affiliate of existing Subscriber and/or (ii) to any third party if an event of default listed in the bond instrument has occurred and is continuing, in whole or in part
Guarantee:	The due payment of all sums are jointly and severally to be pay by Guarantors
Repayment terms:	The interest is payable on quarterly on the 20th of April, July October, and January of each year and the last interest payment date on the maturity date

The valuation of the CB was performed by Colliers. Discount cash flow model is used for valuation of the CB.

31. CONVERTIBLE BOND (Continued)

Tranche B convertible bond (the "CB") (Continued)

The movements of the convertible bond are set out below:

	Liability HK$'000	Equity HK$'000	Total HK$'000
At 1 April 2017	–	–	–
Conversion of Tranche B Bond into CB	49,849	151	50,000
Interest charges	2,222	–	2,222
Interest paid	(790)	–	(790)
Interest payable	(1,336)	–	(1,336)
At 31 March 2018	**49,945**	**151**	**50,096**
Interest charges	3,374	–	3,374
Interest paid	(3,319)	–	(3,319)
Redemption	–	(151)	(151)
Repayment	(50,000)	–	(50,000)
At 31 March 2019	**–**	**–**	**–**

32. BOND PAYABLES

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

Notes:

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

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

33. DEFERRED TAX (ASSETS) LIABILITIES

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

	Intanglible assets HK$'000	ECL provision HK$'000	Total HK$'000
At 1 April 2017	1,301	–	1,301
Credit to profit or loss (Note 9)	(199)	–	(199)
Exchange adjustment	72	–	72
At 31 March 2018	1,174	–	1,174
Adjustments for HKFRS 9	–	(4,829)	(4,829)
At 1 April 2018	1,174	(4,829)	(3,655)
(Credit) charge to profit or loss (Note 9)	(201)	673	472
Adjustments	(70)	(47)	(117)
At 31 March 2019	903	(4,203)	(3,300)

Pursuant to the PRC EIT Law which became effective on 1 January 2008, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC effective from 1 January 2008. On 22 February 2008, Caishui (2008) No.1 was promulgated by the tax authorities to specify that dividends declared and remitted out of the PRC from the retained profits as at 31 December 2007 are exempted from withholding tax. Deferred taxation has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to accumulated profits of the PRC subsidiaries amounted to approximated RMB206,779,000 (2018: RMB160,512,381) 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.

As at 31 March 2019, the Group has unused tax losses of approximately HK$6,803,000 (2018: RMB2,278,000) available for offsetting against future profits.

No deferred tax assets have been recognised due to the unpredictability of future profit steams. Unrecognised tax losses of approximately HK$6,803,000 may be carried forward indefinitely (2018: RMB2,278,000 will be expired in 2022).

34. OTHER BORROWING

	2019 HK$'000	2018 HK$'000
Unsecured:		
Repayable within one year	**8,365**	8,759

The Group's other borrowing is denominated in RMB. The loan bears interest at fixed rate of 10% per annum and was originally repayable on 18 December 2018. During the year ended 31 March 2019, with the same terms, an extension has been granted to the Group for the repayment of the loan to 18 December 2019.

35. SHARE CAPITAL

Ordinary shares

	Par value per share HK$	Number of ordinary shares	Nominal value HK$'000
Authorised:			
At 1 April 2017, 31 March 2018 and 31 March 2019	0.01	5,000,000,000	50,000
Issued and fully paid:			
At 1 April 2017	0.01	1,461,568,100	14,616
Issue of ordinary shares upon conversion of convertible preference shares (Note 36)	0.01	1,913,481	19
At 31 March 2018	0.01	1,463,481,581	14,635
Issue of ordinary shares upon placing (Note)	0.01	80,000,000	800
At 31 March 2019	**0.01**	**1,543,481,581**	**15,435**

Note: On 4 May 2018, the Company entered into a placing agreement with China Industrial Securities International Capital 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 80,000,000 placing shares at a price of HK$0.41 per placing share (the "Placing"). The Placing was completed on 24 May 2018 where 80,000,000 placing shares were subscribed in full pursuant to the terms and conditions of the placing agreement. The net proceeds arising from the Placing were approximately HK$32,510,000. The net proceeds from the Placing were utilized 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.

All the shares issued during the years ended 31 March 2019 and 31 March 2018 rank *pari passu* with the then existing shares in all respects.

36. 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 2017	66,500,000	99,085
Issue of ordinary shares upon conversion (Note 35)	(1,913,481)	(2,851)
At 31 March 2018 and at 31 March 2019	64,586,519	96,234

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 share 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 of Radiant Expert, amounting to approximately HK$506,600,000.

37. 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 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.

37. CAPITAL RISK MANAGEMENT (Continued)

The gearing ratio of the Group is as follows:

	2019 HK$'000	2018 HK$'000
Other borrowing (Note 34)	**8,365**	8,759
Obligation under a finance lease (Note 30)	**–**	118
Bond payables (Note 32)	**110,503**	162,309
Convertible bond (Note 31)	**–**	49,945
Net debt	**118,868**	221,131
Total equity attributable to the owners of the Company	**1,262,562**	1,293,271
Gearing ratio (Debt to total equity attributable to owners of the Company)	**9.4%**	17.10%

38. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Equity instruments at FVTOCI	**88,779**	–
AFS investments	**–**	101,407
Financial assets at FVTPL:		
Held-for-trading investments	**2,200**	2,716
Contingent consideration receivable	**3,710**	2,263
	5,910	4,979
Loans and receivables:		
Trade and other receivables	**52,429**	48,015
Loan and interest receivables	**648,863**	743,980
Amounts due from related parties	**4,319**	16,496
Amount due from an associate	**15,601**	–
Bank balances and cash	**27,875**	39,490
	749,087	847,981
	843,776	954,367
Financial liabilities		
Financial liabilities measured at amortised cost:		
Other payables and accrued expenses	**19,129**	28,168
Obligation under a finance lease	**–**	118
Amount due to an associate	**3**	3
Bonds payable	**110,503**	162,309
Convertible bond	**–**	49,945
Other borrowing	**8,365**	8,759
	138,000	249,302

38. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, AFS investments, financial assets at FVTPL, contingent consideration receivable, trade and other receivables, loan and interest receivables, amounts due from (to) related parties/an associate, bank balances and cash, other payables and accrued expenses, obligation under a finance lease, bonds payable, convertible bond and other borrowing.

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, interest rate risk, other price 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.

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.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date, that are denominated in currencies other than the functional currency of the relevant group entities, are as follows.

	Assets	
	2019	2018
	HK$'000	HK$'000
RMB	**360,216**	328,694

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

Sensitivity analysis

The Group is mainly exposed the currency of RMB for the year ended 31 March 2019 (2018: RMB).

The following table details the Group's sensitivity to a 5% (2018: 5%) increase and decrease in HK$ against RMB. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% (2018: 5%) change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lenders.

A positive number below indicates an increase in post-tax profit where HK$ weakening 5% against the relevant currency. For a 5% strengthen of HK$ against the relevant currency, there would be an equal and opposite impact on the post-tax profit, and the balances below would be negative.

	RMB Impact	
	2019	2018
	HK$'000	HK$'000
Profit or loss	**15,039**	13,723

38. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan and interest receivables, obligation under a finance lease, other borrowing, bond payables and convertible bond. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk 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.

The Directors considered the Group's exposed to interest rate risk is not material. Hence, no interest rate sensitivity analysis is presented.

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL and FVTOCI (2018: held-for-trading investments and AFS investments). For equity securities measured at FVTPL (2018: held-for-trading) quoted in ShenZhen Stock Exchange and China Neeq Market, the management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group also invested in certain unquoted equity securities for long term strategic purposes which had been designed as FVTOCI (2018: AFS investments). The Group will monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date, excluding AFS investments measured at cost less impairment for the year ended 31 March 2018. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in Note 38(c).

If the price of respective equity instruments held had been 10% (2018: 10%) higher/lower, post-tax profit for the year would increase/decrease by HK$165,000 (2018: HK$204,000) as a result of the changes in fair value of equity instruments at FVTPL (2018: held-for-trading investments).

Credit risk and impairment assessment

As at 31 March 2019, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's credit risk is primarily attributable to trade and other receivables, loan and interest receivables, amount(s) due from related parties/an associate and bank balances. The carrying amounts of financial assets at amortised cost stated in Note 38(a) represented the Group's maximum exposure to credit risk in relation to financial assets which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets, except that the credit risks associated with loans and interest receivables is mitigated because they are secured by guarantees.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group would assess the potential customer's credit quality. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on trade balances based on provision matrix. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

38. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (Continued)

In respect of trade receivables arising from the Group's human resources services business, the credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

As at 31 March 2019, the Group has concentration of credit risk as 33% (2018: 46%) of the total trade receivables was due from the Group's two (2018: two) customers within the human resources services business segment.

Loan and interest receivables

Loan and interest receivables represents financing advances to customers under the Group's loan financing business. In order to minimise the credit risk, the management of the Group manages and analyses the credit risk for each of their new and existing customers before standard payment terms and conditions are offered. The management assesses the credit quality of each customer based on customer's background information, financial position, past experience and relevant factors. The Group also reviews from time to time the financial position of the customers.

As at 31 March 2019, the Group has concentration of credit risk as 24% (2018: 26%) of the total loan and interest receivables were due from the Group's five largest borrowers, who are individuals resided in the PRC and all (2018: four) of them are secured by corporate guarantee provided by two (2018: two) private entities which are engaged in providing corporate guarantee service.

Amount(s) due from related parties/an associate

The management assesses the credit quality of each related party and associate based on their background information, financial position, past experience and relevant factors. In this regard, the Directors consider that the Group's credit risk of the related parties and associate is limited.

Bank balances

The credit risk on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Credit policy

The Group reassesses lifetime ECL for trade receivables to ensure that adequate impairment loss are made for significant increase in the likelihood or risk of a default occurring individual assess. The ECL on trade receivables are assessed for debtors collectively using a provision matrix appropriate groupings. As part of the Group's credit risk management, the Group use debtors' aging to assess with the impairment for its customers because these customers consists of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The loss rates are estimated on historical observed default rates over the expected life of the debtors and are adjusted forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

For all other instruments including other receivables, loan and interest receivables, amount(s) due from related parties/an associate and bank balances, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised based on significant increases in the likelihood or risk of a default occurring since initial recognition. The Group have assessed and concluded that the risk of default rate for those instruments are steady based on the Group assessment of the financial health of the counterparties.

38. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment.

2019	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK$'000
Financial assets at amortised costs					
Trade receivables	24	N/A	(Note 1)	Lifetime ECL (Provision matrix)	44,339
Loan and interest receivables	25	N/A	Low risk	12-month ECL	669,495
Bank balances	27	BBB+ to AA	N/A	12-month ECL	27,875
Other receivables	24	N/A	(Note 2)	12-month ECL	12,589
Amounts due from related parties	26	N/A	(Note 2)	12-month ECL	4,353
Amount due from an associate	19	N/A	(Note 2)	12-month ECL	15,706

Notes:

(1) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit loss on trade receivables by using a provision matrix, grouped by past due status.

38. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

(1) As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its businesses of provision of human resources services, credit consultancy services and loan facilitation services. Their customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 March 2019 within lifetime ECL (not credit-impaired).

Gross Carrying amount	Estimated loss rate	Trade receivables HK$'000
Human Resources Services		
Current	0.75%	11,685
Over 1-90 days past due	2.76%	12,392
Over 91-180 days past due	24.18%	2,671
Over 181-365 days	51.97%	837
Over 365 days	100%	28
Credit Consultancy Services		
Current	7.67%	642
Loan Facilitation Services		
Current	6.97%-9.08%	3,835
Over 1-90 days past due	7.07%-12.06%	8,297
Over 91-180 days past due	31.91%-35.25%	3,215
Over 181-365 days	56.12%-58.35%	239
Over 365 days	80.33%-81.45%	498
		44,339

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

38. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

(2) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Not past due/No fixed repayment terms HK$'000	**Total** HK$'000
Other receivables	12,589	12,589
Loan and interest receivables	669,495	669,495
Amounts due from related parties	4,353	4,353
Amount due from an associate	15,706	15,706

The following tables show reconciliation of loss allowances that has been recognised for trade receivables:

	Lifetime ECL (not credit-impaired) HK$'000	**Lifetime ECL (credit-impaired)** HK$'000	**Total** HK$'000
As at 31 March 2018 under HKAS 39	–	–	–
Adjustment upon application of HKFRS 9	1,754	2,733	4,487
As at 1 April 2018 – As restated	1,754	2,733	4,487
Changes due to financial instruments recognised as at 1 April:			
– Impairment losses reversed	(1,754)	(2,270)	(4,024)
New financial assets originated or purchased	1,641	2,263	3,904
As at 31 March 2019	1,641	2,726	4,367

The following tables show reconciliation of loss allowances that has been recognised for other receivables:

	12-month ECL HK$'000
As at 31 March 2018 under HKAS 39	560
Adjustment upon application of HKFRS 9	151
As at 1 April 2018 – As restated	711
Changes due to financial instruments recognised as at 1 April:	
– Write-offs	(560)
– Impairment losses reversed	(151)
New financial assets originated or purchased	131
As at 31 March 2019	131

38. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following tables show reconciliation of loss allowances that has been recognised for loan and interest receivables:

	12-month ECL HK$'000
As at 31 March 2018 under HKAS 39	–
Adjustment upon application of HKFRS 9	24,760
As at 1 April 2018 – As restated	24,760
Changes due to financial instruments recognised as at 1 April:	
– Impairment losses reversed	(24,760)
New financial assets originated or purchased	20,632
As at 31 March 2019	20,632

Changes in the loss allowance for loan and interest receivables are mainly due to:

	2018 Decrease in 12-month ECL HK$'000
Settlement in full of loan debtors	(24,760)

The following tables show reconciliation of loss allowances that has been recognised for amounts due from related parties:

	12-month ECL HK$'000
As at 31 March 2018 under HKAS 39	–
Adjustment upon application of HKFRS 9	126
As at 1 April 2018 – As restated	126
Changes due to financial instruments recognised as at 1 April:	
– Impairment losses reversed	(92)
As at 31 March 2019	34

The following tables show reconciliation of loss allowances that has been recognised for amount due from an associate:

	12-month ECL HK$'000
As at 1 April 2018	–
New financial assets originated or purchased	105
As at 31 March 2019	105

38. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

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	1 - 2 years	2 - 5 years	More than 5 years	Total undiscounted cash flows	Carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2019							
Other payables and accrued expenses	N/A	19,129	–	–	–	19,129	19,129
Amount due to an associate	N/A	3	–	–	–	3	3
Bond payables	7.06	29,564	50,905	46,017	13,275	139,761	110,503
Other borrowing	10	8,992	–	–	–	8,992	8,365
		57,688	50,905	46,017	13,275	167,885	138,000
2018							
Other payables and accrued expenses	N/A	28,168	–	–	–	28,168	28,168
Obligation under a finance lease	1.18	120	–	–	–	120	118
Amount due to an associate	N/A	3	–	–	–	3	3
Bond payables	8.98	71,591	29,564	83,255	26,942	211,352	162,309
Convertible bond	8	52,000	–	–	–	52,000	49,945
Other borrowing	10	9,416	–	–	–	9,416	8,759
		161,298	29,564	83,255	26,942	301,059	249,302

38. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of the financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The Board is responsible to determine the appropriate valuation technique and inputs for fair value measurement.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Board works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

(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)	Significant unobservable input(s)
	31 March 2019	31 March 2018			
Listed equity securities at FVTPL	**HK$2,200,000**	HK$2,716,000	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity investments at FVTOCI	**HK$35,825,000**	N/A	Level 3	Net asset value (Note 1)	N/A
Unlisted equity investments at FVTOCI (Note 2)	**HK$52,954,000**	N/A	Level 3	Market approach	
				- The price to earnings 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	Earnings multiple
				- Discount for lack of marketability, determined with reference to the volatility of listed entities in similar industries	Discount for lack of marketability
Unlisted equity securities classified as AFS investments	**N/A**	HK$13,666,000	Level 3	Net asset value (Note 1)	N/A
Unlisted equity securities classified as AFS investments (Note 3)	**N/A**	HK$64,696,000	Level 3	Market approach	
				- The price to earnings 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	Earnings multiple
				- Discount for lack of marketability, determined with reference to the volatility of listed entities in similar industries	Discount for lack of marketability
Contingent consideration receivable (Note 4)	**HK$3,710,000**	HK$2,263,000	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate	Discount rate

38. FINANCIAL INSTRUMENTS (Continued)

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

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

Notes:

(1) The entity has determined that the reported net asset value represents fair value at the end of the reporting period.

(2) An increase in earnings multiple used in isolation would result in an increase in fair value measurement of the unlisted equity investments at FVTOCI, and vice versa. For the year ended 31 March 2019, 10% increase/decrease in earnings multiple and holding all other variables constant would increase/decrease its carrying amount by HK$929,000/HK$933,000 respectively.

An increase in discount of lack of marketability used in isolation would result in a decrease in fair value measurement of the unlisted equity investments at FVTOCI, and vice versa. For the year ended 31 March 2019, 10% increase/decrease in discount of lack of marketability and holding all other variables constant would increase/decrease its carrying amount by HK$886,000/HK$886,000 respectively.

(3) An increase in earnings multiple used in isolation would result in an increase in fair value measurement of the unlisted equity securities classified as AFS investments, and vice versa. For the year ended 31 March 2018, 10% increase/decrease in earnings multiple and holding all other variables constant would increase/decrease its carrying amount by HK$6,526,000/HK$6,526,000 respectively.

An increase in discount of lack of marketability used in isolation would result in a decrease in fair value measurement of the unlisted equity securities classified as AFS investments, and vice versa. For the year ended 31 March 2018, 10% increase/decrease in discount of lack of marketability and holding all other variables constant would increase/decrease its carrying amount by HK$1,797,000/HK$1,797,000 respectively.

(4) An increase in the discount rate in isolation would result in a decrease in the fair value measurement of the contingent consideration receivable and vice versa. For the year ended 31 March 2019, a 1% (2018: 1%) increase/decrease in the discount rate holding all other variables constant would decrease/increase its fair value by HK$24,000/HK$25,000 (2018: HK$20,000/HK$21,000) respectively.

Fair value hierarchy

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
2019				
Financial assets				
Financial assets at FVTPL	**2,200**	**–**	**–**	**2,200**
Equity instruments at FVTOCI	**–**	**–**	**88,779**	**88,779**
Contingent consideration receivable	**–**	**–**	**3,710**	**3,710**
	2,200	**–**	**92,489**	**94,689**
2018				
Financial assets				
Listed securities classified as held-of-trading investments	2,716	–	–	2,716
Unlisted equity securities classified as AFS investments	–	–	78,362	78,362
Contingent consideration receivable	–	–	2,263	2,263
	2,716	–	80,625	83,341

There were no transfers between levels of fair value hierarchy during the years ended 31 March 2019 and 2018.

38. FINANCIAL INSTRUMENTS (Continued)

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

(ii) Reconciliation of Level 3 fair value measurements

	Contingent consideration receivable HK$'000	**Unlisted equity securities classified as AFS investment** HK$'000	**Unlisted equity securities at FVTOCI** HK$'000	**Total** HK$'000
At 1 April 2017	3,298	84,748	–	88,046
Disposal	–	(3,119)	–	(3,119)
Fair value change	(1,306)	(12,665)	–	(13,971)
Exchange adjustment	271	9,398	–	9,669
At 31 March 2018	2,263	78,362	–	80,625
Adjustment upon application of HKFRS 9:				
– Reclassification	–	(78,362)	101,407	23,045
– Fair value change	–	–	32,161	32,161
	–	(78,362)	133,568	55,206
At 1 April 2018 – as restated	2,263	–	133,568	135,831
Fair value change	1,447	–	(28,498)	(27,051)
Disposal	–	–	(12,000)	(12,000)
Exchange adjustment	–	–	(4,291)	(4,291)
At 31 March 2019	**3,710**	**–**	**88,779**	**92,489**

Of the total gains or losses for the year included in the profit before tax, a gain of approximately HK$1,678,000 (2018: loss of HK$1,306,000) relates to the contingent consideration receivable held at the end of the current reporting period.

Included in the other comprehensive expenses is an amount of loss of approximately HK$7,699,000 (2018: HK$12,665,000) relating to the unlisted equity securities at FVTOCI (2018: AFS investment) held at 31 March 2019 and is reported as change of "investment revaluation reserve".

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

39. CONTINGENT CONSIDERATION RECEIVABLE

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 issuance of 102,941,177 new ordinary shares of the Company (the "Consideration Shares") to Fast Sonic at the issued price of HK$0.850 each. The acquisition was completed on 13 December 2016.

Analysis of contingent consideration receivable in relation to acquisition of Beauty Sky are as follow:

	HK$'000
Profit guarantees at fair value:	
At 31 March 2017	3,298
Change in fair value	(1,306)
Exchange alignment	271
At 31 March 2018	2,263
Change in fair value	1,447
At 31 March 2019	3,710

	2019 HK$'000	2018 HK$'000
Analysed as:		
Non-current portion	**–**	1,272
Current portion	**3,710**	991
	3,710	2,263

Pursuant to the Conditional Agreement and the supplemental agreement entered by Fast Sonic and the Group on 25 May 2017, Mr. Pan Jian Ming (the "Guarantor" or "Mr. Pan"), an independent third party of the Company, irrevocably and unconditionally guarantees and undertakes to Wise Astute as set out below:

(a) The net profit after tax of 廣東良策助房投資有限公司 and its subsidiaries (if any) (collectively referred to as "廣東良策"), an indirect wholly-owned subsidiary of the Company after the completion of the acquisition of Beauty Sky and its subsidiaries (the "Beauty Sky Group"), for the period from 1 October 2016 to 30 September 2017 (the "First Relevant Period") shall be no less than RMB4,000,000 (the "2017 Target Profit") as to be shown in the audited accounts of 廣東良策 for the First Relevant Period prepared in accordance with HKFRSs (the "2017 Accounts");

(b) The net profit after tax of 廣東良策 for the period from 1 October 2017 to 30 September 2018 (the "Second Relevant Period") shall be no less than RMB7,000,000 ("2018 Target Profit") as to be shown in the audited accounts of 廣東良策 for the Second Relevant Period prepared in accordance with HKFRSs (the "2018 Accounts"); and

(c) The net profit after tax of 廣東良策 for the period from 1 October 2018 to 30 September 2019 (the "Third Relevant Period") shall be no less than RMB8,000,000 ("2019 Target Profit") as to be shown in the audited accounts of 廣東良策 for the Third Relevant Period prepared in accordance with HKFRSs (the "2019 Accounts").

39. CONTINGENT CONSIDERATION RECEIVABLE (Continued)

In the event that the actual audited net profit after tax of 廣東良策 for each of the First Relevant Period, Second Relevant Period and Third Relevant Period (collectively referred as the "Relevant Periods") is less than the 2017 Target Profit, 2018 Target Profit and/or 2019 Target Profit (the "Target Sum") respectively, the Guarantor undertakes to pay to Wise Astute an amount of the shortfall, which is calculated as each Target Sum minus the net profit of each Relevant Period (the "Shortfall Amount"), within 21 days after the delivery to Wise Astute of a copy of the respective 2017 Accounts, 2018 Accounts and 2019 Accounts.

The fair value of contingent consideration receivable, which is related to the acquisition of Beauty Sky at the acquisition date of 13 December 2016 and as at 31 March 2017 are based on the valuation report issued by Ample Valuation Advisory and Asset Consultancy Services Company Limited ("Ample"), an independent professional valuer, by using a discounted cash flow model.

As at 31 March 2017, the Directors expected that Beauty Sky Group would not be able to meet the Target Sum for the First Relevant Period, the Second Relevant Period and the Third Relevant Period. According to the valuation report issued by Ample, the fair value of contingent consideration receivable arising from the failure to meet the Target Sum for the Relevant Periods as at 31 March 2017 is amounting to approximately HK$3,298,000 and change in fair value of contingent consideration of approximately HK$485,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017.

The fair value of contingent consideration receivable as 31 March 2019 are based on the valuation report issued by Vnicorn by using a discounted cash flow model.

During the year ended 31 March 2018, the management reviewed the unaudited consolidated financial statements of 廣東良策 in respected of the First Relevant Period and were of opinion that 2017 Target Profit had been met.

As at 31 March 2019, the Directors expected that Beauty Sky Group would not be able to meet the Target Sum for the Third Relevant Period. According to the valuation report issued by Vnicorn, the fair value of the contingent consideration receivable arising from the failure to meet the Target Sum for the Second Relevant Period and the Third Relevant Period as at 31 March 2019 is amounting to approximately HK$3,710,000 (2018: HK$2,263,000) and change in fair value of contingent consideration of approximately HK$1,447,000 (2018: HK$1,306,000) was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019.

40. 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:

	2019	2018
	HK$'000	HK$'000
Within one year	**4,230**	2,278
In the second to fifth years	**2,923**	1,887
	7,153	4,165

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 2 to 5 years (2018: 2 to 5 years). The above lease commitments only include commitments for basic rental and none of the lease includes any contingent rental.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flow were, or future cashflows will be classified in the Group's consolidated statement of cash flows from financing activities.

	Other borrowing HK$'000	**Obligation under finance lease** HK$'000	**Bonds payable** HK$'000	**Convertible bond** HK$'000	**Interest payable (included in other payables)** HK$'000	**Total** HK$'000
At 1 April 2017	–	292	–	–	–	292
Change from cash flows:						
Proceeds from interest-bearing bonds	–	–	226,900	–	–	226,900
Transaction cost as scheduled with issue of bond	–	–	(17,712)	–	–	(17,712)
Interest paid on bond payables	–	–	–	–	(6,784)	(6,784)
Interest paid on convertible bond	–	–	–	(790)	–	(790)
Payment of finance lease	–	(179)	–	–	–	(179)
		(179)	209,188	(790)	(6,784)	201,435
Non-cash changes:						
Other Changes						
– Interest expenses	–	–	3,121	2,222	10,183	15,526
– Interest payable on convertible bond	–	–	–	(1,336)	1,336	–
– Finance charges on obligation under finance lease	–	5	–	–	–	5
– Exchange of bond into convertible bond	–	–	(50,000)	49,849	–	(151)
– Transfer of other borrowing	8,759	–	–	–	–	8,759
	8,759	5	(46,879)	50,735	11,519	24,139
At 31 March 2018	8,759	118	162,309	49,945	4,735	225,866
Change from cash flows:						
Interest paid on bonds payables	–	–	(11,426)	–	(881)	(12,307)
Repayment of bonds	–	–	(51,806)	–	–	(51,806)
Interest paid on convertible bond	–	–	–	(3,319)	–	(3,319)
Repayment of convertible bond	–	–	–	(50,000)	–	(50,000)
Interest paid on other borrowing	(1,572)	–	–	–	–	(1,572)
Repayment of other borrowing	(394)	–	–	–	–	(394)
Payment of finance lease	–	(120)	–	–	–	(120)
	(1,966)	(120)	(63,232)	(53,319)	(881)	(119,518)
Non-cash changes:						
Other Changes						
– Interest expenses	1,572	–	11,426	3,374	–	16,372
– Finance charges on obligation under finance lease	–	2	–	–	–	2
	1,572	2	11,426	3,374	–	16,374
At 31 March 2019	**8,365**	**–**	**110,503**	**–**	**3,854**	**122,722**

42. 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$1,500.

During the year, the aggregate contributions made by the Group to the retirement schemes were approximately HK$6,350,000 (2018: HK$6,330,000).

43. EVENT AFTER THE REPORTING PERIOD

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

On 8 May 2019, Wise Astute, a direct wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Chen Liyi, an independent third party of the Company in respect of the acquisition of the entire issued share capital of Affluent Accord Limited, a company incorporated in the BVI with limited liability, and all amounts of the loan owing by Affluent Accord Limited and its subsidiaries to Chen Liyi at the completion date of the acquisition. The acquisition was completed on 11 June 2019.

Detail of the acquisition was disclosed in the announcement of the Company dated 8 May 2019, 5 June 2019 and 11 June 2019.

44. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions and balances with related parties during the years as follows:

(a) Details of transactions with related parties are follows:

	2019 **HK$'000**	2018 HK$'000
Loan facilitation services income received from 銀達典當 (Note (ii) and (viii))	**1,868**	204
Loan facilitation services income received from 良策金融資服務有限公司 ("良策金融") (Note (iii) and (viii))	**–**	85
Asset management services income received from 合銀創新投資 (Note (v))	**–**	1,478
Loan financing services income received from 良策融資擔保 (Note (iv))	**–**	465
Loan financing services income received from 良策按揭 (Note (iii))	**–**	2,161
Credit consultancy services income received from 銀達融資擔保 (Note (i))	**2,678**	1,471
Credit consultancy services income received from 廣州銀達科技融資擔保投資有限公司 ("銀達科技") (Note (i))	**11**	23
Credit consultancy services income received from 銀達典當 (Note (ii) and (viii))	**6**	45
Credit consultancy services income received from 中山銀達融資擔保投資有限公司 ("中山銀達") (Note (i))	**11**	126
Credit consultancy services income received from 銀業發展 (Note (ii) and (viii))	**–**	20
Commission income received for an associate 合銀創新投資 (Note (viii))	**2,050**	–
	6,624	6,078
Loan financing expense paid to 良策融資擔保 (Note (iv))	**–**	817
Loan financing expense paid to 廣州融智企業管理顧問有限公司 (Note (iv))	**441**	–
Loan financing expense paid to 良策網絡技術有限公司 ("良策網絡") (Note (iv))	**78**	32
	519	849

44. RELATED PARTY TRANSACTIONS (Continued)

(a) Details of transactions with related parties are follows: (Continued)

Notes:

(i) Mr. Li father of Mr. Li Ang. Resigned as the executive director of the Company on 20 April 2017 is also the common director of 銀達融資擔保, 銀達科技 and 中山銀達.

(ii) Mr. Li is the shareholder of 銀達典當 and 銀業發展. The amounts due are unsecured, interest-free and repayable on demand.

(iii) Mr. Pan is the common director of 良策按揭 and 良策金融, a wholly-owned subsidiary of the Company. The amount due is unsecured, interest-free and repayable on demand.

(iv) Mr. Pan is the executive director of 良策融資擔保, 廣州融智 and 良策網絡. The amount due is unsecured, interest-free and repayable on demand.

(v) The legal representative of 合銀創新 is 廣東合銀投資管理咨詢有限公司 ("合銀投資") which is a wholly owned subsidiary of the company.

(vi) Mr, Chang Tin Duk Victor, the executive director of the Company, also is the shareholder of Zebra Strategic Investments Limited. The amount due is unsecured, interest-free and repayable on demand.

(vii) The transactions are connected transactions (as defined in the GEM Listing Rules) which were exempted from reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

(viii) The transactions are continuing connected transactions (as defined in the GEM Listing Rules) which were exempted from reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

(b) Tranche A Bond and Convertible Bond with principal amounts of approximately HK$50,000,000 and HK$50,000,000 respectively together with the interest accrued are secured by the jointly and several guarantee produced by Mr. Li, Mr. Li Ang and Upmost Corporation Limited.

(c) Compensation of key management personnel

The key management of the Group comprises all the Directors and chief executive, details of their remuneration are disclosed in Note 12 to the consolidated financial statements. The remuneration of the Directors and chief executive is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

The Directors are of the view that the terms of the above related party transactions are fair and reasonable, based on normal commercial terms where no charge over assets of the Group is created in respect of the above transactions.

45. 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		
				2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	
Orient Apex Investments Limited	Ordinary	BVI/Hong Kong	US$11,000	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Wise Astute	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
Sheng Zhuo	Ordinary	BVI/Hong Kong	US$1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
Win Team Holdings Limited	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	Registered	PRC	RMB10,000,000	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Provision of credit consultancy services in the PRC
施博人力(上海)有限公司	Registered	PRC	–	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Inactive
Radiant Expert	Ordinary	BVI	US$1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
Hong Kong Youhe Limited	Ordinary	Hong Kong	HK$10,000	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
廣州大唐普惠互聯網金融資訊服務有限公司	Registered	PRC	RMB10,000,000	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Provision of peer-to-peer (P2P) financial intermediary services (on the online platform) and other relevant consultation services
廣州順心貸諮詢服務有限公司	Registered	PRC	RMB2,000,000	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Provision of loan facilitation services
Best Moon	Ordinary	BVI	US$100	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
Max High Enterprise Limited	Ordinary	Hong Kong	HK$100	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
廣東合銀投資管理諮詢有限公司	Registered	PRC	RMB50,000,000	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Provision of financial advisory services
廣州合銀寶凱基金管理有限公司 ("Bao Kai")	Registered	PRC	RMB10,000,000	**–**	–	**64%**	64%	**–**	–	**64%**	64%	Provision of financial advisory services
西藏順心貸投資有限公司	Registered	PRC	–	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Provision of consultation services
西藏弘朗諮詢服務有限公司	Registered	PRC	–	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Provision of credit consultancy services in the PRC

45. 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		
				2019	2018	2019	2018	2019	2018	2019	2018	
Beauty Sky	Ordinary	BVI	US$1	-	–	100%	100%	-	–	100%	100%	Investment holding
Oriental Prospect Limited	Ordinary	Hong Kong	HK$1	-	–	100%	100%	-	–	100%	100%	Investment holding
廣東良策助房投資有限公司	Registered	PRC	RMB30,000,000	-	–	100%	100%	-	–	100%	100%	Provision of consultation services in the PRC
Gain Hope Holdings Limited	Ordinary	BVI	US$100	-	–	100%	100%	-	–	100%	100%	Investment holding
Yee Tin Limited	Ordinary	Hong Kong	HK$1	-	–	100%	100%	-	–	100%	100%	Provision of loan financing services
西藏助房投資有限公司 (Note i)	Registered	PRC	–	-	–	100%	–	-	–	100%	–	Provision of consultation services in the PRC
西藏圓山投資管理有限公司 (Note i)	Registered	PRC	–	-	–	100%	–	-	–	100%	–	Provision of financial advisory services
霍爾果斯大唐普惠信息諮詢服務有限公司 (Note i)	Registered	PRC	–	-	–	100%	–	-	–	100%	–	Provision of credit consultancy services in the PRC
廣州弘恩投資諮詢有限公司 (Note i)	Registered	PRC	–	-	–	100%	–	-	–	100%	–	Inactive
霍爾果斯弘朗信息諮詢服務有限公司 (Note i)	Registered	PRC	–	-	–	100%	–	-	–	100%	–	Provision of credit consultancy services in the PRC
霍爾果斯助房商務諮詢服務有限公司 (Notes i and ii)	Registered	PRC	–	-	–	100%	100%	-	–	100%	100%	Provision of consultation services in the PRC
西藏良木投資有限公司 (Note i)	Registered	PRC	–	-	–	100%	100%	-	–	100%	100%	Provision of financial advisory services

Notes:

(i) They were newly set up during the year ended 31 March 2018.

(ii) As at 31 March 2019, the subsidiary is under voluntary winding up.

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

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

Details of the non-wholly owned subsidiary that has material non-controlling interest

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

Name of subsidiary	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interest		Total comprehensive (expenses) income allocated to non-controlling interest		Accumulated non-controlling interest	
		31 March 2019	31 March 2018	**31 March 2019 HK$'000**	31 March 2018 HK$'000	**31 March 2019 HK$'000**	31 March 2018 HK$'000
Bao Kai	PRC	**36%**	36%	**250**	138	**4,402**	4,652

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.

	2019 HK$'000	2018 HK$'000
Current assets	**2,744**	1,442
Non-current assets	**11,270**	12,512
Current liabilities	**(1,784)**	(1,029)
Equity attributable to owners of the Company	**7,827**	8,273
Non-controlling interest	**4,403**	4,652
Total revenue	**2,110**	2,088
Total expenses	**(18,003)**	(2,386)
Loss for the year	**(15,893)**	(298)
Other comprehensive (expense) income for the year	**(1,934)**	684
Total comprehensive (expense) income for the year	**(17,827)**	386
Net cash inflow from in operating activities	**163**	70
Net cash inflow from investing activities	**–**	–
Net cash inflow from financing activities	**–**	–
Net cash inflow	**163**	70

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current asset		
Investments in subsidiaries	**15,241**	15,241
Current assets		
Amounts due from subsidiaries	**1,569,847**	1,286,527
Bank balances and cash	**417**	2,887
	1,570,264	1,289,414
Current liabilities		
Accrued expenses	**1,246**	895
Amount due to a subsidiary	**363,766**	759
Interest payable	**2,222**	3,897
Bond payables – current portion	**24,746**	58,057
Convertible bond	**–**	49,945
	391,980	113,553
Net current assets	**1,178,284**	1,175,861
Total assets less current liabilities	**1,193,525**	1,191,102
Non-current liability		
Bonds payable – non-current portion	**85,757**	104,252
Net assets	**1,107,768**	1,086,850
Capital and reserves		
Share capital	**15,435**	14,635
Reserves	**1,092,333**	1,072,215
Total equity	**1,107,768**	1,086,850

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 28 June 2019 and are signed on its behalf by:

Li Ang
Director

Lam Tsz Chung
Director

46. 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 (Note 36)	**Convertible bond reserve** HK$'000 (Note 31)	**Contribution surplus** HK$'000 (Note)	**Accumulated losses** HK$'000	**Total reserves** HK$'000
At 1 April 2017	997,994	99,085	–	14,928	(18,857)	1,093,150
Loss and total comprehensive expense for the year	–	–	–	–	(21,067)	(21,067)
Issue of ordinary shares upon conversion of convertible preference shares	2,832	(2,851)	–	–	–	(19)
Issue of convertible bond	–	–	151	–	–	151
At 31 March 2018	1,000,826	96,234	151	14,928	(39,924)	1,072,215
Loss and total comprehensive expense for the year	–	–	–	–	(11,592)	(11,592)
Placing of shares (Note 35)	31,710	–	–	–	–	31,710
At 31 March 2019	**1,032,536**	**96,234**	**151**	**14,928**	**(51,516)**	**1,092,333**

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				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**256,300**	278,484	281,206	261,329	214,553
Profit (loss) before tax	**35,511**	73,426	44,949	40,754	(620)
Income tax expense	**(4,592)**	(8,116)	(8,132)	(7,576)	(910)
Profit (loss) for the year	**30,919**	65,310	36,817	33,178	(1,530)
Profit (loss) attributable to owners of the Company	**30,704**	65,418	37,005	33,176	(1,530)

ASSETS AND LIABILITIES

	As at 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**1,409,725**	1,553,017	1,228,032	928,363	140,894
Total liabilities	**142,761**	255,094	37,125	49,853	26,540
Total equity	**1,266,964**	1,297,923	1,190,907	878,510	114,354