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ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

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

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

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

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

ANNUAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2016, together with the comparative audited figures for the year ended 31 March 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Revenue	4	261,329	214,553
Direct costs		<u>(201,802)</u>	<u>(195,742)</u>
Gross profit		59,527	18,811
Other income	4	8,040	576
General and administrative expenses		<u>(26,798)</u>	<u>(19,936)</u>
Operating profit (loss)		40,769	(549)
Finance costs	5	<u>(15)</u>	<u>(71)</u>
Profit (loss) before tax		40,754	(620)
Income tax expense	6	<u>(7,576)</u>	<u>(910)</u>
Profit (loss) for the year	7	<u>33,178</u>	<u>(1,530)</u>
Other comprehensive (expense) income for the year, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of financial statements of foreign operations		<u>(3,703)</u>	<u>373</u>
Total comprehensive income (expense) for the year		<u>29,475</u>	<u>(1,157)</u>
Profit (loss) for the year attributable to:			
Owners of the Company		33,176	(1,530)
Non-controlling interest		<u>2</u>	<u>–</u>
		<u>33,178</u>	<u>(1,530)</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		29,424	(1,157)
Non-controlling interest		<u>51</u>	<u>–</u>
		<u>29,475</u>	<u>(1,157)</u>
Earnings (loss) per share	9		
Basic (HK cents)		<u>4.2</u>	<u>(0.4)</u>
Diluted (HK cents)		<u>4.0</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,750	872
Goodwill		504,852	7,152
Intangible assets		6,486	6,491
Interests in associates		–	–
Available-for-sale investments		<u>123,154</u>	<u>–</u>
		636,242	14,515
Current assets			
Trade and other receivables	<i>10</i>	80,923	33,034
Loan and interest receivables		116,996	21,546
Amount due from a related company		50	50
Amount due from an associate		–	75
Bank balances and cash		<u>94,152</u>	<u>71,674</u>
		292,121	126,379
Current liabilities			
Other payables and accrued expenses		40,619	24,035
Obligation under finance lease		168	311
Amount due to an associate		3	3
Tax payable		<u>7,202</u>	<u>433</u>
		47,992	24,782
Net current assets		<u>244,129</u>	<u>101,597</u>
Total assets less current liabilities		<u>880,371</u>	<u>116,112</u>
Non-current liabilities			
Obligation under finance lease		292	108
Deferred tax liabilities		<u>1,569</u>	<u>1,650</u>
		1,861	1,758
Net assets		<u>878,510</u>	<u>114,354</u>
Capital and reserves			
Share capital	<i>11</i>	11,521	6,650
Reserves		<u>862,263</u>	<u>107,704</u>
Equity attributable to owners of the Company		873,784	114,354
Non-controlling interest		<u>4,726</u>	<u>–</u>
Total equity		<u>878,510</u>	<u>114,354</u>

Notes:

1. GENERAL

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

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

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

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

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

Application of new and revised HKFRSs

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

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

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

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

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

⁴ Effective date is to be determined. Early application is permitted.

3. SEGMENT INFORMATION

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

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

Human resource services	–	provision of staff outsourcing services, executive/ staff search services and other human resources support services
Credit consultancy services	–	provision of credit assessment and credit consultancy services
Loan facilitation services	–	operation of peer-to-peer (“P2P”) financing platform and other loan facilitation services

Asset management services – provision of financial advisory services for corporate, asset management firms and private equity funds and minority investments in private companies

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

Segment revenue and results

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

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

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

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

Segment assets and liabilities

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

	Human resources services <i>HK\$'000</i>	Credit consultancy services <i>HK\$'000</i>	Loan facilitation services <i>HK\$'000</i>	Asset management services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
As at 31 March 2016					
Segment assets	41,926	8,484	17,343	144,585	212,338
Goodwill					504,852
Other receivables					25
Loan and interest receivables					116,996
Bank balances and cash					94,152
Consolidated assets					928,363
Segment liabilities	19,872	1,547	2,516	16,774	40,709
Accrued expenses					370
Amount due to an associate					3
Tax payable					7,202
Deferred tax liabilities					1,569
Consolidated liabilities					49,853
As at 31 March 2015					
Segment assets	31,257	9,265	–	–	40,522
Goodwill					7,152
Loan and interest receivables					21,546
Bank balances and cash					71,674
Consolidated assets					140,894
Segment liabilities	22,720	1,354	–	–	24,074
Accrued expenses					380
Amount due to an associate					3
Tax payable					433
Deferred tax liabilities					1,650
Consolidated liabilities					26,540

Segment assets and liabilities – continued

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

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

Other segment information

	Human resources services HK\$'000	Credit consultancy services HK\$'000	Loan facilitation services HK\$'000	Asset management services HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
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For the year ended 31 March 2016

Amounts included in the measure of segment profit or loss or segment assets:

Addition to property, plant and equipment	850	–	5	–	–	855
Acquisition of property, plant and equipment through acquisition of subsidiaries	–	–	392	253	–	645
Acquisition of goodwill through acquisition of subsidiaries	–	–	491,347	6,694	–	498,041
Addition to intangible assets	–	–	261	–	–	261
Acquisition of intangible assets through acquisition of subsidiaries	–	–	841	–	–	841
Acquisition of available-for-sale investments through acquisition of subsidiaries	–	–	–	122,484	–	122,484
Depreciation of property, plant and equipment	535	16	61	5	–	617
Amortisation of intangible assets	–	642	110	–	–	752
Impairment loss recognised in respect of amount due from an associate	101	–	–	–	–	101
Finance costs	15	–	–	–	–	15
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:

Interest income	<u> (1)</u>	<u> (4)</u>	<u> (12)</u>	<u> (3)</u>	<u> (2,976)</u>	<u> (2,996)</u>
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	Human resources services HK\$'000	Credit consultancy services HK\$'000	Loan facilitation services HK\$'000	Asset management services HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
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For the year ended 31 March 2015

Amounts included in the measure of segment profit or loss or segment assets:

Addition to property, plant and equipment	51	-	-	-	-	51
Acquisition of property, plant and equipment through acquisition of subsidiaries	-	26	-	-	-	26
Acquisition of goodwill through acquisition of subsidiaries	-	7,104	-	-	-	7,104
Acquisition of intangible assets through acquisition of subsidiaries	-	6,558	-	-	-	6,558
Depreciation of property, plant and equipment	695	9	-	-	-	704
Amortisation of intangible assets	-	164	-	-	-	164
Impairment loss recognised in respect of other receivables	560	-	-	-	-	560
Finance costs	71	-	-	-	-	71
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:

Interest income	<u> (62)</u>	<u> (3)</u>	<u> -</u>	<u> -</u>	<u> (207)</u>	<u> (272)</u>
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4. REVENUE AND OTHER INCOME

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

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

5. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest charges on:		
Bank loans	–	33
Obligation under finance lease	15	38
	<u>15</u>	<u>71</u>

6. INCOME TAX EXPENSE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax:		
– Hong Kong Profits Tax	323	388
– PRC Enterprise Income Tax (“EIT”)	7,431	522
	<hr/>	<hr/>
	7,754	910
Deferred taxation	(178)	-
	<hr/>	<hr/>
	7,576	910
	<hr/> <hr/>	<hr/> <hr/>

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

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years and 9% is specifically for the PRC subsidiaries which are operated in Tibet Autonomous Region.

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

7. PROFIT (LOSS) FOR THE YEAR

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

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

8. DIVIDENDS

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

9. EARNINGS (LOSS) PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings (loss)		
Profit (loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	<u>33,176</u>	<u>(1,530)</u>
	<i>2016</i> <i>'000</i>	<i>2015</i> <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	783,069	426,151
Effect of dilutive potential ordinary shares: Convertible preference shares	<u>49,611</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u>832,680</u>	<u>426,151</u>

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

10. TRADE AND OTHER RECEIVABLES

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

Notes:

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

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

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

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
1-90 days	19,819	3,846
91-180 days	–	256
181-365 days	–	315
	<hr/> 19,819 <hr/>	<hr/> 4,417 <hr/>

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

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

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At 1 April	560	–
Impairment loss recognised	–	560
	<hr/>	<hr/>
At 31 March	560	560
	<hr/> <hr/>	<hr/> <hr/>

11. SHARE CAPITAL

Ordinary shares

	Per value per share <i>HK\$</i>	Number of ordinary shares	Nominal value <i>HK\$'000</i>
Authorised:			
At 1 April 2014, 31 March 2015 and 31 March 2016	0.01	5,000,000,000	50,000
	<hr/>	<hr/>	<hr/>
Issued and fully paid:			
At 1 April 2014	0.01	400,000,000	4,000
Issue of ordinary shares upon acquisition of subsidiaries (<i>Note (a)</i>)	0.01	75,000,000	750
Issue of ordinary shares upon placing (<i>Note (b)</i>)	0.01	190,000,000	1,900
	<hr/>	<hr/>	<hr/>
At 31 March 2015	0.01	665,000,000	6,650
Issue of ordinary shares upon placing (<i>Note (c)</i>)	0.01	66,500,000	665
Issue of ordinary shares upon acquisition of subsidiaries (<i>Note (d)</i>)	0.01	148,076,923	1,481
Issue of ordinary shares upon conversion of convertible preference shares (<i>Note 13</i>)	0.01	272,500,000	2,725
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At 31 March 2016	0.01	1,152,076,923	11,521
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) On 15 December 2014, the Company issued an aggregate of 75,000,000 new ordinary shares with par value of HK\$0.01 each to the vendor in relation to the acquisition of the entire issued share capital of Sheng Zhuo Group Limited.
- (b) On 29 December 2014, the Company entered into a placing agreement with a placing agent to place 190,000,000 new ordinary shares with par value of HK\$0.01 each at a price of HK\$0.261 per placing share. Net proceeds of approximately HK\$48,803,000 were raised and used as general working capital for the future development of the Group. Such placing of shares was completed on 24 March 2015.

- (c) On 10 November 2015, the Company entered into a subscription agreement with a subscriber to allot and issue 66,500,000 new ordinary shares with par value of HK\$0.01 each at a price of HK\$1.18 per subscription share. Net proceeds of approximately HK\$78,290,000 were raised and used as general working capital of the Group. Such placing of shares was completed on 18 November 2015.
- (d) On 18 March 2016, the Company issued an aggregate of 148,076,923 new ordinary shares with par value of HK\$0.01 each to the vendor in relation to the acquisition of the entire issued share capital of Best Moon Holdings Limited (“Best Moon”).
- (e) All the shares issued during the years ended 31 March 2016 and 2015 rank pari passu with the then existing shares in all respects.

12. CONVERTIBLE PREFERENCE SHARES

For the acquisition of Radiant Expert Global Limited (“Radiant Expert”), the Company allotted and issued 340,000,000 convertible preference shares (“CPS”) with a fair value of HK\$506,600,000 on 5 November 2015 as the consideration. The CPS recognised in the consolidated statement of financial position is calculated as follows:

	Number of CPS	Equity component HK\$'000
At 1 April 2014, 31 March 2015 and 1 April 2015	–	–
Issue of CPS upon acquisition of Radiant Expert	340,000,000	506,600
Issue of ordinary shares upon conversion (<i>Note 12</i>)	(272,500,000)	(406,025)
	<u>67,500,000</u>	<u>100,575</u>
At 31 March 2016	<u>67,500,000</u>	<u>100,575</u>

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

The principal terms of the CPS are set out below:

- (a) Holder of each CPS shall have entitlement to a non-cumulative preferred dividend, which will be in priority to the dividend entitlement of the holder of the ordinary shares, calculated on a yearly basis at a rate of 1% of the principal amount of the CPS, which shall be paid in cash annually in arrears within 30 days after the conclusion of each annual general meeting of the Company.
- (b) The CPS does not carry any voting right.
- (c) The CPS is not redeemable.
- (d) The holders of the CPS shall have the right to convert the CPS into ordinary shares at the conversion ratio of one CPS into one ordinary share of the Company.

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

The Directors considered that the entitlement of the preferred dividend by CPS holders is non-cumulative, the payment of 1% dividend yield is at the Company's discretion but not an obligation of the Company; and the CPS holders shall have the right to convert CPS into ordinary shares at the conversion ratio of one CPS into one ordinary 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, amounted to approximately HK\$506,600,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

For the year ended 31 March 2016, the revenue for other human resources support services was approximately HK\$4,239,000, representing an increase of approximately 18.7%, when compared to approximately HK\$3,572,000 for the year ended 31 March 2015. The increase is due to the Group's successful engagements of new client for its other human resources support services.

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

The Group has committed its loan facilitation business in the PRC since the completion of the acquisition of Radiant Expert Global Limited. The unaudited revenue generated from the P2P business for the year ended 31 March 2016 was approximately HK\$27,635,000 (2015: Nil), representing approximately 10.6% of the Group's total revenue. The new business has brought into the Group a steady income, broadening the Group's sources of income.

Following the completion of acquisition of Best Moon on 16 March 2016, the Group committed its asset management services business in the PRC and the new business contributed revenue of HK\$7,221,000 for the year ended 31 March 2016 (2015: Nil). As the asset management services business has a valuable business network, it could synergize with the Group's existing credit consultancy and P2P financial intermediary businesses through a network of funds and investors which allow the Group as a whole to provide more value added services.

FINANCIAL REVIEW

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

CAPITAL STRUCTURE OF THE GROUP

Details of the movements in the Company's share capital are set out in Note 11 to the consolidated financial statements in this announcement.

FOREIGN EXCHANGE EXPOSURE

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

CONTINGENT LIABILITIES

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

SIGNIFICANT INVESTMENT

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 8 June 2015 and 30 September 2015, the Group and Maoman Holdings Limited (“Maoman”), entered into a sales and purchase agreement and a supplemental agreement, respectively, in which the Group agreed to acquire the entire issued share capital of Radiant Expert Global Limited (“Radiant”) from Maoman at a consideration of HK\$204,000,000 by way of allotment and issue of 340,000,000 CPS (Note 13). The acquisition was completed on 5 November 2015.

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016, the Group’s staff costs, including director’s remuneration, were approximately HK\$208.9 million (2015: approximately HK\$202.3 million). It is the Group’s policy to review its employee’s pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

FINAL DIVIDENDS

The Directors do not recommend the payment of the final dividend for year ended 31 March 2016 (2015: nil).

PROSPECTS

The Group aims to create value for its shareholders by looking into new business synergies and exploring potential strategic partners to broaden its credit consultancy/ counseling business, P2P business and asset management business in the PRC. While maintaining their competitiveness in the market as the leading human resource services provider in Hong Kong, the Group will also focus strongly on business developments in the PRC by expanding within its existing platform and services network in the PRC.

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

Subsequent Event

Placing of new shares of the Company

- (a) Subsequent to the financial year end date, on 6 May 2016, the Company entered into a placing agreement with China Industrial Securities International Brokerage Limited (the “Placing Agent”). Pursuant to the placing agreement, the Company appointed the Placing Agent as its placing agent to procure not less than six placees who are independent third parties to subscribe for up to 25,000,000 placing shares at a price of HK\$0.64 per placing share on a best effort basis.

The placing was completed on 20 May 2016 where 25,000,000 placing shares were subscribed for in full pursuant to the terms and conditions of the placing agreement. The net proceeds arising from the placing were HK\$15.6 million.

- (b) Subsequent to the financial year end date, on 27 May 2016, the Company entered into a placing agreement with the Placing Agent. Pursuant to the placing agreement, the Company appointed the Placing Agent as its placing agent to procure not less than six placees who are independent third parties to subscribe for up to 30,000,000 placing shares at a price of HK\$0.685 per placing share on a best effort basis.

The placing was completed on 13 June 2016 where 30,000,000 placing shares were subscribed for in full pursuant to the terms and conditions of the placing agreement. The net proceeds arising from the placing were HK\$20.1 million.

- (c) Subsequent to the financial year end date, on 20 June 2016, the Company entered into the placing agreement with the Placing Agent. Pursuant to the placing agreement, the Company appointed the Placing Agent as its placing agent to procure not less than six placees who are independent third parties to subscribe for up to 11,500,000 placing shares at a price of HK\$0.671 per placing share on a best effort basis.

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 business or interest in a business which competes or may compete with the business of the Group during the year ended 31 March 2016.

All the independent non-executive Directors were delegated with the authority to review on an annual basis the non-competition undertaking given by Ms. Yeung Ka Fung, Queenie (“Ms. Yeung”), in the respective non-competition undertaking (the “Undertaking”) entered into by Ms. Yeung and Zebra Strategic Outsource Solution Limited dated 1 March 2013 and the deed of non-competition (the “Deed of 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 of the Company dated 28 March 2013). Ms. Yeung confirmed that (a) she has provided all information necessary for the enforcement of the Undertaking and the Deed of Non-

competition, as requested by all independent non-executive Directors from time to time; and (b) from the effective date of respective Undertaking and the Deed of Non-competition and up to 20 June 2016, Ms. Yeung had complied with the Undertaking and the Deed of Non-competition. All independent non-executive Directors also confirmed that they were not aware of any non-compliance with the Undertaking by Ms. Yeung or the Deed of Non-competition during the same period.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2016, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities.

COMPLIANCE ADVISER'S INTEREST IN THE COMPANY

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all of them have complied with the required standards of dealings regarding securities transactions throughout the year ended 31 March 2016.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") on 19 March 2013 with written terms of reference for the purpose of reviewing and supervising the Company's financial reporting and internal control procedures in compliance with the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors, the chairman is Mr. Wang En Ping and other members include Dr. Cheung Wai Bun Charles, *JP* and Mr. Lam Raymond Shiu Cheung, both are independent non-executive Directors.

The primary duties of the Audit Committee are to review the Group's audit findings, accounting policies and standards, changes of accounting rules (if any), compliance to the GEM Listing Rules, internal and audit control, and cash flow forecast.

The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 March 2016 and the internal control system of the Group.

During the year, the Group's unaudited quarterly and half-yearly results and audited annual results for the year ended 31 March 2016 have been reviewed by the Audit Committee and have opined such financial statements complied with the applicable accounting standards and that adequate disclosures have been made.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in the preliminary announcement have been agreed by the Group's auditors, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Asian Alliance (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Asian Alliance (HK) CPA Limited on the preliminary announcement.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 15 to the GEM Listing Rules. The Company has complied with the code provisions set out in the Code throughout the year ended 31 March 2016 except for the deviations from code provision A.2.1 of the Code as explained as follows:

Code provision A.2.1

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

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

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

Code provision A.6.7

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

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

These were deviation from the code provision A.6.7 of the Code which requires that independent nonexecutive directors should attend general meetings.

On behalf of the Board
Yin He Holdings Limited
Lam Tsz Chung
Executive Director

Hong Kong, 20 June 2016

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

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