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SUPPLEMENTAL INFORMATION ON THE DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT

Reference is made to the announcements (the “**Announcements**”) of Yin He Holdings Limited (the “**Company**”) dated 30 June 2020 and 14 August 2020 in relation to the unaudited results announcement of the Company for the year ended 31 March 2020 and the delay in publication of audited annual results and despatch of the annual report of the Company. Unless otherwise defined or the context otherwise requires, capitalised terms in this announcement shall have the same meanings as defined in the Announcements.

Interest in associate

The asset management segment of the Company acquired additional interest in an investment, resulting in an increase in the effective interest in the investment to 20% (the “**Investment**” or “**Associate**”). As such, the Investment was classified as an associate in accordance with the accounting standard, even though it was the Company’s intention to treat it purely as an investment.

As per discussion with the auditor of the Company (the “**Auditor**”), given the significance of the Investment and it was newly classified as an associate during the year, the Associate became one of the audit focus for this year. The principle audit work required for an associate, includes but not limited to 1) reviewing original documentation; 2) obtaining confirmations on the bank balances and receivables; 3) performing sample checking on the balances and income and expenses items; 4) and a business valuation for the goodwill impairment test.

The office of the Associate is located in Foshan, Guangzhou. Due to the continual quarantine requirements and travel restrictions implemented by the PRC government as a result of COVID-19, the Auditor could not visit the office of the Investment. In addition, work-from-home arrangement for the personnel of the Investment has rendered the communication with the Auditor inefficient. As at the date of this announcement, the Company and the Auditor could only obtain the PRC audited account of the Investment for the year ended 31 December 2020 and the management account of the Investment as at 31 March 2020.

Other outstanding audit matters

Sampling has been made by the Auditor and most of the documents has been scanned and sent to the Auditor. However, the original of some material documents, namely i) the confirmations and loan agreements for the loan receivables, ii) the confirmations and borrowings contracts for the bond payables and iii) confirmations to ascertain the potential contingent liabilities arising from the discontinued operation of the P2P Loan Facilitation Business, are yet to be received and required to be inspected by the Auditors.

Confirmations were sent on 24 August 2020 and it is anticipated that most the audit procedures will be completed on or before 31 August 2020. Alternative audit procedures will be performed for any unconfirmed balances.

Considering the latest development and progress of the audit process and after discussion with the Auditors, the Company expected that, in the absence of unforeseen circumstances, the audit will be completed on or before 31 August 2020, and the annual result announcement and annual report will be published on or before 14 September 2020.

As a result, application had been made to the Stock Exchange for a waiver from strict compliance with Rule 18.03 of the GEM Listing Rules and “Further Guidance on the Joint Statement in relation to results announcements in light of the COVID-19 Pandemic” issued by the Securities and Futures Commission and the Stock Exchange dated on 16 March 2020 on the deferring on the publication of its annual report initially for up to 60 days and to further extend the deadline for the publication of both the Results Announcement and despatch of Annual Report to a date falling on or before 14 September 2020.

The Company shall keep the market informed of the expected publication date of the Results Announcement and the Annual Report along with other updates as appropriate.

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

Hong Kong, 26 August 2020

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company.

The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this 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.

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.