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 2020

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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.

CONTENTS

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*

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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) provision of asset management services ("Asset Management Services") business in the PRC; (iv) loan financing services ("Loan Financing Services"); (v) insurance training services ("Insurance Services"); and (vi) provision of loan facilitation business in the PRC ("P2P Loan Facilitation Services"). The operation of the P2P Loan Facilitation Services was suspended due to the change in government policy during the year.

The slowing down of global economy, suspension of operation of the P2P Loan Facilitation Business in PRC and the COVID-19 pandemic had affected the overall performance of our business. Revenue for the year was HK$183,198,000, decreased by HK$73,102,000 or 28.5% from HK$256,300,000 in the year ended 31 March 2019 ("FY2019").

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 decreased by 14.6% to approximately HK$133,753,000 for the year ended 31 March 2020 (2019: approximately HK$156,699,000). In FY2020, the revenue generated from the Human Resources Services segment represented 73.0% (2019: 61%) of the Group's total revenue. This segment incurred a loss of HK$2,947,000, as compared with loss of HK$1,005,000 last year.

Revenue recorded for the Credit Consultancy Services segment decreased by HK$3,715,000 or 25.4% to approximately HK$10,903,000 for the year ended 31 March 2020 (2019: approximately HK$14,618,000). In 2020, the revenue generated from the Credit Consultancy Services segment represented 6.0% (2019: 5.7%) of the Group's total revenue.

Revenue recorded for the Assets Management Services segment decreased by 56.0% to approximately HK$2,493,000 for the year ended 31 March 2020 (FY2019: HK$5,661,000). In FY2020, the revenue generated from the Assets Management Service segment represented 1.4% (FY2019: 2.2%) of the Group's total revenue. Although the Asset Management Services segment was not the Group's major revenue generating unit, it had helped to balance the Group's financial performance after the downturn of the Group's Credit Consultancy Services segment. 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.

Revenue recorded for the Loan Financing Services decreased by HK$6,681,000 or 19.6% to approximately HK$27,460,000 for the year ended 31 March 2020 (FY2019: HK$34,141,000). The revenue generated from Loan Financing Services segment represented 15.0% (FY2019: 13.3%) 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.

Insurance Services represented the training services provided to insurance companies. Revenue recorded for Insurance Services was HK$4,170,000 and represented 2.3% of the Group's total revenue for the year ended 31 March 2020.

Revenue recorded for the Loan Facilitation Services segment decreased by 90.2% to approximately HK$4,419,000 for the year ended 31 March 2020 (FY2019: approximately HK$45,181,000). The revenue generated from the Loan Facilitation Services segment represented 2.4% (FY2019: 17.6%) of the Group's total revenue during the year. The decrease was mainly due to the suspension of operation during the year. The loss incurred for this segment was HK$12,664,000, as compared with profit of HK$30,523,000 last year.

FINANCIAL REVIEW

Revenue decreased by 28.5% to approximately HK$183,198,000 (FY2019: HK$256,300,000) for the year ended 31 March 2020.

Direct costs decreased by 16.4% to approximately HK$122,684,000 for the year ended 31 March 2020 (FY2019: HK$146,800,000).

Gross profit decreased by 44.7% to approximately HK$60,514,000 (FY2019: approximately HK$109,500,000) for the year ended 31 March 2020 mainly due to the decrease in revenue during the year. The gross profit margin was 33.0% for the year ended 31 March 2020 (FY2019: approximately 42.7%).

Other income and other gains and losses, net increased by 105.5% to approximately HK$17,900,000 for the year ended 31 March 2020 (FY2019: approximately HK$8,711,000).

General and administrative expenses decreased by 7.0% to approximately HK$50,746,000 for the year ended 31 March 2020 (FY2019: HK$54,587,000). General and administrative expenses represented mainly staff related costs including directors' emoluments, rental expenses and marketing expenses.

Because of partial repayment of bond payable during the year, finance costs decreased to approximately HK$12,332,000 for the year ended 31 March 2020 (FY2019: HK$16,374,000).

Since the operation of P2P Loan Facilitation business segment was suspended, the entire goodwill of the P2P Loan Facilitation business segment of HK$459,688,000 was written off. In addition, impairment of goodwill relating to the Beauty Sky Group which was engaged in the provision of credit consultancy services and Affluent Accord which was engaged in the provision of insurance training services in the amount of HK$50,211,000 and HK$37,825,000 were made during the year.

Loss for the year ended 31 March 2020 was approximately HK$845,026,000 (FY2019: profit of HK$30,919,000).

FINANCIAL POSITION

Goodwill decreased to approximately HK$49,305,000 as at 31 March 2020 (FY2019: HK$533,030,000). The decrease was mainly attributable to the combined effect of (i) the goodwill impairment of HK$459,688,000 for the P2P Loan Facilitation Services; (ii) net goodwill of HK$26,174,000 generating from the acquisition of an insurance training business; and (iii) goodwill impairment of HK$50,211,000 for the credit consultancy services. Goodwill represented 8.6% (FY2019: 37.8%) of the Group's total assets. The remaining balance of goodwill included the goodwill arising on acquisition of Sheng Zhuo Group Limited, goodwill arising on acquisition of Best Moon, goodwill on acquisition of Beauty Sky and goodwill on acquisition of Affluent Accord.

Loan and interest receivables decreased by HK$278,158,000 or 43% to approximately HK$370,705,000 as at 31 March 2020 (FY2019: HK$648,863,000) and represented 64.8% (FY2019: 46.0%) 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.

The total assets of the Group decreased by approximately HK$837,323,000 to approximately HK$572,402,000 as at 31 March 2020 (FY2019: HK$1,409,725,000). The total liabilities of the Group increased by approximately HK$3,814,000 to approximately HK$146,575,000 as at 31 March 2020 (FY2019: HK$142,761,000).

Net current assets as at 31 March 2020 was approximately HK$271,683,000 as compared to approximately HK$700,060,000 in the previous year.

Net assets value of the Group as at 31 March 2020 was approximately HK$425,827,000 as compared to approximately HK$1,266,964,000 as at 31 March 2019. The decrease was mainly attributable to the impairment of goodwill during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by its own working capital and from equity fund raisings The Group's cash and cash equivalent was approximately HK$29,982,000 as at 31 March 2020 compared to approximately HK$27,875,000 as at 31 March 2019. 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 3.8 as at 31 March 2020 as compared to 13.5 as at 31 March 2019. The gearing ratio of the Group increased to 21.9% (FY2019: 9.4%) as at 31 March 2020 mainly due to impairment of goodwill during the year. The gearing ratio was based on the Group's total borrowings of approximately HK$93,309,000 (FY2019: approximately HK$118,868,000) and the Group's total equity of approximately HK$425,827,000 (FY2019: approximately HK$1,266,964,000).

CAPITAL STRUCTURE OF THE GROUP

Saved for the issue of share on acquisition of the insurance training business, there was no other movement in the Company's shares capital during the year.

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 exchange rates would impact the Group's net asset value. 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 2020, there was no charge on the Group's assets (FY2019: Nil).

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any material contingent liabilities (FY2019: Nil).

COMMITMENTS

As at 31 March 2020, the Group did not have any material capital commitments (FY2019: Nil).

SIGNIFICANT INVESTMENT

During the year ended 31 March 2020, saved for the investment in financial assets at fair value thought profit or loss and financial assets at fair value through other comprehensive income of approximately HK$281,000 (FY2019: 2,200,000) and approximately HK$15,905,000 (FY2019: 88,779,000), respectively, the Group did not have any other significant investment.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2020, saved for the acquisition of insurance training business, the Group did not have any other significant acquisition subsidiaries and affiliated companies (FY2019: Nil).

No material disposals of subsidiaries were made by the Group for the year ended 31 March 2020 (FY2019: Nil).

MATERIAL TRANSACTIONS

During the year ended 31 March 2020, saved for the issue of consideration shares of 180,148,386 Shares on 16 June 2019 and on 23 March 2020 for the acquisition of the insurance training business, there was no material transactions entered by the Group.

EMPLOYEES AND REMUNERATION POLICIES

During the year ended 31 March 2020, the Group's staff costs, including director's remuneration, were approximately HK$143 million (year ended 31 March 2019: approximately HK$167 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 2020 (FY2019: Nil).

EVENT AFTER THE REPORTING PERIOD

Saved for the lapse of the disposal of the entire issued shares capital of Orient Apex, and the Group did not have any material event after the reporting period.

PROSPECTS

In light of the slowdown in the global economy and the impact of the COVID-19 epidemic, we have proactively responded and conducted corporate restructuring activities to rebalance our business focus. We have commenced the disposal of the unprofitable businesses, namely the Human Resources Services and the P2P Loan Facilitation Services. And at the same time, we have expanded our business into the insurance services sector by acquiring an insurance training business during the year. We believed entering into the insurance training industry could 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 to confront the volatiled economic condition and environment.

The suspension of operation of the P2P Loan Facilitation Business

On 27 November 2019, the China's Internet Financial Risk Special Rectification Work Leadership Team Office had issued a notice《關於網路借貸信息中介機構轉型為小額貸款公司試點的指導意見》(Guiding Opinion on the Transformation of Online Lending Information Facilitation Institutions into Small Loan Providers#)("New P2P Transformation Guidance"). Such New P2P Transformation Guidance required the qualified institutes to transform into a small loan provider in two year period with a minimal capital requirement of RMB50 million, concerning to one of the Company's subsidiary, Guangzhou Da Tang Pu Hui Internet Financial Information Services Limited ("Da Tang"). As at 27 November 2019, the registered capital of Da Tang had already reached RMB50 million and thus had fulfilled the registered capital requirement and was prepared to transform itself into a small loan provider according to the requirement.

Due to the impact of the COVID-19 pandemic since the beginning of 2020, the transformation process had been moving slowly. The pandemic had also caused a great impact on the overall loan market in the PRC. The management had been continuously assessing the change in economic condition of the loan market. Considering the characteristics and typically higher risk profile of the small loan segment, the management had not been confident in carrying out the small loan business. After reviewing the adverse market condition in the small loan segment in the PRC and the fixed monthly overhead the Company had to bear in maintaining Da Tang, the Company has decided to discontinue the P2P Loan Facilitation Business with immediate effect and it is expected that the discontinuation of the P2P Loan Facilitation Business will allow the Group to reallocate its resources and effort in other business segments of the Group. The Board believes that it is in the best interest of the Company and its shareholders as a whole to discontinue the P2P Loan Facilitation Business.

Human Resources Business

In view of the impact from the series of social events happened in Hong Kong since mid-2019 and the high unemployment rate recorded at 6% for the three months to October 2020, the Directors expect the economy prospect of Hong Kong as well as the future development of the Human Resources Business may continue to face significant challenges. Therefore, on 30 June 2020 the Company had entered into an agreement to dispose of the Human Resources Business (the "Disposal Transaction") to exit from bearing the burden to operate the nonperforming business of the Orient Apex Group and allow the Group to reallocate its resources and effort in other business segments of the Group. However, the Disposal Transaction had lapsed on 30 September 2020.

Looking forward, the global economic outlook continues to be uncertain and is overshadowed by the impact of the COVID-19. 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.

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.

EXECUTIVE DIRECTORS

Mr. Li Ang, aged 33, the chairman of the Company, was appointed as executive Director on 20 April 2017. 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 57, 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 49, 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 47, 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 54, 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 each of China Strategic Holdings Limited (formerly known as China Railway Logistics Limited and Proactive Technology Holdings Limited) (stock code: 8089) from December 2008 to June 2009; 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 66, 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 84, 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, aged 37, has joined the Group in January 2017 and appointed as the chief executive office of the Company since 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 41, 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 49, 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 49, 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 43, 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.

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 2020.

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;

(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 of Directors (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 2020.

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 2020.

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 2020, the Company had three INEDs which has net 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 2020 and up to the date of this report, 27 Board meetings were held, at which the works performed are summarized as follows:

– Discussed and approved the results of the Group for the year ended 31 March 2020, the three months ended 30 June 2019, the six months ended 30 September 2019 and the nine months ended 31 December 2019;

– The appointment of service providers for the year ended 31 March 2020 relating to (i) review and assessment of the risk management and internal control of the Group; and (ii) assistance in preparing and drafting of the environmental, social and governance report;

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

– Approved the resignation and appointment of auditor;

– Discussed the possible disposal of the entire issued share capital in Orient Apex Investments Limited and the subsequent lapse of the disposal; and

– Discussed the possible disposal of a company Human Resources Services.

The attendance records of individuals Directors are as follows:

	Number of Meetings Attended/Held
Executive Directors	
Li Ang *(Chairman)*	27/27
Zheng Zhong Qiang	27/27
Non-Executive Directors	
Chang, Tin Duk Victor	27/27
Lam Tsz Chung	27/27
Independent Non-Executive Directors	27/27
Lam, Raymond Shiu Cheung	26/27
Wang En Ping	26/27
Cheung Wai Bun Charles, *JP*	27/27

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 2 August 2019. Saved for Mr. Zheng Zhong Qiang, 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 2020 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 2020 by band is set out below:

Remuneration band (in HK$)	Number of individual
Nil to 1,000,000	10
1,000,001 to 2,000,000	1
2,000,001 to 3,000,000	–
3,000,001 to 4,000,000	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 2020, 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;

– discussing the Risk Management and Internal Control 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 risk management and internal control 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 2020, 5 Audit Committee meetings were held. The works performed are as follows:

- reviewed the Group's consolidated results for the year ended 31 March 2019, the three months ended 30 June 2019 and the six months ended 30 September 2019 and nine months ended 31 December 2019;

- 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 the internal audit functions to review the adequacy as well as effectiveness of the Group's risk management and internal control systems during the year; 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;

– 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; and

– 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 2020, 1 Remuneration Committee meetings were held, at which the works performed are summarized as follows:

– evaluated the performance of the Directors and senior management for the year ended 31 March 2020;

– 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)*	1/1
Lam Tsz Chung	1/1
Wang En Ping	1/1

Details of the remuneration of each Director for the year ended 31 March 2020 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 2020, 1 Nomination Committee meeting was 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)*	1/1
Zheng Zhong Qiang	1/1
Wang En Ping	1/1

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 2020, 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 Confucius International CPA Limited ("Confucius International") whose term of office will expire upon the forthcoming annual general meeting. The Audit Committee has recommended to the Board that Confucius International be re-appointed as auditor of the Company for approval by the shareholders of the Company at the forthcoming annual general meeting.

The aggregate remuneration paid and payable to the Company's auditor for the year ended 31 March 2020 is as follows:

	Services Fee paid/ payable HK$'000
Audit services	900
Non-audit services	–

COMPANY SECRETARY

Mr. Fok Wai Man ("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 2020, 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 of the Company. 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 2020, 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 has responsibility for maintaining appropriate and effective risk management and internal control systems (the "RM and IC Systems") of the Group 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 set of internal control procedures and policies for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial reporting used for business and publication, and ensuring the compliance with the relevant legislation and regulations.

The Board has delegated the Audit Committee to review the Group's risk management and internal control matters. The RM and IC Systems are designed to manage rather than eliminate risks of failure in operational systems so that the Company's objective can be achieved, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, through the Audit Committee, has conducted the risk management and internal control review. Risk management policy has been established to formalise the risk management of the Group. 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 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 2020, to further strengthen the risk management and internal control of the Group, the Company has engaged an independent professional adviser (the "Internal Control Adviser") to perform independent appraisal of the adequacy and effectiveness of certain subsidiaries' RM and IC systems for the year ended 31 March 2020. The Internal Control Advisor has conducted a review of and made recommendations to improve the effectiveness of the Group's risk management and internal controls systems (the "RM and IC Review").

During the year ended 31 March 2020, the Audit Committee, with the assistance of the Internal Control Adviser, reviewed the RM and IC Systems of the selected subsidiary in various aspects including revenue cycle, human resources and payroll cycle and cash management and treasury cycle.

The Internal Control Adviser carried out the RM and IC Review on the above cycles and executed the RM and IC Review which involves the following tasks:

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 selected subsidiary

After the RM and IC 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 2020, 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 of the Company to raise comments and exchanging views with the Board; (iii) latest updates and key information of the Company are available on the website of the Company, that offers a communication channel between the Company and its shareholders and investors; and (iv) the Company's share registrar in Hong Kong serves the shareholders regarding all share registration matters.

The forthcoming annual general meeting of the Company will be held on 25 February 2021.

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 2020.

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 and other human resources support services; provision of credit assessment and consultancy services, loan facilitation services; asset management services; loan financing services, the operation of the peer-to-peer ("P2P") financing platform; and insurance training services.

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 2020 and the state of its affairs as at that date are set out in the consolidated financial statements on pages 39 to 131 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 2020 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 2020 are set out in note 33 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 March 2020 are set out in note 45 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 2020, the Company's reserves available for distribution amounted to approximately HK$383,773. 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 2020 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 132 of this report. This summary does not form part of the audited financial statements.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES

During the year ended 31 March 2020, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities.

MAJOR CUSTOMERS

Sales to the Group's five largest customers accounted for approximately 65.9% of the total sales for the year ended 31 March 2020 and sales to the largest customer included therein amounted to approximately 33.0%.

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 2020.

DIRECTORS

The Directors of the Company who hold office during the year ended 31 March 2020 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. Zheng Zhong Qiang shall retire from office at the forthcoming annual general meeting pursuant to Article 83(3) of the Articles, whereas pursuant to Articles 84(1) and 84(2) of the Articles, Mr. Lam Tsz Chung and Mr. Chang Tin Duk Victor shall retire from office by rotation at the forthcoming annual general meeting. Being eligible, Mr. Zheng Zhong Qiang, Mr. Lam Tsz Chung and Mr. Chang Tin Duk Victor 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 43 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 2020 or at any time during the year ended 31 March 2020.

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 25 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 2020.

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

Long position in the Shares

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

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 2020, 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 2020, 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	12.02%
Zhang Jian	Interest in controlled corporation (Note 1)	207,200,000	12.02%
Li Ang	Interest in controlled corporation (Note 2)	141,764,039	8.22%
Elate Star Limited ("Elate Star")	Beneficial owner (Note 2)	141,764,039	8.22%

Notes:

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

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

Save as disclosed above, no other parties (other than Directors and chief executive of the Company) has disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of SFO or were recorded in the register kept by the Company under section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 31 March 2020.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2020 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.

The purpose of the Scheme is (i) to attract and retain the best quality personnel for the development of the Company's business; (ii) to provide incentives or rewards to eligible participants; and (iii) to promote the long term financial success of the Company by aligning the interests of grantees to shareholders. Eligible participants of the Scheme include (i) any person employed by the Company or a subsidiary of the Company and any person who is an officer or director (whether executive or non-executive) of the Company or any subsidiary of the Company; (ii) any non-executive director and any independent non-executive director, or officer of any member of the Group; and (iii) any consultant of any member of the Group. The Scheme became effective on 10 April 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the number of ordinary shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of these limits is subject to shareholders' approval in a general meeting.

Share options granted to a director or chief executive of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the ordinary shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's ordinary shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

Since the Scheme has become effective on 10 April 2013 and up to 31 March 2020, no share options were granted, exercised or cancelled by the Company under the Scheme and there were no outstanding share options under the Scheme as at 31 March 2020.

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 43 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 43 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 43 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 2020, 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 2020.

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 the date of this report, 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 2020.

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 2020 are set out in note 42 to the financial statements.

AUDITOR

Asian Alliance (HK) CPA Limited ("Asian Alliance") resigned as the auditor of the Company with effect from 8 September 2020. Confucius International has been appointed as the auditor of the Company to fill the casual vacancy following the resignation of Asian Alliance. The financial statements for the year ended 31 March 2020 have been audited by Confucius International, the external auditor of the Company. A resolution for the re-appointment of Confucius International as the independent auditor of the Company for the ensuing year will be proposed at the forthcoming annual general meeting of the Company.

Asian Alliance was the auditor of the Company for the past 3 years. Saved as disclosed, there were no changes in auditor of the Company during the past 3 years.

REVIEW OF ANNUAL REPORT

This annual report for the year ended 31 March 2020 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, 24 December 2020

PAN-CHINA
天健國際會計師事務所有限公司
Confucius International CPA Limited Certified Public Accountants

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

QUALIFIED OPINION

We were engaged to audit the consolidated financial statements of Yin He Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 39 to 131, which comprise the consolidated statement of financial position as at 31 March 2020, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, 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 QUALIFIED OPINION

Scope limitation – impairment assessment of loan and interest receivables

As set out in the consolidated financial statements, as at 31 March 2020, the carrying amounts of the loan and interest receivables of the Group arising from its loan financing business amounted to approximately HK$370,705,000 in aggregate.

As at the reporting date, the management had performed impairment assessment on its outstanding loan and interest receivables. As a result of the assessment, a total impairment loss on loan and interest receivables of approximately HK$297,102,000 had been provided for the year ended 31 March 2020. Management has informed us that the impairment assessment had been performed based on an expected credit loss made on the outstanding loan and interest balances, taking into account the aging analysis, historical payment records including subsequent settlements with the Group and, where available to the Group, credit information of the debtors, including information of the debtors' wealth and financial resources and forward-looking information.

However, we have not been able to obtain sufficient appropriate audit evidence regarding the impairment assessments of the outstanding loan and interest receivables, including sufficiently documented credit risk assessments and bases of impairment assessment on the loan and interest receivables. Due to insufficient documentary evidence concerning the impairment assessment made available to us, and there were no alternate audit procedures we could perform to satisfy ourselves as to the recoverability of the net carrying amounts of the loan and interest receivables and the adequacy of the allowance for credit loss of the loan and interest receivables, we are unable to form an opinion as to whether the carrying amount of the loan and interest receivables balances as at 31 March 2020 and the amount reported as impairment loss on loan and interest receivables for the year ended 31 March 2020 were free from material misstatements. Any adjustments that might have been found to be necessary in relation to these matters might have significant effects on the Group's consolidated financial position as at 31 March 2020 and the Group's consolidated financial performance and cash flows for the year then ended, and the related disclosures thereof in the consolidated financial statements.

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 qualified 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. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment assessment of goodwill

Key Audit Matter

As disclosed in note 18 to the consolidated financial statements, as at 31 March 2020, the carrying amount of goodwill amounted to approximately HK$49,305,000, which arose through various business combinations over the past 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; (iii) asset management services; and (iv) insurance training services.

For the year ended 31 March 2020, impairment loss of approximately HK$459,688,000, HK$50,211,000 and HK$37,825,000 had been provided for the goodwill on the loan facilitation services segment, credit consultancy services segment and insurance training services 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 prepared and 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.

How our audit addressed the key audit matter

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

– Understanding how the management performed the impairment assessment including the estimation of future cash flows and key assumption used.

– Evaluating the appropriateness of the key assumptions used in the discounted cash flow calculations, including the discount rates, budgeted revenue and gross margin through assessing the respective cash-generating units' past performance and respective forecast approved by the management of the Company.

– Assessing the reasonableness of the discount rates and other factors applied in the value-in-use calculations.

– Evaluating the accuracy of the cash flows forecast by comparing historical cash flows forecast with actual results in the current year and understanding the causes of any significant variance.

– Evaluating the objectivity, independence and competency of the external professional valuer engaged by the Company.

We found that the key assumptions made by the management in relation to the value-in-use calculations to be reasonable based on available evidence.

KEY AUDIT MATTERS (Continued)

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

Key Audit Matter

As disclosed in note 21 to the consolidated financial statements, as at 31 March 2020, the Group had unlisted equity instruments recognised as financial assets at FVTOCI with carrying amounts of approximately HK$15,905,000. A fair value loss of approximately HK$25,604,000 was recognised in other comprehensive income during the year ended 31 March 2020.

The valuation of equity instruments at FVTOCI involved significant judgements and estimates, including the determination of valuation methodology and the selection of different inputs to the valuation model.

Considering the significant judgements and estimation elements involved in the determination of fair value and the financial impact it brings to the consolidated financial statements, we have identified the valuation of unlisted equity instrument at FVTOCI as a key audit matter.

How our audit addressed the key audit matter

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

– Discussing with the external professional valuer on its scope of work and assessing the appropriateness of the valuation methodologies and the key bases and assumptions used in valuation of the unlisted equity instruments based on our industry knowledge and market practices.

– Assessing 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.

– Checking the mathematical accuracy of the valuation.

– Evaluating the objectivity, independence and competency of the external professional valuer engaged by the Company.

Based on available evidence, we consider that the bases and assumptions used by the management in the valuation of unlisted equity instruments at FVTOCI as at the year end date were reasonable.

KEY AUDIT MATTERS (Continued)

Acquisition of subsidiaries

Key audit matter

The Group completed the acquisition of the Affluent Accord Limited and its subsidiaries ("Affluent Group") during the year ended 31 March 2020. The acquisition constituted a business combination for accounting purpose. The initial accounting for acquisitions requires the Group to identify the assets acquired and liabilities assumed and measured their fair values.

Further, the consideration for business includes contingent consideration payable measured at fair value on initial recognition.

The fair value of the contingent consideration payable amounting to approximately HK$34,364,000 on acquisition date was estimated by the management with reference to a valuation performed by an independent professional valuer. The valuations of contingent consideration payable involved significant assumptions and basis adopted by the independent professional valuer including discount rate.

We considered this matter to be a key audit matter because of the significant impact of the acquisition on the consolidated financial statements, and the judgement involved in estimating the value of the assets acquired and liabilities assumed.

How our audit addressed the key audit matter

Our major audit procedures to address this audit matter included:

– Challenging the reasonableness of key assumptions used in the valuation based on our knowledge of business and industry.

– Reviewing the documentation relating to the acquisition to ensure the consideration paid, goodwill and contingent consideration payable recognised on the acquisition date have been recognised under relevant accounting standards.

– Assessing the adequacy of the disclosures about the business combination in accordance with HKFRS 3.

– Assessing the independence and competency of the independent professional valuer engaged by the Company to calculate the fair value of contingent consideration payable.

Based on available evidence, we found that the amount of goodwill and fair value of contingent consideration payable recognised on acquisition date to be reasonable and supportable.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises 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. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence in relation to the impairment assessment of loan and interest receivables. Accordingly, we were unable to conclude whether or not the other information is materially misstated with respect to these matters.

RESPONSIBILITIES OF THE 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.

– 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.

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

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.

OTHER MATTERS

The consolidated financial statements of the Group for the year ended 31 March 2019 were audited by the previous auditor of the Group who expressed an unmodified opinion on those statements on 28 June 2019.

Confucius International CPA Limited
Certified Public Accountants
Wong Kam Hing
Practising Certificate Number: P05697

Hong Kong, 24 December 2020

	Notes	**2020 HK$'000**	2019 HK$'000
Revenue	6	**183,198**	256,300
Direct costs		**(122,684)**	(146,800)
Gross profit		**60,514**	109,500
Other income, gains and (losses), net	7	**17,900**	8,711
General and administrative expenses		**(50,746)**	(54,587)
Changes in fair value of contingent consideration receivable		**–**	1,447
Impairment loss on goodwill	18	**(547,724)**	(16,682)
Impairment loss on intangible assets	19	**(1,430)**	–
Impairment losses on financial assets, net of reversal	11	**(308,995)**	4,255
Share of results of associates		**249**	(759)
(Loss) profit from operations		**(830,232)**	51,885
Finance costs	8	**(12,332)**	(16,374)
(Loss) profit before tax		**(842,564)**	35,511
Taxation	9	**(2,462)**	(4,592)
(Loss) profit for the year	10	**(845,026)**	30,919
Other comprehensive expense for the year			
Item that will not be reclassified to profit or loss:			
Fair value loss on equity instruments at fair value through other comprehensive income		**(25,604)**	(28,498)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(25,582)**	(73,357)
Other comprehensive expense for the year, net of income tax		**(51,186)**	(101,855)
Total comprehensive expense for the year		**(896,212)**	(70,936)
(Loss) profit for the year attributable to			
Owners of the Company		**(846,078)**	30,704
Non-controlling interests		**1,052**	215
		(845,026)	(70,936)
Total comprehensive (expense) income attributable to			
Owners of the Company		**(896,800)**	(70,686)
Non-controlling interests		**588**	(250)
		(896,212)	(70,936)
(Loss) earnings per share			
Basic (HK cents)	15	**(52.29)**	2.0
Diluted (HK cents)		**(52.29)**	2.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Plant and equipment	16	**362**	664
Right-of-use assets	17	**1,877**	–
Goodwill	18	**49,305**	533,030
Deferred tax assets	30	**5,538**	4,203
Loan and interest receivables – non-current portion	24	**100,574**	–
Intangible assets	19	**1,300**	3,640
Interests in associates	20	**27,296**	15,379
Equity instruments at fair value through other comprehensive income	21	**15,905**	88,779
Deposit paid for acquisition of an associate		**–**	7,869
		202,157	653,564
Current assets			
Financial assets at fair value through profit or loss	22	**281**	2,200
Trade and other receivables	23	**65,564**	53,593
Loan and interest receivables – current portion	24	**270,131**	648,863
Contingent consideration receivable		**–**	3,710
Amounts due from related parties	25	**4,287**	4,319
Amount due from an associate		**–**	15,601
Bank balances and cash	26	**29,982**	27,875
		370,245	756,161
Current liabilities			
Other payables and accrued expenses	27	**36,430**	19,129
Contract liabilities	28	**1,126**	2,459
Amount due to an associate		**10,154**	3
Bond payables – current portion	29	**45,619**	24,746
Other borrowing	31	**–**	8,365
Lease liabilities	32	**1,656**	–
Tax payable		**3,577**	1,399
		98,562	56,101
Net current assets		**271,683**	700,060
Total assets less current liabilities		**473,840**	1,353,624

	Notes	**2020 HK$'000**	2019 HK$'000
Non-current liabilities			
Bond payables – non-current portion	29	**47,690**	85,757
Deferred tax liabilities	30	**323**	903
		48,013	86,660
Net assets		**425,827**	1,266,964
Capital and reserves			
Share capital	33	**17,236**	15,435
Reserves		**401,399**	1,247,127
Equity attributable to owners of the Company		**418,635**	1,262,562
Non-controlling interests		**7,192**	4,402
Total equity		**425,827**	1,266,964

The consolidated financial statements on pages 39 to 131 were approved and authorised for issue by the board of directors on 24 December 2020 and are signed on its behalf by:

Li Ang
Director

Lam Tsz Chung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Attributable to owners of the Company											
	Share capital HK$'000 (Note 33)	Share premium HK$'000	Convertible preference shares HK$'000 (Note 34)	Convertible bond reserve HK$'000	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 interests HK$'000	Total HK$'000
At 1 April 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
Loss for the year	–	–	–	–	–	–	–	–	(846,078)	(846,078)	1,052	(845,026)
Other comprehensive expense 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	–	–	–	–	–	(25,533)	–	–	–	(25,533)	(71)	(25,604)
Item that may be reclassified subsequently to profit or loss:												
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(25,189)	–	(25,189)	(393)	(25,582)
Other comprehensive expense for the year, net of income tax	–	–	–	–	–	(25,533)	–	(25,189)	–	(50,722)	(464)	(51,186)
Total comprehensive (expense) income for the year	–	–	–	–	–	(25,533)	–	(25,189)	(846,078)	(896,800)	588	(896,212)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	2,202	2,202
Issue of new shares upon acquisition of subsidiaries	1,801	51,072	–	–	–	–	–	–	–	52,873	–	52,873
Release of investment revaluation reserve upon disposal of equity instruments at fair value through other comprehensive income	–	–	–	–	–	(11,301)	–	–	11,301	–	–	–
Release revaluation reserve upon addition of interest in an associate	–	–	–	–	–	(331)	–	–	331	–	–	–
Statutory reserve appropriation	–	–	–	–	–	–	1,417	–	(1,417)	–	–	–
At 31 March 2020	17,236	1,083,608	96,234	–	(213)	(47,660)	26,482	(57,217)	(699,835)	418,635	7,192	425,827

	Attributable to owners of the Company											
	Share capital HK$'000 (Note 33)	Share premium HK$'000	Convertible preference shares HK$'000 (Note 34)	Convertible bond reserve HK$'000	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 interests 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:												
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)	–	–	–	(28,498)	–	(28,498)
Item 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)
Placement of shares	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 issued on group restructuring.

(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 2020

	Notes	2020 HK$'000	2019 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before tax		**(842,564)**	35,511
Adjustments for:			
Bank interest income		**(10)**	(40)
Dividend income		**(7,255)**	(13,243)
Interest expenses	8	**11,963**	16,374
Interest on lease liabilities	8	**176**	–
Depreciation of plant and equipment	16	**319**	770
Depreciation of right-of-use assets	17	**3,148**	–
Amortisation of intangible assets	19	**714**	907
Gain on disposal of plant and equipment		**(576)**	–
Gain on disposal of right-of-use assets		**(10)**	–
Realised (gain) loss on disposals of financial assets at fair value through profit or loss		**(369)**	426
Fair value loss (gain) on financial assets at fair value through profit or loss		**77**	(90)
Fair value gain on contingent consideration receivable		**–**	(1,447)
Loss on settlement of contingent consideration receivable		**3,710**	–
Gain on settlement of contingent consideration payable		**(16,619)**	–
Impairment losses, net of reversal			
– trade and other receivables	11	**7,114**	(140)
– loan and interest receivables	11	**297,102**	(4,128)
– amounts due from related parties	11	**(2)**	(92)
– amount due from an associate	11	**4,781**	105
– goodwill	18	**547,724**	16,682
– intangible assets	19	**1,430**	–
Share of results of associates	20	**(249)**	759
Operating cash flows before movements in working capital		**10,604**	52,354
Increase in trade and other receivables		**(13,564)**	(7,431)
(Increase) decrease in loan and interest receivables		**(18,944)**	74,815
Increase (decrease) in other payables and accrued expenses		**15,193**	(8,174)
(Decrease) increase in contract liabilities		**(1,333)**	419
Cash (used in) from operations		**(8,044)**	111,564
Income tax paid		**(2,390)**	(5,197)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(10,434)**	106,367
INVESTING ACTIVITIES			
Interest received		**10**	40
Net cash inflow from acquisition of subsidiaries	35	**2,744**	–
Purchase of plant and equipment		**(11)**	(130)
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 plant and equipment		**576**	–
Proceeds from disposals of financial assets at fair value through other comprehensive income		**39,554**	–
Proceeds from disposals of financial assets at fair value through profit or loss		**14,105**	1,987
Purchase of financial assets at fair value through profit or loss		**(11,970)**	(1,629)
Dividend income received		**7,255**	–
Decrease in amounts due from related parties		**34**	12,143
Decrease (increase) in amount due from an associates		**10,820**	(2,463)
Increase in amount due to associates		**10,151**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**73,268**	(1,579)

	2020 HK$'000	2019 HK$'000
FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares, net of issuance costs	–	32,510
Repayment of obligations under finance lease	–	(118)
Interest paid on finance lease	–	(2)
Repayment of other borrowings	(8,365)	(394)
Interest paid on other borrowings	(2,423)	(1,572)
Repayment of bond	(17,194)	(51,806)
Repayment of convertible bond	–	(50,000)
Bond interest paid	(7,891)	(12,307)
Convertible bond interest paid	–	(3,319)
Interest on lease liabilities (interest portion)	(176)	–
Repayment of lease liabilities (principal)	(3,074)	–
NET CASH USED IN FINANCING ACTIVITIES	(39,123)	(87,008)
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,711	17,780
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	27,875	39,490
Effect of foreign exchange rate changes	(21,604)	(29,395)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Represented by bank balances and cash	29,982	27,875

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 44 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 shares of the Company are listed on GEM of the Stock 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 and an interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs and an interpretation 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.

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

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)

Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempted. As far as the Group is concerned, these newly capitalised leases are primarily related to property, plant and equipment as disclosed and are "right-of-use assets".

At the date of transition to HKFRS 16, the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rate.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Company recognised lease liabilities and right-of-use assets at carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

– relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

– elected not to recognise right-of-use assets and lease liabilities for leases with lease term ending within 12 months of the date of initial application; and

– excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

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)

As a lessee (Continued)

(a) *Measurement of lease liabilities*

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.9% p.a.

	At 1 April 2019 HK$
Operating lease commitments disclosed as at 31 March 2019	7,153
Lease liabilities discounted at relevant incremental borrowing rates	6,792
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	(982)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019	5,810
Analysed as	
Current	3,429
Non-current	2,381
	5,810

(b) *Measurement of right-of-use assets*

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	At 1 April 2019 HK$
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	5,810

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)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	Adjustments	Carrying amounts under HKFRS 16 at 1 April 2019
	HK$	HK$	HK$
Non-current assets			
Right-of-use assets	–	5,810	5,810
Current liabilities			
Lease liabilities	–	3,429	3,429
Non-current liabilities			
Lease liabilities	–	2,381	2,381

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]
Amendments to HKFRS 16	COVID-19-Related Rent Concession[5]

1 Effective for annual periods beginning on or after 1 January 2021.
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 date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of above new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

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 HKFRS 16 "Leases" (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), 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".

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation

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 in line with the Group's accounting policies.

All intra-group 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 group 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

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

The 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.

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, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers

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 (Recognition of performance obligation is disclosed in note 6).

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.

A contract asset and a contract liability relating to a contract are accounted for and 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Company as lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premise that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Company as lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. 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.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Company as lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company as lessee (prior to 1 April 2019)

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.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 "(loss) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets and, 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 plant and equipment, right-of-use assets 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 on a pro-rata basis to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

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).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Financial assets

Classification and subsequent measurement of financial assets

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 fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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.

(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.

(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, net" line item.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets

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 receivables, amounts due from related parties, amount due from an associate and bank balances and cash.) 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

(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.

(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:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

(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)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL when the financial liabilities is contingent consideration that may be paid by the acquirer as part of a business combination to which HKFRS applies.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including other payables and accrued expenses, other borrowing, lease liabilities, bond payables and amount due to an associate, are subsequently measured at amortised cost, 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 JUDGEMENTS 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.

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

Critical judgement in applying accounting policies (Continued)

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 37(b) and note 23 to the consolidated financial statements.

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 37(b) and note 24 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.

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

Key sources of estimation uncertainty (Continued)

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 2020, the carrying amount of goodwill is HK$49,305,000 (2019: HK$533,030,000) (net of accumulated impairment loss of HK$569,409,000 (2019: HK$21,685,000)). Details of the value-in-use calculations are disclosed in note 18 to the consolidated financial statements.

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

The Group's unlisted equity investments amounting to approximately HK$15,905,000 (2019: HK$88,779,000) as at 31 March 2020 are measured at FVTOCI 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 37(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 six 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
Insurance training services	–	provision of insurance training 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$'000	Insurance training services HK$'000	Elimination HK$'000	Consolidated HK$'000
For the year ended 31 March 2020								
External revenue	**133,753**	**10,903**	**4,419**	**2,493**	**27,460**	**4,170**	**-**	**183,198**
Inter-segment revenue	**-**	**5,111**	**-**	**-**	**-**	**-**	**(5,111)**	**-**
Segment revenue	**133,753**	**16,014**	**4,419**	**2,493**	**27,460**	**4,170**	**(5,111)**	**183,198**
Segment (loss) profit	**(2,947)**	**4,917**	**(12,664)**	**(8,941)**	**(287,645)**	**2,710**	**-**	**(304,570)**
Bank interest income								**10**
Impairment loss on goodwill								**(547,724)**
Loss on settlement of contingent consideration receivable								**(3,710)**
Gain on settlement of contingent consideration payable								**16,619**
Unallocated corporate expenses								**(3,189)**
Loss before tax								**(842,564)**
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)
Changes in fair value of contingent consideration receivable								1,447
Unallocated corporate expenses								(12,838)
Profit before tax								35,511

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, loss on settlement of contingent consideration receivable, gain on settlement of contingent consideration payable, changes in fair value of contingent consideration receivable, 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 ended 31 March 2019.

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$'000	Insurance training services HK$'000	Consolidated HK$'000
As at 31 March 2020							
Segment assets	25,296	14,587	2,694	117,566	321,235	6,007	487,385
Goodwill							49,305
Deferred tax assets							5,538
Bank balances and cash							29,982
Unallocated assets							192
Consolidated assets							572,402
Segment liabilities	10,121	2,890	11,693	13,205	104,353	226	142,488
Tax payable							3,577
Deferred tax liabilities							323
Unallocated liabilities							187
Consolidated liabilities							146,575

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

	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

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, deferred tax assets, bank balances and cash, certain unallocated other receivables and plant and equipment; and

- all liabilities are allocated to operating segments other than certain unallocated accrued expenses, amount due to an associate, tax payable and deferred tax liabilities.

5. SEGMENT INFORMATION (Continued)

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$'000	Insurance training services HK$'000	Unallocated HK$'000	Consolidated HK$'000
For the year ended 31 March 2020								
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to plant and equipment	**–**	**–**	**11**	**–**	**–**	**–**	**–**	**11**
Depreciation of plant and equipment	**26**	**69**	**30**	**3**	**–**	**5**	**186**	**319**
Depreciation of right-of-use assets	**1,477**	**85**	**805**	**781**	**–**	**–**	**–**	**3,148**
Amortisation of intangible assets	**–**	**592**	**122**	**–**	**–**	**–**	**–**	**714**
Finance costs	**53**	**203**	**59**	**845**	**11,172**	**–**	**–**	**12,332**
Impairment loss on trade and other receivables, net of reversal	**84**	**2,183**	**(825)**	**5,271**	**–**	**401**	**–**	**7,114**
Impairment loss on loan and interest receivables, net of reversal	**38**	**20**	**–**	**484**	**296,560**	**–**	**–**	**297,102**
Impairment loss on amount due from related parties, net of reversal	**–**	**(2)**	**–**	**–**	**–**	**–**	**–**	**(2)**
Impairment loss on amount due from an associate, net of reversal	**–**	**–**	**–**	**4,781**	**–**	**–**	**–**	**4,781**
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:								
Bank interest income	**–**	**–**	**–**	**–**	**–**	**–**	**10**	**10**
Impairment loss on goodwill	**–**	**–**	**–**	**–**	**–**	**–**	**547,724**	**547,724**
Loss on settlement of contingent consideration receivable	**–**	**–**	**–**	**–**	**–**	**–**	**3,710**	**3,710**
Gain on settlement of contingent consideration payable	**–**	**–**	**–**	**–**	**–**	**–**	**16,619**	**16,619**
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
Impairment loss on trade and other receivables, net of reversal	(576)	(103)	2,100	(1,561)	–	–	–	(140)
Impairment loss on loan and interest receivables, net of reversal	–	–	–	(164)	(3,964)	–	–	(4,128)
Impairment loss on amount due from related parties, net of reversal	–	(92)	–	–	–	–	–	(92)
Impairment loss on amount due from an associate, net of reversal	–	–	–	105	–	–	–	105
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
Impairment loss on goodwill	–	–	–	–	–	–	16,682	16,682
Changes in fair value of contingent consideration receivable	–	–	–	–	–	–	1,447	1,447

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, excluding financial instruments and deferred tax assets, is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**161,213**	189,723	**493**	424
PRC	**21,985**	66,577	**79,647**	560,158
	183,198	256,300	**80,140**	560,582

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:

	2020	2019
	HK$'000	HK$'000
Customer A	**60,383**	53,811
Customer B	**35,565**	42,572

6. REVENUE

Disaggregation of revenue from contracts with customers

For the year ended 31 March 2020

	Human resources services HK$'000	Credit consultancy services HK$'000	Loan facilitation services HK$'000	Asset management services HK$'000	Insurance training services HK$'000	Total HK$'000
Types of service						
Human resources services						
Staff outsourcing services	127,732	–	–	–	–	127,732
Executive/staff search services	1,959	–	–	–	–	1,959
Other human resources support services	4,062	–	–	–	–	4,062
	133,753	–	–	–	–	133,753
Credit consultancy services						
Credit assessment services	–	732	–	–	–	732
Credit consultancy services	–	10,171	–	–	–	10,171
	–	10,903	–	–	–	10,903
Loan facilitation services	–	–	4,419	–	–	4,419
Assets management services	–	–	–	2,493	–	2,493
Insurance training services	–	–	–	–	4,170	4,170
Total	133,753	10,903	4,419	2,493	4,170	155,738
Geographical markets						
Hong Kong	133,753	–	–	–	–	133,753
PRC	–	10,903	4,419	2,493	4,170	21,985
Total	133,753	10,903	4,419	2,493	4,170	155,738
Timing of revenue recognition						
At point in time	6,021	10,903	4,419	508	4,170	26,021
Over time	127,732	–	–	1,985	–	129,717
Total	133,753	10,903	4,419	2,493	4,170	155,738

6. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

For the year ended 31 March 2019

	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)

Disaggregation of revenue from contracts with customers (Continued)

Set out below is the reconciliation of the segment revenue with the total revenue disclosed in the segment information.

	2020 HK$'000	2019 HK$'000
Segment revenue:		
Revenue from contracts with customers:		
Human resources services	**133,753**	156,699
Credit consultancy services	**10,903**	14,618
Loan facilitation services	**4,419**	45,181
Assets management services	**2,493**	5,661
Insurance training services	**4,170**	–
	155,738	222,159
Revenue from other sources:		
Interest income from loan financing services	**27,460**	34,141
Total revenue	**183,198**	256,300

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.

6. REVENUE (Continued)

Performance obligations for contracts with customers (Continued)

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.

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.

Insurance training services

Insurance training services include providing training programs and business skills applicable in the insurance sector to insurance companies. The revenue for insurance training services is recognised at point in time upon the training course is provided to the customer. Revenue recognised from insurance training 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 10 to 90 days.

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.

7. OTHER INCOME, GAINS AND (LOSSES), NET

	2020 HK$'000	2019 HK$'000
Bank interest income	10	40
Interest income from other loan receivables	2,233	–
Sundry income	98	2,929
Gain on disposal of plant and equipment	576	–
Dividends from investments	7,255	13,243
Fair value (loss) gain on revaluation of financial assets at FVTPL	(77)	90
Gain on disposal of right-of-use assets	10	–
Exchange losses, net	(5,483)	(7,165)
Loss on settlement of contingent consideration receivable (note)	(3,710)	–
Gain on settlement of contingent consideration payable (note)	16,619	–
Realised gain (loss) on disposal of financial assets at FVTPL	369	(426)
	17,900	8,711

Note: The amounts represent the difference between the actual value of consideration received/paid and the carrying value of the consideration receivable/payable upon the completion of profit guarantees provided by the vendors.

8. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interests on:		
Obligation under a finance lease	–	2
Other borrowing	791	1,572
Bond payables	11,172	11,426
Convertible bond	–	3,374
Lease liabilities	176	–
Others	193	–
	12,332	16,374

9. TAXATION

	2020 HK$'000	2019 HK$'000
Current tax:		
– Hong Kong Profits Tax		
– Current year	**721**	318
– Over-provision in prior years	**(81)**	–
	640	318
– PRC Enterprise Income Tax ("EIT")		
– Current year	**3,797**	3,702
– Under-provision in prior years	**–**	100
	3,797	3,802
	4,437	4,120
Deferred taxation (Note 30)	**(1,975)**	472
	2,462	4,592

Under the Hong Kong Profits Tax two-tiered profits tax rates regime, for the years ended 31 March 2020 and 2019, 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%.

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 rate for the PRC subsidiaries which are operated in Tibet Autonomous Region and Khorgas Special Economic Zone is 15%.

9. TAXATION (Continued)

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

	2020 **HK$'000**	2019 HK$'000
(Loss) profit before tax	**(842,564)**	35,511
Tax at the domestic income tax rate of 16.5% (2019: 16.5%)	**(139,023)**	5,859
Tax effect of expenses not deductible for tax purpose	**140,869**	4,499
Tax effect of income not taxable for tax purpose	**(417)**	(2,623)
Tax effect of temporary differences not recognised	**–**	35
Tax concession	**(185)**	(185)
Utilisation of tax losses previously not recognised	**(231)**	(563)
Tax effect of tax loss not recognised	**461**	1,123
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,069**	(3,653)
(Over) under-provision in respect of prior years	**(81)**	100
Tax charge for the year	**2,462**	4,592

10. (LOSS) PROFIT FOR THE YEAR

	2020 HK$'000	2019 HK$'000
(Loss) profit for the year has been arrived at after charging the following items:		
Employee benefits expenses including directors' and chief executive's emoluments: (Note)		
– salaries, allowances and benefits in kind	**137,793**	160,428
– retirement benefit scheme contributions	**5,289**	6,350
	143,082	166,778
Auditors' remuneration		
– Audit service	**1,274**	759
– Other service	**113**	80
	1,387	839
Depreciation of plant and equipment:		
– Owned assets	**319**	510
– Leased assets	**–**	260
	319	770
Depreciation of right-of-use assets	**3,148**	–
Amortisation of intangible assets	**714**	907
Exchange losses, net	**5,483**	7,165
Lease payments not included in the measurement of lease liabilities	**267**	–
Operating leases rentals in respect of rented premises	**–**	3,974

Note: During the year ended 31 March 2020, employee benefits expenses of approximately HK$121,571,000 and HK$21,511,000 (2019: HK$143,017,000 and HK$23,761,000) are recognised as direct costs and general and administrative expenses respectively.

11. IMPAIRMENT LOSSES OF FINANCIAL ASSETS, NET OF REVERSAL

	2020 HK$'000	2019 HK$'000
Impairment losses recognised (reversed) on:		
Trade receivables	**1,464**	(120)
Other receivables	**5,650**	(20)
Loan and interest receivables	**297,102**	(4,128)
Amounts due from related parties	**(2)**	(92)
Amount due from an associate	**4,781**	105
	308,995	(4,255)

Details of impairment assessment for the year ended 31 March 2020 are set out in Note 37(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 Hong Kong Companies Ordinance, are as follows:

	Fees	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2020				
Chief executive director:				
Mr. Cai Zhen Hui (Note a)	**–**	**–**	**–**	**–**
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**	**3,200**	**18**	**3,458**
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**
	1,500	**3,200**	**36**	**4,736**
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	120	–	–	120
Dr. Cheung Wai Bun Charles *JP*	240	–	–	240
	1,500	3,316	36	4,852

Notes:

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

(b) Mr. Li Ang was appointed as chairman of the Company on 5 March 2019.

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

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.

During the year, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors, nor any are payable (2019: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2019: Nil). There are no loans, quasi-loans and other dealing arrangements in favour of the directors, their controlled body corporates and connected entities (2019: Nil).

During the years ended 31 March 2020 and 2019, no remuneration was paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included one (2019: 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 (2019: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2020 **HK$'000**	2019 HK$'000
Salaries, allowances and benefits in kind	**3,116**	3,440
Retirement benefits scheme contributions	**72**	69
Total	**3,188**	3,509

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:

	2020	2019
Nil – HK$1,000,000	**3**	3
HK$1,000,001 – HK$1,500,000	**1**	1

14. DIVIDENDS

No dividend was paid or proposed for ordinary and convertible preference shareholders of the Company during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

15. (LOSS) EARNINGS PER SHARE

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

	2020	2019
	HK$'000	HK$'000
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company for the purposes of basic (loss) earnings per share	**(846,078)**	30,704
Effect of dilutive potential ordinary shares:		
Interest charge on convertible bond	**–**	3,374
(Loss) profit for the year attributable to owners of the Company for the purposes of dilutive (loss) earnings per share	**(846,078)**	34,078

	2020	2019
	In thousands	In thousands
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,618,051**	1,531,865
Effect of dilutive potential ordinary shares:		
– Convertible preference shares	**64,587**	64,587
– Convertible bond	**–**	15,939
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**1,682,638**	1,612,391

For the year ended 31 March 2020, the calculation of diluted loss per share in the current year does not assume the conversion of convertible preference shares since their exercise would result in a decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share.

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 2018					
Cost	1,208	306	1,517	3,809	6,840
Accumulated depreciation	(1,016)	(250)	(1,182)	(3,064)	(5,512)
Net carrying amounts	192	56	335	745	1,328
Year ended 31 March 2019					
Opening net carrying amounts	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 amounts	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 amounts	116	45	255	248	664
Year ended 31 March 2020					
Opening net carrying amounts	**116**	**45**	**255**	**248**	**664**
Additions	**–**	**–**	**11**	**–**	**11**
Depreciation	**(33)**	**(11)**	**(89)**	**(186)**	**(319)**
Acquisition of subsidiaries	**–**	**–**	**20**	**–**	**20**
Exchange adjustments	**(7)**	**(2)**	**(5)**	**–**	**(14)**
Closing net carrying amounts	**76**	**32**	**192**	**62**	**362**
At 31 March 2020					
Cost	**1,054**	**292**	**1,543**	**1,128**	**4,017**
Accumulated depreciation	**(978)**	**(260)**	**(1,351)**	**(1,066)**	**(3,655)**
Net carrying amounts	**76**	**32**	**192**	**62**	**362**

During the year ended 31 March 2020, the motor vehicle with a cost of HK$2,626,000 (fully depreciated) had been disposed.

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%

17. RIGHT-OF-USE ASSETS

The carrying amount of the Group's right-of-use assets and the movement during the year ended 31 March 2020 are as follows:

	2020 HK$'000
Right-of-use assets	
Carrying amount at 31 March 2019	–
Impact of adopting HKFRS 16	5,810
Carrying amount at 1 April 2019	5,810
Lease modification	(169)
Derecognition	(733)
Depreciation	(3,148)
Exchange adjustments	117
Carrying amount at 31 March 2020	1,877
Expenses relating to short-term leases with lease term ending within 12 months of the date of initial application of HKFRS 16	267
Total cash outflow for leases	3,074

The Group leases offices and car parking space for its operations. Rental contracts are typically made for fixed period of two to five years. Lease terms are negotiated on an individual basis and contained a wide range of different terms and conditions.

18. GOODWILL

	HK$'000
COST	
At 1 April 2018	595,372
Exchange adjustments	(40,657)
At 31 March 2019 and 1 April 2019	554,715
Arising on acquisition of a subsidiary (note 35)	63,999
At 31 March 2020	**618,714**
IMPAIRMENT	
At 1 April 2018	5,631
Impairment loss recognised	16,682
Exchange adjustments	(628)
At 31 March 2019 and 1 April 2019	21,685
Impairment loss recognised	547,724
At 31 March 2020	**569,409**
CARRYING AMOUNTS	
At 31 March 2020	**49,305**
At 31 March 2019	533,030

For the purpose of the impairment testing, goodwill has been allocated to five individual cash-generating units ("CGUs"), comprising two subsidiaries in the credit consultancy services segments, one subsidiary in the loan facilitation services segment, one subsidiary in the asset management services segment and one subsidiary in the insurance training services segment. The carrying amounts of goodwill as at 31 March 2020 and 2019 allocated to these CGUs are as follow:

	2020 **HK$'000**	2019 HK$'000
Credit consultancy services segment – Sheng Zhou Group Limited (note (i))	**6,616**	6,616
Loan facilitation services segment – Radiant Expert Global Limited (note (ii))	**–**	459,688
Asset management services segment – Best Moon Holdings Limited (note (iii))	**1,299**	1,299
Credit consultancy services segment – Beauty Sky Group Limited (note (iv))	**15,216**	65,427
Insurance training services segment – Affluent Accord Limited (note (v))	**26,174**	–
	49,305	533,030

18. GOODWILL (Continued)

The Directors of the Company have assessed the carrying amount of goodwill as follow:

(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. The 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 23.3% (2019: 22.2%). Cash flows beyond the five-year period are extrapolated using a steady 3% (2019: 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 15.5% (2019: 16.7%). Cash flows beyond the five-year period are extrapolated using a steady 3% (2019: 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 21.1% (2019: 18.81%). Cash flows beyond the five-year period are extrapolated using a steady 3% (2019: 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 14.6% (2019: 13.4%). Cash flows beyond the five-year period are extrapolated using a steady 3% (2019: 3%) growth rate, which does not exceed the long-term growth rate for the asset management services industry in the PRC.

(v) Goodwill arising on acquisition of Affluent Accord Limited ("Affluent Accord")

For the purpose of impairment testing, the goodwill arising on acquisition of Affluent Accord is allocated to the insurance training services cash-generating unit (the "CGU of Insurance Training Services")

The recoverable amount of the CGU of Insurance Training Services has been determined based on value-in-use calculation. The 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 20.5%. Cash flows beyond five-year period are extrapolated using a steady 3% growth rate, which does not exceed the long-term growth rate for the insurance training services industry in PRC.

Based on the above basis and assumptions, impairment loss of approximately HK$459,688,000, HK$50,211,000 and HK$37,825,000 (2019: HK$9,240,000, HK$7,442,000 and HK$Nil) in respect of the CGUs of Loan Facilitation Services, Credit Consultancy Services and Insurance Training Services, respectively had been recognised in profit or loss for the year ended 31 March 2020, 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.

19. INTANGIBLE ASSETS

	Software	Online platform	Customer relationships and customer contracts	Total
	HK$'000	HK$'000	HK$'000	HK$'000
COST				
At 1 April 2018	276	845	6,556	7,677
Exchange adjustments	(20)	(11)	(448)	(479)
At 31 March 2019 and 1 April 2019	256	834	6,108	7,198
Exchange adjustments	(15)	(9)	(374)	(398)
At 31 March 2020	**241**	**825**	**5,734**	**6,800**
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 April 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 and 1 April 2019	248	715	2,595	3,558
Charge for the year	1	121	592	714
Impairment loss	–	–	1,430	1,430
Exchange adjustments	(13)	(11)	(178)	(202)
At 31 March 2020	**236**	**825**	**4,439**	**5,500**
CARRYING AMOUNTS				
At 31 March 2020	**5**	**–**	**1,295**	**1,300**
At 31 March 2019	8	119	3,513	3,640

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

20. INTERESTS IN ASSOCIATES

	2020 HK$'000	2019 HK$'000
Cost of investments in associates	**30,563**	17,490
Share of post-acquisition losses and other comprehensive expense	**(513)**	(762)
Exchange adjustments	**(2,754)**	(1,349)
	27,296	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
				2020	2019	**2020**	2019	
Zebra China Holding Limited (Note)	British Virgin Island ("BVI")	Hong Kong	US$1,000	**40%**	40%	**40%**	40%	Investment holding
Zebra Strategic Solution (China) Limited (Note)	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")	PRC	PRC	RMB35,000,000	**43%**	43%	**43%**	43%	Investment holding
西藏中盈成長創業投資有限公司("西藏中盈")	PRC	PRC	RMB30,000,000	**20%**	–	**20%**	–	Investment holding

Note:

The associates were inactive during the years ended 31 March 2020 and 31 March 2019.

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

Subsequent to the reporting period, the Group had disposed its entire interest in 西藏中盈 at a consideration of RMB10,450,000 to an independent third party.

20. INTERESTS IN ASSOCIATES (Continued)

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.

	2020 HK$'000	2019 HK$'000
Current assets	37,047	114,858
Current liabilities	–	(78,900)
Net assets	37,047	35,958
Revenue	–	776
Profit (loss) for the year/period	3,468	(2,552)
Total comprehensive income (expense)	3,468	(1,776)

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:

	2020 HK$'000	2019 HK$'000
Net assets	37,047	35,958
Carrying amount of the Group's interest	15,877	15,379

	2020 HK$'000	2019 HK$'000
The Group's share of profit (loss)	1,486	(759)
The Group's share of other comprehensive expense	–	–
The Group's share of total comprehensive income (expense)	1,486	(759)
Aggregate carrying amount of the Group's interests in the associate	15,877	15,379

20. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of the material associate (Continued)

Summarised financial information in respect of the Group's material associate, 西藏中盈, are set out below. The summarised financial information below represents amounts shown in the associate's financial statements presented in accordance with HKFRSs.

	2020 HK$'000
Current assets	16,535
Current liabilities	(3,429)
Non-current assets	33,202
Net assets	46,308
Revenue	–
Loss for the period	(6,188)
Total comprehensive expense	(6,188)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate, 西藏中盈, recognised in the consolidated financial statements:

	2020 HK$'000
Net assets	46,308
Carrying amount of the Group's interest	9,262

	2020 HK$'000
The Group's share of loss	(1,237)
The Group's share of other comprehensive expense	–
The Group's share of total comprehensive expense	(1,237)
Aggregate carrying amount of the Group's interests in the associate	11,419

20. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of the material associate (Continued)

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:

	2020	2019
	HK$'000	HK$'000
Unrecognised share of losses of associates for the year	**–**	–
Cumulative unrecognised share of losses of associates	**(41)**	(41)

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

The amount due to an associate is non-trade in nature, unsecured, interest-bearing at 10% p.a. and repayable within one year.

21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020	2019
	HK$'000	HK$'000
Unlisted investments:		
Equity securities	**15,905**	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 2020, the Group acquired additional 10% equity interest in 西藏中盈. Upon the completion, the Group had 20% equity interest in 西藏中盈 and therefore the fair value of original investments in 西藏中盈 of RMB4,779,000 was reclassified as interests in associates (note 20).

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 original investment in 合銀創新投資 of RMB10,000,000 was reclassified as interests in associates (Note 20).

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HK$'000	2019 HK$'000
Listed securities held for trading		
– Equity securities listed in the PRC	**281**	2,200

The fair value of listed equity securities is based on their quoted market prices in an active market.

23. TRADE AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	**33,549**	44,339
Less: allowance for credit losses	**(5,831)**	(4,367)
Trade receivables, net	**27,718**	39,972
Other receivables:		
Deposits	**1,151**	568
Dividend receivable	**5,064**	5,395
Prepayments	**760**	1,163
Others (Note)	**36,652**	6,626
	43,627	13,752
Less: allowance for credit losses	**(5,781)**	(131)
Other receivables, net	**37,846**	13,621
	65,564	53,593

Note: Included in other receivables of approximately HK$16,417,000 is receivable from the disposal of equity instruments at FVTOCI. Subsequent to the reporting period, other receivables of approximately HK$5,472,000 had been settled.

23. TRADE AND OTHER RECEIVABLES (Continued)

The Group normally allows credit periods of 30 days (2019: 30 days) to its major customers. The following is an aged analysis of trade receivables presented based on the invoice dates.

	2020	2019
	HK$'000	HK$'000
0-30 days	**10,421**	16,161
31-60 days	**8,895**	15,451
61-90 days	**631**	3,730
91-180 days	**4,026**	7,174
181-365 days	**7,544**	1,268
Over 365 days	**2,032**	555
	33,549	44,339

As at 31 March 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$23,128,000 (2019: HK$28,178,000) which are past due as at the reporting date. Out of the past due balances, approximately HK$15,021,000 (2019: 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.

Details of impairment assessment of trade and other receivables for the year ended 31 March 2020 are set out in Note 37(b) to the consolidated financial statements.

24. LOAN AND INTEREST RECEIVABLES

	2020 HK$'000	2019 HK$'000
Fixed-rate loan and interest receivables:		
– Guaranteed		
Loan receivables	**197,400**	350,890
Interest receivables	**7,500**	8,717
	204,900	359,607
– Secured by collaterals		
Loan receivables	**275,081**	–
Interest receivables	**13,920**	–
	289,001	–
– Unsecured		
Loan receivables	**182,357**	295,626
Interest receivables	**12,181**	14,262
	194,538	309,888
	688,439	669,495
Less: allowance for credit losses	**(317,734)**	(20,632)
	370,705	648,863
Analysed for reporting purpose as:		
– Current assets	**270,131**	648,863
– Non-current assets	**100,574**	–
	370,705	648,863

As at 31 March 2020 and 2019, the Group's loan and interest receivables balances arise from the loan financing business. The maximum exposure to credit risk at each of the reporting dates is the carrying amounts of the loan and interest receivables mentioned above.

Included in the carrying amount of loan and interest receivables as at 31 March 2020 is accumulated allowance for credit losses of approximately HK$317,734,000 (31 March 2019: HK$20,632,000). Details of impairment assessment for the year ended 31 March 2020 are set out in Note 37(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 Group offered a credit period of 1 to 2 years for the loans to its customers in loan financing business. The Group maintains strict control over its outstanding loans to minimise credit risk. Overdue balance is reviewed regularly by the management.

An impairment analysis is performed at each reporting date by considering the probability of default of counterparty. As at 31 March 2020, the probability of default applied ranged from 1.98% to 36.64% and the loss given default was estimated to be in the range of 55.80% to 63.30%. Expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 March 2020 was in the range of 0.77% to 100%.

24. LOAN AND INTEREST RECEIVABLES (Continued)

The Group categorises the credit quality of its loan and interest receivables according to 3 different stages under the ECL model.

– Stage 1: financial assets without significant increase in credit risk since initial recognition where loss allowance is calculated based on 12-month ECL.

– Stage 2: financial assets with significant increase in credit risk since initial recognition where loss allowance is calculated based on lifetime ECL.

– Stage 3: Credit impaired assets where loss is calculated based on lifetime ECL.

Analysis of the gross amount and the corresponding ECL allowance is as follows:

	Stage 1 HK$'000	**Stage 2** HK$'000	**Stage 3** HK$'000	**Total** HK$'000
Gross carrying amount as at 1 April 2018	743,980	–	–	743,980
Repaid during the year	(621,241)	–	–	(621,241)
New loans drawndown and interest receivables	546,756	–	–	546,756
Gross carrying amount as at 31 March 2019 and 1 April 2019	669,495	–	–	669,495
Transfer between stages	(292,538)	145,449	147,089	–
Repaid during the year	(376,957)	–	–	(376,957)
New loans drawndown and interest receivables	252,983	–	142,918	395,901
Gross carrying amount as at 31 March 2020	**252,983**	**145,449**	**290,007**	**688,439**
ECL allowance as at 1 April 2018	24,760	–	–	24,760
Reversed during the year	(24,760)	–	–	(24,760)
Provided during the year	20,632	–	–	20,632
ECL allowance as at 31 March 2019 and 1 April 2019	20,632	–	–	20,632
Transfer between stages	(15,088)	7,380	7,708	–
Reversed during the year	(5,544)	–	–	(5,544)
Provided during the year	4,288	16,059	282,299	302,646
ECL allowance as at 31 March 2020	**4,288**	**23,439**	**290,007**	**317,734**

24. LOAN AND INTEREST RECEIVABLES (Continued)

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:

	2020 HK$'000	2019 HK$'000
Within 3 months	**8,394**	147,093
More than 3 months but less than 6 months	**217,300**	234,087
More than 6 months but less than 12 months	**267,844**	265,336
More than 1 year but not more than 3 years	**161,300**	–
	654,838	646,516

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

	2020 HK$'000	2019 HK$'000
Guaranteed	**5%**	4% to 6%
Secured by collaterals	**5%**	–
Unsecured	**5% to 18%**	4% to 12%

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.

	2020 HK$'000	2019 HK$'000
Amounts denominated in:		
RMB	**252,322**	360,216

25. AMOUNTS DUE FROM RELATED PARTIES

	2020 HK$'000	2019 HK$'000
廣東銀達典當有限公司 ("銀達典當")	–	116
廣東良策按揭服務有限公司 ("良策按揭")	109	–
廣東良策融資擔保有限公司 ("良策融資擔保")	4,160	4,187
Zebra Strategic Investments Limited	50	50
	4,319	4,353
Less: allowance for credit loss	(32)	(34)
	4,287	4,319

The amount due from 良策融資擔保 is unsecured, interest-bearing at 5% p.a. and repayable within one year. All other amounts due from related parties are unsecured, interest-free and repayable on demand.

Details of impairment assessment of amounts due from related parties for the year ended 31 March 2020 are set out in Note 37(b) to the consolidated financial statements.

26. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates ranging from 0% to 0.35% (2019: 0% to 0.35%) per annum at 31 March 2020.

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

	2020 HK$'000	2019 HK$'000
Amounts denominated in:		
RMB	19,785	17,579

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

27. OTHER PAYABLES AND ACCRUED EXPENSES

	2020 HK$'000	2019 HK$'000
Other payables	**5,050**	3,223
Accrued expenses (Note)	**25,877**	12,052
Interest payables	**5,503**	3,854
	36,430	19,129

Note: As at 31 March 2020, accrued expenses mainly included accrued salaries amounted to approximately HK$12,190,000 (2019: HK$10,499,000).

28. CONTRACT LIABILITIES

	2020 HK$'000	2019 HK$'000
Provision of credit consultancy services	**277**	–
Provision of loan application referral services	**117**	416
Provision of loan facilitation services	**239**	294
Provision of asset management services	**493**	1,749
	1,126	2,459

All contract liability balances as at 1 April 2019 has been recognised as revenue during the year ended 31 March 2020.

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

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.

28. CONTRACT LIABILITIES (Continued)

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.

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.

29. BOND PAYABLES

	2020	2019
	HK$'000	HK$'000
Bond payables (Note)	**93,309**	110,503
Analysed for reporting purposes as:		
Non-current liabilities	**47,690**	85,757
Current liabilities	**45,619**	24,746
	93,309	110,503

Notes: All of the bonds are unsecured and with the fixed interest rate ranging from 6% – 9% p.a. These bond payables will mature within one to eight years.

30. DEFERRED TAX (ASSETS) LIABILITIES

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

	Intangible assets HK$'000	ECL provision HK$'000	Total HK$'000
At 1 April 2018	1,174	(4,829)	(3,655)
(Credit) charge to profit or loss (Note 9)	(201)	673	472
Exchange adjustments	(70)	(47)	(117)
At 31 March 2019 and 1 April 2019	903	(4,203)	(3,300)
Credit to profit or loss (Note 9)	(530)	(1,445)	(1,975)
Exchange adjustments	(50)	110	60
At 31 March 2020	**323**	**(5,538)**	**(5,215)**

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 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 2020, the Group has unused tax losses of approximately HK$8,200,000 (2019: HK$6,803,000) available for offsetting against future profits. No deferred tax assets have been recognised due to the unpredictability of future profit steams.

31. OTHER BORROWING

	2020 HK$'000	2019 HK$'000
Unsecured:		
Repayable within one year	**–**	8,365

32. LEASE LIABILITIES

	2020 HK$'000
Lease liabilities payable:	
Within one year	1,656
Within a period of more than one year but not more than two years	–
	1,656
Less: Amount due for settlement with 12 months shown under current liabilities	(1,656)
Amount due for settlement after 12 months shown under non-current liabilities	–

Included in lease obligations, HK$1,368,000 are denominated in RMB.

33. SHARE CAPITAL

	Par value per share HK$	Number of ordinary shares	Nominal value HK$'000
Authorised:			
At 1 April 2018, 31 March 2019 and 31 March 2020	0.01	5,000,000,000	50,000
Issued and fully paid:			
At 1 April 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 and 1 April 2019		1,543,481,581	15,435
Issue of ordinary shares upon acquisition of subsidiaries (note 35)	0.01	180,148,386	1,801
At 31 March 2020	**0.01**	**1,723,629,967**	**17,236**

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 2020 and 2019 rank pari passu with the then existing shares in all respects.

34. 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 31 March 2020 and 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, subject to approval by the shareholders at the 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.

35. ACQUISITION OF A SUBSIDIARY

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 conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of Affluent Accord Limited (the "Affluent Accord"), and the all amounts (whether principal, interest or otherwise) of the loan owing by the Affluent Accord and its subsidiaries ("Affluent Group") to the Vendor at completion for the consideration to be settled by the shares to be issued by the Company of not more than 180,148,386 shares on the terms and subject to the conditions of the Agreement. The consideration were satisfied by the allotment and issuance of the new shares to the Vendor, credited as fully paid, for the purpose of settling the consideration (the "Consideration Shares").

Pursuant to the Agreement, the parties expected the actual audited net profit after tax of the Affluent Group for the financial year ended 31 December 2019 (for the period from 1 January 2019 to 31 December 2019) to be not less than RMB4,000,000 ("Profit Guarantee"). The acquisition was completed on 11 June 2019 and Profit Guarantee had been fulfilled on 23 March 2020. 180,148,386 shares in aggregate of the Consideration Shares was allotted and issued to the Vendor during the year ended 31 March 2020.

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

35. ACQUISITION OF A SUBSIDIARY (Continued)

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

	HK$'000
Net assets acquired:	
Property, plant and equipment	20
Trade receivables	915
Prepayment, other receivables and other assets	4,606
Cash and cash equivalents	2,744
Other payables and accruals	(458)
Tax payables	(131)
Total identifiable net assets at fair value	7,696
Less: Non-controlling interest	(2,202)
Net assets acquired	5,494
Goodwill on acquisition	63,999
Consideration	69,493
Satisfied by:	
Shares consideration	35,129
Contingent consideration payable in shares of the Company	34,364
	69,493

Acquisition-related costs amounting to approximately HK$363,300 have been excluded from the cost of acquisition and have been recognised as general and administrative expenses in consolidated statement of profit or loss and other comprehensive income in the year ended 31 March 2020. An analysis of the cash flow in respect of the acquisition is as follow:

	HK$'000
Cash and cash equivalents acquired	2,744
Net inflow of cash and cash equivalents included in cash flows from investing activities	2,744

36. 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.

The gearing ratio of the Group is as follows:

	2020 **HK$'000**	2019 HK$'000
Other borrowing (Note 31)	**–**	8,365
Bond payables (Note 29)	**93,309**	110,503
Total debt	**93,309**	118,868
Total equity	**425,827**	1,266,964
Gearing ratio (Debt to total equity)	**21.9%**	9.4%

37. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2020 HK$'000	2019 HK$'000
Financial assets		
Equity instruments at FVTOCI	**15,905**	88,779
Financial assets at FVTPL:		
Held-for-trading investments	**281**	2,200
Contingent consideration receivable	**–**	3,710
	281	5,910
Financial assets measured at amortised cost:		
Financial assets included in trade and other receivables	**64,804**	52,429
Loan and interest receivables	**370,705**	648,863
Amounts due from related parties	**4,287**	4,319
Amount due from an associate	**–**	15,601
Bank balances and cash	**29,982**	27,875
	469,778	749,087
	485,964	843,776
Financial liabilities		
Financial liabilities measured at amortised cost:		
Other payables and accrued expenses	**36,430**	19,129
Amount due to an associate	**10,154**	3
Lease liabilities	**1,656**	–
Bond payables	**93,309**	110,503
Other borrowing	**–**	8,365
	141,549	138,000

37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, financial assets at FVTPL, contingent consideration receivable, financial assets included in 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, lease liabilities, bond payables 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		Liabilities	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**338,450**	360,216	**26,987**	59,436

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 2020 and 2019.

The following table details the Group's sensitivity to a 5% (2019: 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% (2019: 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	
	2020	2019
	HK$'000	HK$'000
Profit/loss for the year	**15,573**	15,039

37. 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, and other borrowing, bond payables. 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. For equity securities measured at FVTPL 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. 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. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in note 37(c).

If the price of respective equity instruments held had been 10% (2019: 10%) higher/lower, post-tax profit for the year would increase/decrease by HK$28,000 (2019: HK$220,000) as a result of the changes in fair value of equity instruments at FVTPL.

Credit risk and impairment assessment

As at 31 March 2020, 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 37(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 some of them are secured by collaterals or guaranteed by guarantee companies in PRC.

37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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 on trade balances based on provision matrix. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

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 2020, the Group has concentration of credit risk as 55% (2019: 33%) of the total trade receivables was due from the Group's two (2019: 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 2020, the Group has concentration of credit risk as 43% (2019: 24%) of the total loan and interest receivables were due from the Group's five largest borrowers, who are individuals and companies that are based in the PRC.

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 and amount(s) due from related parties/an associate, 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.

The Group has developed its processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the methodology used to measure ECL. The Group has policies and procedures in place to appropriately maintain the models used to assess and measure ECL.

37. 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.

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2020 HK$'000	Gross carrying amount 2019 HK$'000
Financial assets at amortised costs						
Trade receivables	23	N/A	(Note 1)	Lifetime ECL (Provision matrix)	**33,549**	44,339
Loan and interest receivables	24	N/A	(Note 2)	12-month ECL and lifetime ECL	**688,439**	669,495
Bank balances	26	BBB+ to AA	N/A	12-month ECL	**29,982**	27,875
Other receivables	23	N/A	(Note 2)	12-month ECL	**42,867**	12,589
Amounts due from related parties	25	N/A	(Note 2)	12-month ECL	**4,319**	4,353
Amount due from an associate		N/A	(Note 2)	12-month ECL	**4,886**	15,706

37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes:

(i) 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.

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 2020 within lifetime ECL (not credit-impaired).

	2020		2019	
Gross carrying amount	**Estimated loss rate**	**Trade receivables HK$'000**	Estimated loss rate	Trade receivables HK$'000
Human Resources Services				
Current	**1.66%**	**10,392**	0.75%	11,685
Over 1-90 days past due	**6.22%**	**7,714**	2.76%	12,392
Over 91-180 days past due	**31.73%**	**1,445**	24.18%	2,671
Over 181-365 days	**100%**	**477**	51.97%	837
Over 365 days	**100%**	**28**	100%	28
Credit Consultancy Services				
Current	**7.19%**	**22**	7.67%	642
Over 1-90 days past due	**20.53%**	**175**	–	–
Over 91-180 days past due	**N/A**	**–**	–	–
Over 181-365 days past due	**29.78%**	**7,426**	–	–
Overdue over 365 days	**34.40%**	**172**	–	–
Loan Facilitation Services				
Current	**N/A**	**–**	6.97%-9.08%	3,835
Over 1-90 days past due	**N/A**	**–**	7.07%-12.06%	8,297
Over 91-180 days past due	**75.46%**	**1,204**	31.91%-35.25%	3,215
Over 181-365 days	**89.33%**	**1,160**	56.12%-58.35%	239
Over 365 days	**100%**	**1,795**	80.33%-81.45%	498
Insurance Training Services				
Current	**20.53%**	**7**	–	–
Over 1-90 days past due	**0%**	**219**	–	–
Over 91-180 days past due	**0%**	**1,313**	–	–
		33,549		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.

37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

(ii) 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.

	2020		2019	
	Not past due/no fixed repayment terms HK$'000	**Total HK$'000**	Not past due/no fixed repayment terms HK$'000	Total HK$'000
Other receivables	**42,867**	**42,867**	12,589	12,589
Loan and interest receivables	**688,439**	**688,439**	669,495	669,495
Amounts due from related parties	**4,319**	**4,319**	4,353	4,353
Amount due from an associate	**4,886**	**4,886**	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 1 April 2018			
Changes due to financial instruments recognised as at 1 April:	1,754	2,733	4,487
– 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 and 1 April 2019			
Changes due to financial instruments recognised as at 1 April:	1,641	2,726	4,367
– Impairment losses reversed	(1,641)	(2,645)	(4,286)
New financial assets originated or purchased	695	5,055	5,750
As at 31 March 2020	695	5,136	5,831

37. 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 other receivables:

	12-month ECL	
	2020	2019
	HK$'000	HK$'000
As at 1 April	**131**	711
Changes due to financial instruments recognised as at 1 April:		
– Write-offs	**–**	(560)
– Impairment losses reversed	**(131)**	(151)
New financial assets originated or purchased	**5,781**	131
As at 31 March	**5,781**	131

The reconciliation of loss allowances that has been recognised for loan and interest receivables is disclosed in note 24 to the consolidated financial statements.

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

	12-month ECL	
	2020	2019
	HK$'000	HK$'000
As at 1 April	**34**	126
Changes due to financial instruments recognised as at 1 April:		
– Impairment losses reversed	**(2)**	(92)
As at 31 March	**32**	34

37. 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 amount due from an associate:

	12-month ECL	
	2020	2019
	HK$'000	HK$'000
As at 1 April	**105**	–
New financial assets originated or purchased	**4,781**	105
As at 31 March	**4,886**	105

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
2020							
Other payables and accrued expenses	**N/A**	**36,430**	**–**	**–**	**–**	**36,430**	**36,430**
Amount due to an associate	**N/A**	**10,154**	**–**	**–**	**–**	**10,154**	**10,154**
Bond payables	**7.35**	**52,539**	**24,102**	**27,541**	**11,572**	**115,754**	**93,309**
Lease liabilities	**N/A**	**1,690**	**–**	**–**	**–**	**1,690**	**1,656**
		100,813	**24,102**	**27,541**	**11,572**	**164,028**	**141,549**
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

37. 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 2020	31 March 2019			
Listed equity securities at FVTPL	**HK$281,000**	HK$2,200,000	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity investments at FVTOCI	**HK$15,905,000**	HK$35,825,000	Level 3	Net asset value (Note)	N/A
Unlisted equity investments at FVTOCI	**-**	HK$52,954,000	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 market- ability
Contingent consideration receivable	**-**	HK$3,710,000	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

37. 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)

Note:

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

Fair value hierarchy

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
2020				
Financial assets				
Financial assets at FVTPL	**281**	**–**	**–**	**281**
Equity instruments at FVTOCI	**–**	**–**	**15,905**	**15,905**
	281	**–**	**15,905**	**16,186**
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

There were no transfers between levels of fair value hierarchy during the years ended 31 March 2020 and 2019.

37. FINANCIAL INSTRUMENTS (Continued)

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

(ii) Reconciliation of Level 3 fair value measurements

	Contingent consideration receivable HK$'000	**Contingent consideration payable** HK$'000	**Unlisted equity securities at FVTOCI** HK$'000	**Total** HK$'000
At 1 April 2018	2,263	–	133,568	135,831
Fair value changes	1,447	–	(28,498)	(27,051)
Disposal	–	–	(12,000)	(12,000)
Exchange adjustment	–	–	(4,291)	(4,291)
At 31 March 2019 and 1 April 2019	3,710	–	88,779	92,489
Fair value changes	–	–	(25,604)	(25,604)
Acquisition of subsidiaries	–	34,364	–	34,364
Disposal/derecognition	(3,710)	(34,364)	(44,955)	(83,029)
Exchange adjustment	–	–	(2,315)	(2,315)
At 31 March 2020	**–**	**–**	**15,905**	**15,905**

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.

38. CONTINGENT CONSIDERATION RECEIVABLE

	HK$'000
At fair value	
At 1 April 2018	2,263
Change in fair value	1,447
At 31 March 2019 and 1 April 2019	3,710
Settlement of contingent consideration receivable	(3,710)
At 31 March 2020	–

39. OPERATING LEASE COMMITMENTS

At 31 March 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019 HK$'000
Within one year	4,230
In the second to fifth years	2,923
	7,153

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. The above lease commitments only include commitments for basic rental and none of the lease includes any contingent rental.

40. 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	Bond payables HK$'000	Convertible bond HK$'000	Interest payables (included in other payables) HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2018	8,759	118	162,309	49,945	4,735	–	225,866
Change from cash flows:						–	
Interest paid on bond 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
Impact of adoption of HKFRS 16	–	–	–	–	–	5,810	5,810
At 1 April 2019	8,365	–	110,503	–	3,854	5,810	128,532
Change from cash flows:							
Interest paid on bond payables	–	–	(11,172)	–	3,281	–	(7,891)
Repayment of bonds	–	–	(17,194)	–	–	–	(17,194)
Interest paid on other borrowing	(791)	–	–	–	(1,632)	–	(2,423)
Repayment of other borrowing	(8,365)	–	–	–	–	–	(8,365)
Repayment of lease liabilities	–	–	–	–	–	(3,074)	(3,074)
Interest paid on lease liabilities	–	–	–	–	–	(176)	(176)
	(9,156)	–	(28,366)	–	1,649	(3,250)	(39,123)
Non-cash changes:							
Other changes							
– Interest expenses	791	–	11,172	–	–	–	11,963
– Interest paid on lease liabilities	–	–	–	–	–	176	176
– Exchange adjustment	–	–	–	–	–	(169)	(169)
– Lease modification	–	–	–	–	–	(169)	(169)
– Decognition of lease liabilities	–	–	–	–	–	(742)	(742)
	791	–	11,172	–	–	(904)	11,059
At 31 March 2020	**–**	**–**	**93,309**	**–**	**5,503**	**1,656**	**100,468**

41. 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 ended 31 March 2020, the aggregate contributions made by the Group to the retirement schemes were approximately HK$5,289,000 (2019: HK$6,350,000).

42. EVENT AFTER THE REPORTING PERIOD

(a) On 30 June 2020, the Company and the purchaser entered into the sale and purchase agreement (the "Disposal Agreement"), pursuant to which the Company has conditionally agreed to sell and the purchaser has conditionally agreed to purchase the entire issued shares of Orient Apex Investments Limited ("Orient Apex"), a wholly owned subsidiary of the Company at the consideration of HK$24,000,000. Pursuant to the Disposal Agreement, the completion of the disposal transaction is conditional upon and subject to the satisfaction of certain conditions precedent on or before 30 September 2020.

Subsequently, as the conditions precedent in the Disposal Agreement had not been fulfilled on or before the 30 September 2020 and the parties to the Disposal Agreement had not agreed on any further extension, the Disposal Agreement was lapsed on the 30 September 2020.

(b) After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the region. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

43. 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:

	2020 HK$'000	2019 HK$'000
Loan facilitation services income received from 銀達典當 (Note (ii))	–	1,868
Credit consultancy services income received from 銀達融資擔保 (Note (i))	3,061	2,678
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
Credit consultancy services income received from 銀達典當 (Note (ii))	–	6
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
Commission income received from an associate 合銀創新投資	–	2,050
Interest revenue received from 廣東良策融資擔保有限公司("良策融資擔保") (Note (iv))	223	–
	3,284	6,624
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
Interest expense paid to an associate 西藏中盈成長創業投資有限公司	791	–
Credit consultancy services expense paid to 廣州銀業發展集團有限公司 (Note (ii))	5,368	–
	6,159	519

43. 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.

(iii) Mr. Pan is the common director of 良策按揭 and 良策金融, a wholly-owned subsidiary of the Company.

(iv) Mr. Pan is the executive director of 良策融資擔保, 廣州融智 and 良策網絡.

(v) Mr. Chang Tin Duk Victor, the executive director of the Company, also is the shareholder of Zebra Strategic Investments Limited.

(b) As at 31 March 2020, the Group's loan and interest receivable of HK$204,900,000 were secured by the guarantees provided by the related companies of the Group.

(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.

44. 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/ operation	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		
				2020	2019	2020	2019	2020	2019	2020	2019	
Oriental Apex Investments Limited	Ordinary	BVI/Hong Kong	US$11,000	100%	100%	–	–	100%	100%	–	–	Investment holding
Wise Astute Limited	Ordinary	BVI/Hong Kong	US$1	100%	100%	–	–	100%	100%	–	–	Investment holding
Top Ruby Limited	Ordinary	Hong Kong	HK$$1	100%	100%	–	–	100%	100%	–	–	Investment holding
Zebra Strategic Outsource Solution Limited	Ordinary	Hong Kong	HK$$100,000	–	–	100%	100%	–	–	100%	100%	Provision of staff outsourcing services, executive/staff search services and other human resources support services
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- financial to-peer (P2P) 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

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

General information of subsidiaries (Continued)

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

Name of subsidiaries	Class of shares held	Place of incorporation/ operation	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		
				2020	2019	2020	2019	2020	2019	2020	2019	
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
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	Registered	PRC	–	-	–	100%	100%	-	–	100%	100%	Provision of consultation services in the PRC
西藏圓山投資管理有限公司	Registered	PRC	–	-	–	100%	100%	-	–	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	Registered	PRC	–	-	–	100%	100%	-	–	100%	100%	Provision of credit consultancy services in the PRC
廣州弘恩投資諮詢有限公司	Registered	PRC	–	-	–	100%	100%	-	–	100%	100%	Inactive
霍爾果斯弘朗信息諮詢服務有限公司	Registered	PRC	–	-	–	100%	100%	-	–	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	Registered	PRC	–	-	–	100%	100%	-	–	100%	100%	Provision of consultation services in the PRC
西藏良木投資有限公司	Registered	PRC	–	-	–	100%	100%	-	–	100%	100%	Provision of financial advisory services
Affluent Accord Limited	Ordinary	BVI	US$50,000	-	–	100%	–	-	–	100%	–	Investment holding
Hold Tight Limited	Ordinary	Hong Kong	HK$1	-	–	100%	–	-	–	100%	–	Investment holding
廣州鈺弘博企業管理諮詢有限公司	Registered	PRC	RMB500,000	-	–	70%	–	-	–	70%	–	Provision of insurance training services in the PRC
濰坊鈺弘博企業管理諮詢有限公司	Registered	PRC	RMB50,000	-	–	70%	–	-	–	70%	–	Provision of insurance training services in the PRC

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

44. 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 income (expenses) allocated to non-controlling interest		Accumulated non-controlling interest	
		31 March 2020	31 March 2019	**31 March 2020 HK$'000**	31 March 2019 HK$'000	**31 March 2020 HK$'000**	31 March 2019 HK$'000
Bao Kai	PRC	**36%**	36%	**(174)**	(250)	**(4,228)**	4,402
廣州鈺弘博企業管理咨詢有限公司 (“廣州鈺弘博”)	PRC	**30%**	–	**762**	–	**(2,964)**	–

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.

	2020 HK$'000	2019 HK$'000
Current assets	**2,165**	2,744
Non-current assets	**10,358**	11,270
Current liabilities	**(778)**	(1,784)
Equity attributable to owners of the Company	**7,517**	7,827
Non-controlling interest	**4,228**	4,403
Total revenue	**1,985**	2,110
Total expenses	**(1,485)**	(18,003)
Profit (loss) for the year	**500**	(15,893)
Other comprehensive expense for the year	**(198)**	(1,934)
Total comprehensive income (expense) for the year	**302**	(17,827)
Net cash (outflow) inflow from in operating activities	**(120)**	163
Net cash inflow from investing activities	**–**	–
Net cash inflow from financing activities	**–**	–
Net cash (outflow) inflow	**(120)**	163

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

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

	2020 HK$'000	2019 HK$'000
Current assets	**10,056**	–
Non-current assets	**14**	–
Current liabilities	**(190)**	–
Equity attributable to owners of the Company	**6,916**	–
Non-controlling interest	**2,964**	–
Total revenue	**4,170**	–
Total expenses	**(1,263)**	–
Profit for the year	**2,907**	–
Other comprehensive expense for the year	**(366)**	–
Total comprehensive income for the year	**2,541**	–
Net cash outflow from in operating activities	**(2,327)**	–
Net cash inflow from investing activities	**–**	–
Net cash inflow from financing activities	**–**	–
Net cash outflow	**(2,327)**	–

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2020 HK$'000	2019 HK$'000
Non-current asset		
Investments in subsidiaries	**15,241**	15,241
Current assets		
Amounts due from subsidiaries	**827,658**	1,569,847
Bank balances and cash	**143**	417
	827,801	1,570,264
Current liabilities		
Accrued expenses	**4,067**	1,246
Amount due to a subsidiary	**324,976**	363,766
Interest payable	**5,503**	2,222
Bond payables – current portion	**45,619**	24,746
	380,165	391,980
Net current assets	**447,636**	1,178,284
Total assets less current liabilities	**462,877**	1,193,525
Non-current liability		
Bond payables – non-current portion	**47,690**	85,757
Net assets	**415,187**	1,107,768
Capital and reserves		
Share capital (note 33)	**17,236**	15,435
Reserves (note 45)	**397,951**	1,092,333
Total equity	**415,187**	1,107,768

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 24 December 2020 and are signed on its behalf by:

Li Ang
Director

Lam Tsz Chung
Director

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

The Company	Share premium HK$'000	Convertible preference shares HK$'000	Convertible bond reserve HK$'000	Contribution surplus HK$'000	Accumulated losses HK$'000	Total reserves HK$'000
At 1 April 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)
Redemption of convertible bonds	–	–	(151)	–	151	–
Placing of shares	31,710	–	–	–	–	31,710
At 31 March 2019	1,032,536	96,234	–	14,928	(51,365)	1,092,333
Loss and total comprehensive expense for the year	–	–	–	–	(745,454)	(745,454)
Placing of shares (Note 33)	51,072	–	–	–	–	51,072
At 31 March 2020	**1,083,608**	**96,234**	**–**	**14,928**	**(796,819)**	**397,951**

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.

46. COMPARATIVE FIGURES

Certain comparative figures has been reclassified to conform with the current year's presentation.

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				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**183,198**	256,300	278,484	281,206	261,329
(Loss) profit before tax	**(842,564)**	35,511	73,426	44,949	40,754
Taxation	**(2,462)**	(4,592)	(8,116)	(8,132)	(7,576)
(Loss) profit for the year	**(845,026)**	30,919	65,310	36,817	33,178
(Loss) profit attributable to owners for the year	**(846,078)**	30,704	65,418	37,005	33,176

ASSETS AND LIABILITIES

	As at 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**572,402**	1,409,725	1,553,017	1,228,032	928,363
Total liabilities	**146,575**	142,761	255,094	37,125	49,853
Total equity	**425,827**	1,266,964	1,297,923	1,190,907	878,510