



銀合控股有限公司 YIN HE HOLDINGS LIMITED

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



INTERIM REPORT 2019

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

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



SUMMARY

- Revenue from continuing operations for the six months ended 30 September 2019 amounted to HK\$35,438,000 (six months ended 30 September 2018: HK\$49,688,000), decreased by HK\$14,250,000 or 28.7% as compared with corresponding period of the previous year.
- Profit attributable to owners of the Company for the six months ended 30 September 2019 amounted to HK\$10,193,000 in which the profit contributed by continuing operations and discontinued operation was HK\$9,324,000 and HK\$869,000, respectively. The profits attributable to owners of the Company from continuing operations and discontinued operation for the six months ended 30 September 2018 was HK\$16,809,000 and HK\$918,000, respectively.
- Basic earnings per share for the six months ended 30 September 2019 amounted to approximately HK\$0.66 cents while basic earnings per share for the six months ended 30 September 2018 amounted to approximately HK\$1.17 cents.



UNAUDITED INTERIM RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2019 together with the comparative unaudited figures for the corresponding period in 2018 as follows:

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

For the six months ended 30 September 2019

	Notes	Unaudited		Unaudited	
		For the three months ended		For the six months ended	
		30 September 2019 HK\$'000	30 September 2018 HK\$'000 (Restated)	30 September 2019 HK\$'000	30 September 2018 HK\$'000 (Restated)
CONTINUING OPERATIONS					
Revenue	5	18,904	20,812	35,438	49,688
Direct costs		(67)	(66)	(114)	(2,155)
Gross profit		18,837	20,746	35,324	47,533
Other income	5	(803)	341	11	353
Share of results of associates		1,477	–	1,461	–
Impairment losses on financial assets, net of reversal		(2,463)	–	(2,463)	–
General and administrative expenses		(7,698)	(5,423)	(14,125)	(16,280)
Operating profit from continuing operations		9,350	15,664	20,208	31,606
Finance costs	6	(3,258)	(6,095)	(6,636)	(11,776)
Profit before income tax from continuing operations	7	6,092	9,569	13,572	19,830
Income tax expenses	8	(1,077)	(1,679)	(3,834)	(2,873)
Profit for the period from continuing operations		5,015	7,890	9,738	16,957



	Unaudited For the three months ended		Unaudited For the six months ended	
	30 September 2019 HK\$'000	30 September 2018 HK\$'000 (Restated)	30 September 2019 HK\$'000	30 September 2018 HK\$'000 (Restated)
DISCONTINUED OPERATION				
Profit for the period from discontinued operation	14 913	555	869	918
Profit for the period	5,928	8,445	10,607	17,875
OTHER COMPREHENSIVE INCOME FOR THE PERIOD				
Fair value loss on investments in equity instruments at fair value through other comprehensive income	(8,504)	-	(9,092)	-
Effect of foreign exchange	(16,497)	(38,779)	(56,550)	(91,017)
Other comprehensive expense for the period, net of income tax	(25,001)	(38,779)	(65,642)	(91,017)
Total comprehensive expense for the period	(19,073)	(30,334)	(55,035)	(73,142)
Profit for the period attributable to				
Owners of the Company				
Continuing operations	4,704	7,800	9,324	16,809
Discontinued operation	914	555	869	918
	5,618	8,355	10,193	17,727
Non-controlling interest	310	90	414	148
	5,928	8,445	10,607	17,875



	Unaudited For the three months ended		Unaudited For the six months ended	
	30 September 2019 HK\$'000	30 September 2018 HK\$'000 (Restated)	30 September 2019 HK\$'000	30 September 2018 HK\$'000 (Restated)
Total comprehensive expenses for the period attributable to				
Owners of the Company	(19,347)	(30,237)	(55,298)	(72,857)
Non-controlling interest	274	(97)	263	(285)
	<u>(19,073)</u>	<u>(30,334)</u>	<u>(55,035)</u>	<u>(73,142)</u>
Earnings per share for profit attributable to owners of the Company				
Basic (HK cent)	10			
For profit for the period	<u>0.35</u>	<u>0.55</u>	<u>0.66</u>	<u>1.17</u>
For profit from continuing operations	<u>0.29</u>	<u>0.51</u>	<u>0.60</u>	<u>1.11</u>
Diluted (HK cent)	10			
For profit for the period	<u>0.34</u>	<u>0.53</u>	<u>0.63</u>	<u>1.12</u>
For profit from continuing operations	<u>0.28</u>	<u>0.49</u>	<u>0.58</u>	<u>1.06</u>



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

		30 September 2019	31 March 2019 (Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current assets			
Plant and equipment		362	664
Right-of-use assets		3,821	–
Goodwill		565,119	533,030
Deferred tax assets		4,579	4,203
Intangible assets		3,058	3,640
Interest in associates		5,859	15,379
Equity instruments at fair value through other comprehensive income		86,082	88,779
Deposit paid for acquisition of an associate		–	7,869
		668,880	653,564
Current assets			
Financial assets at fair value through profit or loss		–	2,200
Trade receivables and other receivables	12	44,696	53,593
Loan and interest receivables	13	627,474	648,863
Contingent consideration receivable		–	3,710
Amounts due from related parties		4,005	4,319
Amount due from an associate		14,814	15,601
Bank balances and cash		13,210	27,875
		704,199	756,161
Assets of disposal groups classified as held for sale	14	35,617	–
Total current assets		739,816	756,161



	30 September 2019	31 March 2019 (Audited)
<i>Notes</i>	HK\$'000	HK\$'000
Current liabilities		
Other payables and accrued expenses	51,087	21,588
Amount due to associates	7,760	3
Bond payables – current portion	29,853	24,746
Other borrowing	–	8,365
Tax payable	3,767	1,399
	92,467	56,101
Liabilities directly associated with assets classified as held for sale	7,541	–
<i>14</i>		
Total current liabilities	100,008	56,101
Net current assets	639,808	700,060
Total assets less current liabilities	1,308,688	1,353,624
Non-current liabilities		
Bond payables – non-current portion	62,433	85,757
Deferred tax liabilities	867	903
	63,300	86,660
Net assets	1,245,388	1,266,964
Capital and reserves		
Share capital	16,336	15,435
Reserves	1,221,984	1,247,127
<i>15</i>		
Equity attributable to owners of the Company	1,238,320	1,262,562
Non-controlling interest	7,068	4,402
Total equity	1,245,388	1,266,964



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to owners of the Company											
	Share capital	Share premium	Convertible preference shares	Convertible bond reserve	Merger reserve	Investment revaluation reserve	Statutory reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2018 (Audited)	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
Effect on adoption of HKFRS 9	-	-	-	-	-	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 period	-	-	-	-	-	-	-	-	17,727	17,727	148	17,875
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	(90,584)	-	(90,584)	(433)	(91,017)
Total comprehensive income for the period	-	-	-	-	-	-	-	(90,584)	17,727	(72,857)	(285)	(73,142)
Placing of shares	800	31,710	-	-	-	-	-	-	-	32,510	-	32,510
At 30 September 2018 (Unaudited)	15,435	1,032,536	96,234	151	(213)	23,548	19,261	(49,720)	123,159	1,260,391	4,367	1,264,758
At 1 April 2019 (Audited)	15,435	1,032,536	96,234	-	(213)	(10,495)	25,065	(32,028)	136,028	1,262,562	4,402	1,266,964
Profit for the period	-	-	-	-	-	-	-	-	10,193	10,193	414	10,607
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Fair value loss on investments in equity instrument at fair value through other comprehensive income	-	-	-	-	-	(9,092)	-	-	-	(9,092)	-	(9,092)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	(56,399)	-	(56,399)	(151)	(56,550)
Total comprehensive income for the period	-	-	-	-	-	(9,092)	-	(56,399)	10,193	(55,298)	263	(55,035)
Realization of contingent consideration	-	-	-	-	-	-	-	-	(3,710)	(3,710)	-	(3,710)
Issue of shares upon acquisition of subsidiaries	901	33,865	-	-	-	-	-	-	-	34,766	2,403	37,169
At 30 September 2019 (Unaudited)	16,336	1,066,401	96,234	-	(213)	(19,587)	25,065	(88,427)	142,511	1,238,320	7,068	1,245,388



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	For the six months ended	
	30 September 2019 (Unaudited) HK\$'000	30 September 2018 (Unaudited) HK\$'000
Net cash generated from (used in) operating activities	49,920	85,991
Net cash generated from (used in) investing activities	2,381	(10,843)
Net cash generated from (used in) financing activities	(19,089)	(44,251)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	33,212	30,897
Cash and cash equivalents at beginning of the period	27,875	39,490
Effect of foreign exchange rate changes	(33,726)	(38,700)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	27,361	31,687
	<hr/>	<hr/>
Analysis of cash and cash equivalents, represented by bank balance and cash	27,361	31,687
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Yin He Holdings Limited (the "Company") was incorporated in the Cayman Islands on 24 February 2012 as an exempted company with limited liability under the Companies law of the Cayman Islands. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 April 2013.

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2019 have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

The unaudited interim condensed consolidated financial statements should be read in conjunction with the Group's annual audited financial statements and notes thereto for the year ended 31 March 2019 ("2019 Audited Financial Statements"). The principal accounting policies that have been used in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of 2019 Audited Financial Statements except for the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA that are adopted for the first time for the current period's financial statements.

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

The interim condensed consolidated financial statements are unaudited, but have been reviewed by the audit committee of the Company. The interim condensed consolidated financial statements were approved for issue on 14 November 2019.



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

During the Period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and presentation of the Group's unaudited condensed consolidated financial statements, except for the adoption of HKFRS 16 Leases. The nature and impact of the changes are described below:

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 April 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices.



As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and included in other payables and accruals.

The right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognised in the statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics



The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

	(Unaudited) HK\$'000
Assets	
Increase in right-of-use assets	6,916
Decrease in prepayments, other receivables and other assets	(339)
	<hr/>
Increase in total assets	6,577
	<hr/> <hr/>
Liabilities	
Increase in other payables and accruals	6,916
	<hr/>
Increase in total liabilities	6,916
	<hr/> <hr/>

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 is as follows:

	(Unaudited) HK\$'000
Operating lease commitments as at 31 March 2019	7,153
Weighted average incremental borrowing rate as at 1 April 2019	4.9%
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Discounted operating lease commitments as at 1 April 2019	6,577
	<hr/>
Liabilities as at 1 April 2019	6,577
	<hr/> <hr/>

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 March 2019 is replaced with the following new accounting policies upon the adoption of HKFRS 16 from 1 April 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.



Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities (included within "other payables and accruals"), and the movement during the period are as follow:

	Right-of-use assets: Land and buildings (Unaudited) HK\$'000	Lease liabilities (Unaudited) HK\$'000
As at 1 March 2019	6,916	6,916
Depreciation charge	(1,927)	-
Interest expense	-	141
Payments	-	(1,962)
Exchange realignment	(228)	(235)
	<hr/>	<hr/>
As at 30 September 2019	4,761	4,860



The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial period beginning 1 January 2019. The Directors anticipate that the new and revised HKFRSs will be adopted in the Group's unaudited condensed consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. SEGMENT INFORMATION

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

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

Credit consultancy services	–	provision of credit assessment and credit consultancy services
Loan facilitation services	–	operation of peer-to-peer financing platform and other loan facilitation services
Asset management services	–	provision of financial advisory services for corporate, asset management firms and private equity funds and minority investments in private companies
Loan financing	–	provision of loan financing services
Insurance training services	–	provision of insurance training services
Human resource services	–	provision of staff outsourcing services, executive/staff search services and other human resources support services (classified as discontinued operation during the period (<i>note 14</i>))



Segment revenue and results

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

	Continuing operations					Discontinued operation		Consolidated HK\$ '000
	Credit consultancy services HK\$ '000	Loan facilitation services HK\$ '000	Asset management services HK\$ '000	Loan financing services HK\$ '000	Insurance training services HK\$ '000	Total HK\$ '000	Human resources services HK\$ '000	
For the six months ended								
30 September 2019								
Segment revenue	8,033	9,227	1,503	15,586	1,089	35,438	68,154	103,592
Segment profit/(loss)	5,473	983	995	7,214	951	15,616	869	16,485
Interest income								7
Unallocated corporate expenses								(2,051)
Profit before tax								14,441
For the six months ended								
30 September 2018								
Segment revenue	10,435	20,712	3,481	15,060	-	49,688	79,254	128,942
Segment profit	4,930	15,209	11	404	-	20,554	378	20,932
Interest income								10
Unallocated corporate expenses								(194)
Profit before tax								20,748



Segment assets and liabilities

	Continuing operations					Discontinued operation		Consolidated HK\$'000
	Credit consultancy services HK\$'000	Loan facilitation services HK\$'000	Asset management services HK\$'000	Loan financing services HK\$'000	Insurance training services HK\$'000	Total	Human resources HK\$'000	
						HK\$'000	HK\$'000	
At 30 September 2019								
Segment assets	<u>23,924</u>	<u>9,853</u>	<u>131,850</u>	<u>621,847</u>	<u>3,959</u>	<u>791,433</u>	<u>20,515</u>	<u>811,948</u>
Goodwill								565,119
Bank balances and cash								27,361
Unallocated assets								<u>5,298</u>
Total assets								<u><u>1,409,726</u></u>
Segment liabilities	<u>3,132</u>	<u>1,409</u>	<u>12,350</u>	<u>101,659</u>	<u>120</u>	<u>118,670</u>	<u>6,606</u>	<u>125,276</u>
Tax payable								3,767
Deferred tax liabilities								867
Contingent consideration payable								27,923
Unallocated liabilities								<u>5,477</u>
Total liabilities								<u><u>163,310</u></u>



	Continuing operations				Discontinued operation		Consolidated HK\$ '000
	Credit consultancy services HK\$ '000	Loan facilitation services HK\$ '000	Asset management services HK\$ '000	Loan financing services HK\$ '000	Total	Human resources services HK\$ '000	
					HK\$ '000	HK\$ '000	
At 31 March 2019							
Segment assets	12,336	12,527	145,042	642,521	812,426	28,216	840,642
Goodwill							533,030
Deferred tax assets							4,203
Contingent consideration receivable							3,710
Bank balances and cash							27,875
Unallocated assets							265
Total assets							<u>1,409,725</u>
Segment liabilities	2,604	1,526	12,024	114,622	130,776	9,064	139,840
Tax payable							1,399
Deferred tax liabilities							903
Unallocated liabilities							619
Total liabilities							<u>142,761</u>

Geographical information

The following table presents the revenue from external customers for the six months ended 30 September 2019 and 2018 by geographical locations:

	For the six months ended	
	30 September 2019 (Unaudited) HK\$ '000	30 September 2018 (Unaudited) HK\$ '000
Revenue from customers		
Hong Kong	15,586	15,060
PRC	19,852	34,628
	<u>35,438</u>	<u>49,688</u>



5. REVENUE AND OTHER INCOME

An analysis of the revenue from the Group's principal activities, which is also the Group's turnover, and other income is as follows:

	(Unaudited) For the three months ended		(Unaudited) For the six months ended	
	30 September 2019 HK\$'000	30 September 2018 <i>HK\$'000</i>	30 September 2019 HK\$'000	30 September 2018 <i>HK\$'000</i>
Revenue				
Credit consultancy services	6,803	3,812	8,033	10,435
Loan facilitation services	2,701	7,597	9,227	20,712
Asset management services	758	1,846	1,503	3,481
Interest income from loan financing services	7,724	7,557	15,586	15,060
Insurance training services	918	–	1,089	–
	18,904	20,812	35,438	49,688
Other income				
Bank interest income	1	–	3	10
Sundry income, net	(804)	341	8	343
	(803)	341	11	353
	18,101	21,153	35,449	50,041

6. FINANCE COSTS

	(Unaudited) For the three months ended		(Unaudited) For the six months ended	
	30 September 2019 HK\$'000	30 September 2018 <i>HK\$'000</i>	30 September 2019 HK\$'000	30 September 2018 <i>HK\$'000</i>
Interest charges on:				
Bond payables	3,258	356	6,495	1,603
Convertible bond	–	2,536	–	3,533
Other borrowings	–	3,203	141	6,640
	3,258	6,095	6,636	11,776



7. PROFIT BEFORE TAX

	(Unaudited) For the three months ended		(Unaudited) For the six months ended	
	30 September 2019 HK\$'000	30 September 2018 HK\$'000	30 September 2019 HK\$'000	30 September 2018 HK\$'000
Depreciation				
Owned assets	19	44	38	88
Leased assets	964	–	1,927	–
Amortisation of intangible assets	167	229	334	459
Impairment of trade receivables	–	540	3,422	540
Employee benefits expenses (including directors' remuneration):				
Salaries, allowances and benefits in kinds				
– General and administrative expenses	1,997	487	3,994	5,311
Retirement benefit scheme contribution				
– General and administrative expenses	122	205	244	423
	2,119	692	4,238	5,734



8. INCOME TAX EXPENSE

	(Unaudited) For the three months ended		(Unaudited) For the six months ended	
	30 September 2019 HK\$'000	30 September 2018 <i>HK\$'000</i>	30 September 2019 HK\$'000	30 September 2018 <i>HK\$'000</i>
Current tax				
Hong Kong Profits Tax	1,324	1,280	2,100	2,417
The PRC Enterprise Income Tax ("EIT")	288	351	2,309	357
Deferred taxation	(535)	48	(575)	99
	1,077	1,679	3,834	2,873

Hong Kong profits tax have been provided for at 16.5% on the estimated assessable profits for the three months ended 30 June 2019 (2018: 16.5%).

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are subject to EIT at the rate of 25% for the six months ended 30 September 2019 (2018: 25%) and 15% (2018: 15%) is specifically for the PRC subsidiaries which are operating in Tibet Autonomous Region.

9. DIVIDEND

The Board does not recommend the payment of a dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

10. EARNINGS PER SHARE

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

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

The calculation of the diluted earnings per share amounts for the three months and six months ended 30 September 2018 is based on the profit for the period attributable to shareholders of the Company, adjusted to reflect the effect of the deemed exercise of all dilutive convertible preference shares at the beginning of the period. No adjustment has been made to the deemed conversion of convertible bonds as the impact of the convertible bonds outstanding during the period has an anti-dilutive effect on the basic earnings per share amount presented.



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

	(Unaudited) For the three months ended		(Unaudited) For the six months ended	
	30 September 2019 HK\$ '000	30 September 2018 HK\$ '000	30 September 2019 HK\$ '000	30 September 2018 HK\$ '000
Earnings				
Profit for the period attributable to owners of the Company for the purposes of basic and dilutive earnings per share	5,618	8,355	10,193	17,727
	30 September 2019 '000	30 September 2018 '000	30 September 2019 '000	30 September 2018 '000
Number of shares				
Weighted average number of ordinary shares in issue during the period, used in basic earnings per share calculation	1,592,443	1,520,312	1,543,482	1,520,312
Effect of dilutive potential ordinary shares:				
Convertible preference shares	64,587	64,587	64,587	64,587
Weighted average number of ordinary shares in issue during the period, used in diluted earnings per share	1,657,030	1,584,899	1,608,069	1,584,899



11. MOVEMENTS IN PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group did not acquire any items of plant and equipment.

12. TRADE AND OTHER RECEIVABLES

The Group normally allows credit periods of 30 days to its major customers. Included in the trade and other receivables of the Group, trade receivables was approximately HK\$13,955,000 (31 March 2019: HK\$39,972,000). An aged analysis of trade receivables, based on invoice date and net of allowance for credit losses as at the end of the reporting period, is as follows:

	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
0-30 days	709	15,715
31-60 days	6,343	15,702
61-90 days	1,531	3,791
91-180 days	2,807	4,165
181-365 days	2,398	505
Over 365 days	167	94
	<hr/> 13,955 <hr/>	<hr/> 39,972 <hr/>



13. LOAN AND INTEREST RECEIVABLES

	30 September 2019 (Unaudited) HK\$ '000	31 March 2019 (Audited) HK\$ '000
Fixed rate loan and interest receivables:		
Secured by corporate guarantee		
– Loans receivable	354,863	350,890
– Interest receivables	8,028	8,717
	362,891	359,607
Unsecured		
– Loan receivables	263,000	295,626
– Interest receivables	21,232	14,262
	284,232	309,888
	647,123	669,495
Less: allowance for credit losses	(19,649)	(20,632)
Portion classified as current assets	627,474	648,863
Non-current portion	–	–

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



14. DISCONTINUED OPERATION

On 4 October 2019, the Company and the Just Young Limited (the "Purchaser") entered into the Memorandum of Understanding (the "MOU"), pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest of the Orient Apex Investments Limited (the "Target Company"), a wholly owned subsidiary of the Company. The Target Company mainly (through its two wholly-owned subsidiaries) engaged in human resources business. At the end of reporting periods, the Target Company and its subsidiaries were classified as disposal groups held for sale and the HR segment is classified as a discontinued operation.

- (a) The results of a discontinued operation dealt with in the interim condensed consolidated financial statements for the six months ended 30 September 2019 and 2018 are summarised as follows:

		Unaudited For the three months ended		Unaudited For the six months ended	
		30 September 2019 HK\$'000	30 September 2018 HK\$'000	30 September 2019 HK\$'000	30 September 2018 HK\$'000
	<i>Notes</i>				
Revenue	5	32,362	40,280	68,154	79,254
Direct costs		(30,045)	(36,489)	(62,780)	(71,848)
Gross profit		2,317	3,791	5,374	7,406
Other income	5	666	89	759	170
General and administrative expenses		(2,205)	(3,325)	(5,399)	(6,657)
Operating profit from discontinued operation		778	555	734	919
Finance costs	6	–	–	–	(1)
Profit before income tax from discontinued operation		778	555	734	918
Income tax expenses	8	135	–	135	–
Profit for the period from discontinued operation		913	555	869	918



(b) The major classes of assets and liabilities of the disposal group classified as held for sale as at the end of reporting periods are as follows:

	30 September 2019	31 March 2019
Notes	HK\$'000	HK\$'000
Assets		
Plant and equipment	150	176
Right-of-use assets	940	–
Deferred tax assets	119	256
Trade receivables and other receivables	20,196	27,722
Tax recoverable	12	12
Amounts due from related parties	50	50
Bank balances and cash	14,150	8,317
	<hr/>	<hr/>
Assets of disposal groups classified as held for sale	35,617	36,533
	<hr/>	<hr/>
Liabilities		
Other payables and accrued expenses	7,538	9,064
Amount due to an associate	3	3
	<hr/>	<hr/>
Liabilities directly associated with assets classified as held for sale	7,541	9,067
	<hr/>	<hr/>
Net assets of disposal groups classified as held for sale	28,076	27,466
	<hr/> <hr/>	<hr/> <hr/>



- (c) The net cash flow of a discontinued operation dealt with in the interim condensed consolidated financial statements for the six months ended 30 September 2019 and 2018 are as follows:

	For the six months ended	
	30 September 2019 (Unaudited) HK\$'000	30 September 2018 (Unaudited) HK\$'000
Net cash generated from (used in) operating activities	5,851	4,549
Net cash generated from (used in) investing activities	-	(74)
Net cash used in financing activities	(18)	(1)
	<hr/>	<hr/>
Net cash inflow/(outflow) attributable to a discontinued operation	5,833	4,474
	<hr/> <hr/>	<hr/> <hr/>

- (d) Earnings per share from a discontinued operation

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

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

The calculation of the diluted earnings per share amounts from a discontinued operation for the three months and six months ended 30 September 2018 is based on the profit for the period from a discontinued operation attributable to shareholders of the Company, adjusted to reflect the effect of the deemed exercise of all dilutive convertible preference shares at the beginning of the period. No adjustment has been made to the deemed conversion of convertible bonds as the impact of the convertible bonds outstanding during the period has an anti-dilutive effect on the basic earnings per share amount presented.



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

	(Unaudited) For the three months ended		(Unaudited) For the six months ended	
	30 September 2019 HK\$'000	30 September 2018 HK\$'000	30 September 2019 HK\$'000	30 September 2018 HK\$'000
Earnings per share from a discontinued operation				
Basic	0.06	0.04	0.06	0.06
Diluted	0.06	0.03	0.05	0.06
Profit for the period attributable to owners of the Company for the purposes of basic and dilutive earnings per share	914	555	869	918
	30 September 2019 '000	30 September 2018 '000	30 September 2019 '000	30 September 2018 '000
Number of shares				
Weighted average number of ordinary shares in issue during the period, used in basic earnings per share calculation	1,592,443	1,520,312	1,543,482	1,520,312
Effect of dilutive potential ordinary shares:				
Convertible preference shares	64,587	64,587	64,587	64,587
Weighted average number of ordinary shares in issue during the period, used in diluted earnings per share	1,657,030	1,584,899	1,608,069	1,584,899



15. SHARE CAPITAL

	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Issued and fully paid: 1,633,555,774 (31 March 2019: 1,543,481,581) ordinary shares	16,336	15,435

A summary of the movements in the Company's share capital during the period was as follows:

	Number of ordinary shares in issue	Share capital HK\$'000	Share premium HK\$'000
At 1 April 2019	1,543,481,581	15,435	1,032,536
Issue of consideration shares upon acquisition of subsidiaries (note 17)	90,074,193	901	33,865
At 30 September 2019	1,633,555,774	16,336	1,066,401

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

	(Unaudited) For the three months ended		(Unaudited) For the six months ended	
	30 September 2019 HK\$'000	30 September 2018 HK\$'000	30 September 2019 HK\$'000	30 September 2018 HK\$'000
Total remuneration of directors during the period	545	375	1,090	750
Short-term employee benefits	9	5	18	9
Post-employment benefits	545	380	1,108	759

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



17. BUSINESS COMBINATION

On 8 May 2019, Wise Astute Limited (the “Purchaser”), a direct wholly-owned subsidiary of the Company, and CHEN Liyi (the “Vendor”) entered into the conditional sale and purchase agreement (the “Agreement”). Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser, a direct wholly-owned subsidiary of the Company, has conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of Affluent Accord Limited (the “Target Company”), and the all amounts (whether principal, interest or otherwise) of the loan owing by the Target Group to the Vendor at Completion (the “Sale Loan”) at the consideration in the amount of not more than RMB48,230,000 on the terms and subject to the conditions of the Agreement. The consideration will be satisfied by the allotment and issuance of the new Shares to be allotted and issued to the Vendor at the issue price of HK\$0.31 per share, credited as fully paid, for the purpose of settling the consideration (the “Consideration Shares”).

Pursuant to the Agreement, the parties expect the actual audited net profit after tax of the PRC subsidiary for the financial year ending 31 December 2019 (for the period from 1 January 2019 to 31 December 2019) shall not be less than RMB4,000,000 (“Profit Guarantee”). And subject to the Profit Guarantee, the maximum number of Consideration Shares to be issued for full satisfaction of the consideration will be 180,148,386 Shares.

The Target Company, through its indirectly 70% owned subsidiary, engaged in the provision of professional training in the financial industry, focusing on training for the insurance industry in the PRC.

The acquisition was completed on 11 June 2019 and 90,074,193 shares of the Consideration Shares was allotted and issued to the Vendor. Further details of the acquisition are set out in the announcement of the Company dated 8 May 2019, 5 June 2019 and 11 June 2019.



The fair value of the identifiable assets and liabilities of Target Company and its subsidiaries as at the date of acquisition were as follows:

	Fair value recognized on acquisition <i>HK\$'000</i>
Net assets acquisition	
Property, plant and equipment	20
Trade receivables	1,241
Prepayment, other receivables and other assets	4,606
Cash and cash equivalents	2,744
Other payables and accruals	(1,246)
Tax payables	(131)
	<hr/>
Total identifiable net assets at fair value	7,234
	<hr/>
Non-controlling interest	(2,340)
	<hr/>
Goodwill on acquisition	58,221
	<hr/> <hr/>
Satisfied by:	
Issue of new ordinary shares of the Company as consideration	63,052
	<hr/>
Net cashflow arising from the acquisition:	
Cash and cash equivalents acquired	2,744
Transaction costs of the acquisition	(363)
	<hr/>
	<hr/> <hr/>
	2,381



The Group incurred transaction costs of HK\$363,000 for the acquisition. These transaction costs have been charged to the share premium account in the consolidated statement of equity.

An analysis of the cash flows in respect of the acquisition is as follow:

	<i>HK\$'000</i>
Cash and cash equivalents acquired	2,744
Transaction costs of the Acquisition	<u>(363)</u>
Net inflow of cash and cash equivalents included in cash flows from investing activities	<u><u>2,381</u></u>

Since the Acquisition, Target Company and its subsidiaries contributed HK\$1,089,000 to the Group's revenue and HK\$863,000 to the Group's profit for the six months ended 30 September 2019.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been HK\$4,650,000 and HK\$3,089,000, respectively.



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Continuing operations

The Group recorded an unaudited revenue of approximately HK\$35,438,000 for the six months ended 30 September 2019, decreased by HK\$14,250,000 or 28.7% from approximately HK\$49,688,000 for the corresponding period of the previous year.

Gross profit for the six months ended 30 September 2019 was approximately HK\$35,324,000 representing a decrease of approximately HK\$12,209,000 or 25.7% as compared with the last corresponding period (six months ended 30 September 2018: approximately HK\$47,533,000).

The unaudited net profit from continuing operations attributable to owners of the Company for the six months ended 30 September 2019 was approximately HK\$9,324,000, representing a decrease of approximately HK\$7,485,000 or 44.5% as compared with the last corresponding period (six months ended 30 September 2018: HK\$16,809,000).

The Group's general and administrative expenses for the six months ended 30 September 2019 amounted to approximately HK\$16,588,000 (including net impairment losses on financial assets of HK\$2,463,000), which represented an increase of approximately HK\$308,000 or 1.9% as compared with the last corresponding period (six months ended 30 September 2018: HK\$16,280,000).

The Group's finance cost for the six months ended 30 September 2019 amounted to approximately HK\$6,636,000 (six months ended 30 September 2018: HK\$11,776,000), which was mainly attributable to the bond, convertible bond and borrowings made during the second half of 2018.



Discontinued operation

The Human Resources Services recorded a revenue of HK\$68,154,000 and a net profit of HK\$869,000 (six months ended 30 September 2018: revenue of HK\$79,254,000 and net profit of HK\$918,000).

Total comprehensive expense for the six months ended 30 September 2019 was HK\$55,035,000 (six months ended 30 September 2018: expenses of HK\$73,142,000) mainly comprised the exchange difference arising on transaction of foreign operations, resulted from the depreciation of renminbi of approximately 5% and fair value loss on investments in equity instruments at fair value through other comprehensive income of HK\$ 9,092,000 during the period.

Financial Position

As at 30 September 2019, the Group had total assets and total liabilities amounted to HK\$1,409 million and HK\$163 million, respectively, total assets decreased by HK\$1 million and total liabilities increased by HK\$20 million as compared with those as at 31 March 2019, respectively. The increased in total liabilities was mainly resulted from the combining effect of consideration payable for the acquisition of insurance training business and net repayment of bonds during the period.

Loan and interest receivables

Loan and interest receivables decreased by HK\$21,389,000 or 3.3% to HK\$627,474,000. The decrease was mainly attributable to the combined effect of depreciation of RMB and the Company increased effect in selecting loan customers during the period.

Business Review

The Group is principally engaged in (i) provision of staff outsourcing services, executive/staff search services and other human resources support services (“Human Resources Services”); (ii) provision of credit assessment and credit consultancy services in the People’s Republic of China (the “PRC”); (iii) operation of peer-to-peer financing platform and provision of other loan facilitation business in the PRC; (iv) provision of asset management services business in the PRC; (v) loan financing services; and (vi) insurance training services. Human Resources Services were classified as discontinued operation during the year.



Continuing operations

Due to the change in the operating environment and depreciation of RMB, the performance of the credit and financing business in PRC has slowdown during the period under review. Revenue from credit consultancy services in the PRC was approximately HK\$8,033,000 for the six months ended 30 September 2019, representing a decrease of approximately 23% as compared to approximately HK\$10,435,000 for the corresponding period of previous year.

Revenue from loan facilitation services was approximately HK\$9,227,000 for the six months ended 30 September 2019, representing a decrease of approximately 55% as compared to approximately HK\$20,712,000 for the corresponding period of previous year.

Revenue from assets management services was approximately HK\$1,503,000 for the six months ended 30 September 2019, representing a decrease of approximately 57% as compared to approximately HK\$3,481,000 for the corresponding period of previous year.

Revenue from loan financing services was approximately HK\$15,586,000 for the six months ended 30 September 2019, representing an increase of approximately 3% as compared to approximately HK\$15,060,000 for the corresponding period of previous year.

Discontinued operation

Revenue from staff outsourcing services was approximately HK\$68,154,000 for the six months ended 30 September 2019, representing a decrease of approximately 14% as compared to approximately HK\$79,254,000 for the corresponding period of previous year.



Prospects

The Group aims to create value for shareholders by broadening its credit consultancy services, loan facilitation, asset management services and loan financing services in the PRC. Due to change in the operating environment in the internet financing industry, a slowdown in the industry was observed. In response to the uncertainties and challenges, the Group will put more effort in strengthening the quality of the loan portfolio by selecting only quality loan customers.

We have strategically finetuning our business portfolio and we have entered into MOU to dispose of the Human Resources Business. We have been continuing to diversify and expand into related business, namely, insurance training business in order to capture the increasing opportunities in the market.

Liquidity and Finance Resources

During the period under review, the Group financed its operations by internally generated cash flow. As at 30 September 2019, the Group had net current assets of HK\$639,808,000 (31 March 2019: HK\$700,060,000) including bank balances and cash of approximately HK\$13,210,000 (31 March 2019: HK\$27,875,000). The current ratio, being the ratio of current assets to current liabilities, as at 30 September 2019 was approximately 7.4 (31 March 2019: 13.5).

As at 30 September 2019, the Group's gearing ratio was approximately 7.4% (31 March 2019: 9.4%), which is calculated based on the Group's total borrowings of approximately HK\$92,286,000 (31 March 2019: HK\$118,868,000) and the Group's total equity of approximately HK\$1,245,388,000 (31 March 2019: HK\$1,266,964,000).

Capital Structure of the Group

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

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



Foreign Exchange Exposure

Most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi.

As the financial statements of the Group are presented in Hong Kong dollars, which is the Company's functional and presentation currency, any fluctuation of exchange rates would impact the Group's net asset value. During the six months ended 30 September 2019, the exchange loss arising on retranslation of foreign operations of HK\$56,550,000 (six months ended 30 September 2018: loss of HK\$91,017,000) are recognised in the exchange fluctuation reserve. Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

Charges on Group's Assets

As at 30 September 2019, the Group had no charge on its assets (31 March 2019: Nil).

Contingent Liabilities

As at 30 September 2019, the Group did not have any material contingent liabilities.

Capital Commitments

As at 30 September 2019, the Group did not have any material capital commitments.

Employees and Remuneration Policies

As at 30 September 2019, the Group's staff costs, including director's remuneration, were approximately HK\$63,578,000 (2018: HK\$78,646,000). It is the Group's policy to review its employee's pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Since the Scheme has become effective on 10 April 2013 and up to 30 September 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 30 September 2019.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 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	8.68%
Cai Zhen Hui	Beneficially owned	62,970,000	3.85%

Save as disclosed above, as at 30 September 2019, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.



INTERESTS AND SHORT POSITIONS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 September 2019, the persons/entities (other than directors and chief executives of the Company) have an interest or a short position in the shares or the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group are as follows:

Long position in the Shares

Name	Nature of interests	Number of Share held	Approximate percentage of Issued share capital
Upmost Corporation Limited ("Upmost")	Beneficial owner (<i>Note 1</i>)	207,200,000	12.68%
Zhang Jian	Interest in controlled corporation (<i>Note 1</i>)	207,200,000	12.68%
Li Ang	Interest in controlled corporation (<i>Note 2</i>)	141,764,039	8.68%
Elate Star Limited ("Elate Star")	Beneficial owner (<i>Note 2</i>)	141,764,039	8.68%

Notes:

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



Save as disclosed above, no other parties (other than Directors and chief executive of the Company) has disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of SFO or were recorded in the register kept by the Company under section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 30 September 2019.

Short positions in underlying shares of the Company

As at 30 September 2019, no short positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

As at 30 September 2019, the Directors were not aware of any person who had an interest or short position in the underlying shares (including interests in options, if any) of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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

Saved for the acquisition of Affluent Accord Limited as disclosed in note 17, the Company has not completed any material acquisitions or disposal during the period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2019.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry to all Directors, the Company was not aware of any non-compliance with the required standards of dealings and such code of conduct regarding securities transactions by Directors during the six months ended 30 September 2019.



CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 September 2019.

COMPETITION AND CONFLICT OF INTEREST

None of the Directors, the management shareholders or substantial shareholders of the Company or any of its respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during six months ended 30 September 2019.

REVIEW BY AUDIT COMMITTEE

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

The Group's unaudited results for the six months ended 30 September 2019 and this announcement have been reviewed by the audit committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 14 November 2019



Executive Directors as at the date of this report:

Mr. Li Ang

Mr. Zheng Zhong Qiang

Non-executive Directors as at the date of this report:

Mr. Chang Tin Duk, Victor

Mr. Lam Tsz Chung

Independent Non-executive Directors as at the date of this report:

Mr. Lam Raymond Shiu Cheung

Mr. Wang En Ping

Dr. Cheung Wai Bun Charles, JP