

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

YING HAI GROUP HOLDINGS COMPANY LIMITED

瀛海集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8668)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Ying Hai Group Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the three months ended 31 March 2020. This announcement, containing the full text of the first quarterly report of the Company (the “**First Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of quarterly results. Printed version of the First Quarterly Report will be dispatched to the shareholders of the Company and available for viewing on the GEM website at www.hkgem.com and the website of the Company at www.yinghaiholding.com on 11 May 2020.

By order of the Board

Ying Hai Group Holdings Company Limited

Choi Wai Chan

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 11 May 2020

As at the date of this announcement, the executive Directors are Mr. Choi Wai Chan and Mr. Leong Tat Meng; and the independent non-executive Directors are Mr. Sou Sio Kei, Mr. Rodrigues Cesar Ernesto and Mr. Hu Chung Ming.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 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 the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at www.yinghaiholding.com.

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, for which the directors (collectively the “**Directors**” or individually a “**Director**”) of Ying Hai Group Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) 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

Financial Highlights	2
Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income	3
Unaudited Condensed Consolidated Statement of Changes in Equity	4
Notes to the Unaudited Condensed Consolidated Financial Statements	5
Management Discussion and Analysis	12



Financial Highlights

The Group recorded an unaudited revenue of approximately HK\$14.9 million for the three months ended 31 March 2020 (three months ended 31 March 2019: approximately HK\$47.2 million), representing a significant decrease of approximately HK\$32.3 million or 68.4%.

The Group recorded an unaudited loss for the period attributable to the owners of the Company of approximately HK\$5.2 million for the three months ended 31 March 2020 (three months ended 31 March 2019: unaudited profit for the period attributable to the owners of the Company of approximately HK\$1.5 million).

The basic and diluted loss per share attributable to the owners of the Company for the three months ended 31 March 2020 was HK0.58 cents (three months ended 31 March 2019: the basic and diluted earnings per share attributable to the owners of the Company of HK0.17 cents).

The board of Directors (the “**Board**”) resolved not to recommend payment of an interim dividend for the three months ended 31 March 2020.

Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the three months ended 31 March 2020

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2020, together with the unaudited comparative figures for the corresponding period of 2019 as follows:

		For the three months ended 31 March	
	Notes	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	14,871	47,196
Cost of sales		(13,191)	(36,648)
Gross profit		1,680	10,548
Other gain and income	4	62	381
Administrative expenses		(6,907)	(3,583)
Listing expenses		—	(5,500)
Finance costs	5	(26)	(24)
(Loss)/profit before tax	6	(5,191)	1,822
Income tax expenses	7	—	(324)
(Loss)/profit for the period		(5,191)	1,498
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements		(69)	84
Total comprehensive (loss)/income for the period		(5,260)	1,582
(Loss)/profit for the period attributable to:			
Owners of the Company		(5,191)	1,498
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(69)	1,582
(Loss)/earnings per share			
Basic and diluted	8	HK(0.58) cents	HK0.17 cents

Details of the dividend are disclosed in note 9 to the unaudited condensed consolidated financial statements..

Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2020

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2019 (as restated) (Audited)	3,011	—	—	801	(25)	42,178	45,965
Profit for the period	—	—	—	—	—	1,498	1,498
Other comprehensive income:							
Exchange differences arising from translation of financial statements	—	—	—	—	84	—	84
Total comprehensive income for the period	—	—	—	—	84	1,498	1,582
At 31 March 2019 (Unaudited)	3,011	—	—	801	59	43,676	47,547
At 1 January 2020 (Audited)	12,000	50,302	3,011	801	(93)	32,221	98,242
Loss for the period	—	—	—	—	—	(5,191)	(5,191)
Other comprehensive loss:							
Exchange differences arising from translation of financial statements	—	—	—	—	(69)	—	(69)
Total comprehensive loss for the period	—	—	—	—	(69)	(5,191)	(5,260)
At 31 March 2020 (Unaudited)	12,000	50,302	3,011	801	(162)	27,030	92,982

Notes to the Unaudited Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 18 December 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange (the “**Listing**”) by the way of share offer on 26 September 2019 (the “**Listing Date**”). The address of the Company’s registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1- 1108, Cayman Islands. The principal place of business of the Company in Hong Kong is Room 1201, 12th Floor, Dawning House, 145 Connaught Road Central, Hong Kong. The Company’s immediate and ultimate holding company is Silver Esteem Limited (the “**Silver Esteem**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability and is wholly owned by Mr. Choi Wai Chan, who is a Director.

Pursuant to the reorganisation (the “**Reorganisation**”) carried out by the Group as fully explained in the paragraph headed “History, development and Reorganisation — Reorganisation” in the prospectus of the Company dated 13 September 2019 (the “**Prospectus**”), the Company becomes the holding company of the companies now comprising the Group on 8 March 2019.

The Company is an investment holding company, and the Group is principally engaged in the sales and distribution of air tickets and hotel rooms, the sales and provision of ancillary travel-related products and services and the provision of vehicle leasing and limousine services in Macau.

The unaudited condensed consolidated financial statements (the “**Quarterly Financial Statements**”) are presented in Hong Kong Dollars (“**HK\$**”) which is the functional currency of the Company. The unaudited condensed consolidated financial statements are presented in the nearest thousand (HK\$’000) unless otherwise stated.

Notes to the Unaudited Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Quarterly Financial Statements for the three months ended 31 March 2020 have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (collectively, “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosures required by the GEM Listing Rules. Except for the application of new and revised HKFRSs issued by the HKICPA that are effective for the annual periods beginning on or after 1 January 2020, the principal accounting policies used in the preparation of Quarterly Financial Statements for the three months ended 31 March 2020 are consistent with those adopted in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2019.

For the three months ended 31 March 2020, the Group has applied all new and revised HKFRSs issued by the HKICPA that are effective for the Group’s financial year beginning on or after 1 January 2020. The application of the new and revised HKFRSs has had no material effect on the amounts reported and/or the disclosures set out in the Quarterly Financial Statements for the three months ended 31 March 2020.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective.

The Quarterly Financial Statements for the three months ended 31 March 2020 have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee.

Notes to the Unaudited Condensed Consolidated Financial Statements

3. REVENUE AND SEGMENT INFORMATION

	For the three months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Sales and provision of hotel rooms, air tickets, other ancillary travel-related products and services and sponsorship of singing concerts	13,423	43,849
Provision of car rental services	1,448	3,347
	14,871	47,196

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance focusing on types of products and services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable operating segments of the Group.

The chief operating decision maker considers the Group has two reportable operating segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

The Group's reportable operating segments are as follows:

(i) Travel business

The travel business consists of the sales and distribution of hotel rooms and margin income from the sales, distribution and provision of air tickets, hotel rooms, other ancillary travel-related products and services and sponsorship of singing concerts in Macau.

(ii) Vehicle business

The vehicle business represents the provision of vehicle leasing and limousine services in Macau.

Notes to the Unaudited Condensed Consolidated Financial Statements

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

For the three months ended 31 March 2020

	Travel business HK\$'000 (Unaudited)	Vehicle business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Reportable segment revenue	13,423	1,448	14,871
Reportable segment results	(2,429)	(1,627)	(4,056)
Interest income			37
Unallocated income and expenses			(1,172)
Loss before tax			(5,191)
Adjusted (loss)/earnings before interest, tax, depreciation and amortisation	(1,756)	67	(2,799)

For the three months ended 31 March 2019

	Travel business HK\$'000 (Unaudited)	Vehicle business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Reportable segment revenue	43,849	3,347	47,196
Reportable segment results	7,216	539	7,755
Interest income			1
Unallocated income and expenses			(5,934)
Profit before tax			1,822
Adjusted earnings before interest, tax, depreciation and amortisation	7,550	1,744	3,389

Adjusted earnings before interest, tax and depreciation is also a measurement basis regularly reviewed by the Directors in performance assessment between segment and revenue allocation. This measurement basis is consistent with that of segment results except that finance costs, depreciation expenses are not included in the adjusted earnings before interest, tax, depreciation and amortisation.

Notes to the Unaudited Condensed Consolidated Financial Statements

4. OTHER GAIN AND INCOME

	For the three months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest income	37	1
Reversal of impairment loss on trade receivables, net of impairment	—	368
Reversal of impairment loss on amounts due from related companies, net of impairment	—	4
Sundry income	25	8
	62	381

5. FINANCE COSTS

	For the three months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on lease liabilities	26	24

Notes to the Unaudited Condensed Consolidated Financial Statements

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging:

	For the three months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	943	710
Depreciation of right-of-use assets	746	506
Listing expenses	—	5,500
Loss on disposal of property, plant and equipment	—	76
Lease payment under operating lease in respect of leased assets	171	37
Employee benefit expenses (including directors' remuneration):	4,230	3,127
– Salaries, allowances and benefits in kind	4,173	3,067
– Retirement benefit scheme contribution	57	60

7. INCOME TAX EXPENSES

The Group's (loss)/profit before tax is arrived at after charging:

	For the three months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax:		
– Macau Complementary Tax	—	279
– PRC Enterprise Income Tax	—	—
	—	279
Deferred tax:		
– charge for the period	—	45
	—	324

Hong Kong Profits Tax and Macau Complementary Tax are calculated at 16.5% and 12% of the estimated assessable profits respectively for the periods. The Company's subsidiaries in the People's Republic of China (the "PRC") are subject to PRC Enterprise Income Tax at 25% for the three months ended 31 March 2020.

No provision of Hong Kong Profits Tax has been made as there is no assessable profits arising in Hong Kong.

Notes to the Unaudited Condensed Consolidated Financial Statements

8. (LOSS)/EARNINGS PER SHARE

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

	For the three months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
(Loss)/earnings		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share (loss)/profit for the period attributable to owners of the Company	(5,191)	1,498
Number of shares	'000	'000
Weighted average number of shares for the purpose of calculating basic and diluted (loss)/earnings per share	900,000	900,000

For the three months ended 31 March 2019, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share have been based on the assumption that 900,000,000 ordinary shares had been issued comprising 1 ordinary shares in issue and 899,999,999 ordinary shares to be issued pursuant to the capitalisation issue (as disclosed in the Prospectus) as if the shares had been outstanding throughout the period. During the three months ended 31 March 2020, the Company did not issue any ordinary shares.

Diluted (loss)/earnings per share were same as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares in issue.

9. DIVIDEND

No dividend has been paid or declared or proposed to be paid or declared by the Company for the three months ended 31 March 2020 (for the three months ended 31 March 2019: Nil).

Management Discussion and Analysis

BUSINESS REVIEW

The Group is a wholesale licensed travel agent that primarily focuses on the provision of business-to-business domestic travel services and a car rental services provider based in Macau. The Group derived its revenue from (i) the sales and distribution of hotel rooms; (ii) the provision of car rental services under (a) its travel agent licence in Macau which allows it to provide car rental services for tourism-purpose only; (b) authorisation granted by the Macao Government Tourism Office which allows it to provide multi-purpose car rental services in Macau; and (c) authorisation granted by the Transport Bureau of Macau which allows the three vehicles of the Group to provide cross-border car rental services between Macau and Hong Kong from December 2019; (iii) the sales and provision of air tickets and other ancillary travel related products and services such as entertainment tickets, buffet tickets, transportation tickets, travel insurance and visa applications; and (iv) sponsorship of singing concerts held in Macau and cooperation with organisers of singing concerts.

The Company has successfully listed its shares on GEM of the Stock Exchange on 26 September 2019.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 68.4% from approximately HK\$47.2 million for the three months ended 31 March 2019 to approximately HK\$14.9 million for the three months ended 31 March 2020. The significant decrease in revenue was mainly attributable to the decrease in revenue generated from the sales and distribution of hotel rooms and the provision of car rental services, which was mainly due to the outbreak of the COVID-19 (the "**Pandemic**") during the period and the travel restrictions and the temporary closure of casinos in Macau imposed by the Macau government.

Cost of sales

The Group's cost of sales mainly comprised (i) cost of hotel rooms; (ii) distribution service fees; and (iii) cost of car rental services. For the three months ended 31 March 2019 and 2020, the cost of sales amounted to approximately HK\$36.6 million and HK\$13.2 million, respectively, representing a decrease of approximately 63.9%. Such decrease was mainly due to the decrease in sales from the sales and distribution of hotel rooms and the provision of car rental services.

Gross profit

The Group's gross profit for the three months ended 31 March 2020 amounted to approximately HK\$1.7 million, representing a decrease of approximately 83.8% as compared to approximately HK\$10.5 million for the three months ended 31 March 2019. The significant decrease in gross profit was mainly driven by the decrease in the revenue generated from sales and distribution of hotel rooms and the provision of car rental services.

Management Discussion and Analysis

Other gain and income

The Group's other gain and income decreased from approximately HK\$381,000 for the three months ended 31 March 2019 to approximately HK\$62,000 for the three months ended 31 March 2020. The decrease in other gain and income was mainly due to the one-off reversal of impairment loss on trade receivables recognised during the three months ended 31 March 2019.

Administrative expenses

The Group's administrative expenses mainly comprised employee benefits expenses, depreciation expenses, rental and related expenses, office expenses, motor vehicle expenses, professional fees and advertising and promotion expenses. The Group's administrative expenses increased from approximately HK\$3.6 million for the three months ended 31 March 2019 to approximately HK\$6.9 million for the three months ended 31 March 2020, representing an increase of approximately 91.7%. The increase in administrative expenses was mainly attributable to the increase in employee benefits expenses, depreciation expenses and professional fees during the period.

Income tax expenses

The Group has no income tax expenses for the three months ended 31 March 2020, as compared to approximately HK\$324,000 for the three months ended 31 March 2019, mainly due to the no taxable profit during the period.

Finance costs

The Group's finance costs were stable at approximately HK\$24,000 and HK\$26,000 for the three months ended 31 March 2019 and 2020, respectively.

Loss/(profit) for the period

The Group recorded a loss of approximately HK\$5.2 million for the three months ended 31 March 2020 as compared to a profit of approximately HK\$1.5 million for the three months ended 31 March 2019. The loss was mainly attributable to (i) the significant decrease in the revenue generated from the sales and distribution of hotel rooms and the provision of car rental services, which was mainly due to the outbreak of the Pandemic during the period and the travel restrictions and the temporary closure of casinos in Macau imposed by the Macau government; and (ii) the increase in administrative expenses, which was mainly due to the increase in employee benefits expenses, depreciation expenses and professional fees.

Management Discussion and Analysis

Use of net proceeds from the Listing

The net proceeds from the Listing, after deducting the actual underwriting fees and expenses paid by the Company in connection thereto, were approximately HK\$39.3 million. The intended use of proceeds (the “**Intended Use of Proceeds**”) as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus and actual use of proceeds from the Listing Date to 31 March 2020 are set forth below:

	Intended Use of Proceeds HK\$'000	Actual use of proceeds from the Listing Date to 31 March 2020 HK\$'000
Expansion of car fleet	20,568	3,965
Cooperate with more hotel operators	6,480	—
Increase the Group's marketing and expansion of its sales channel	6,917	1,485
Improve the efficiency of the Group's operation	1,659	1,485
Expand the Group's workforce	2,592	55
General working capital	1,080	150
Total	39,296	7,140

The Company intends to utilise the net proceeds according to the section headed “Future Plans and Use of Proceeds” in the Prospectus. All the unutilised balances have been placed in licensed banks in Macau.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during the three months ended 31 March 2020 and up to the date of this report.

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2020, the Group did not hold any significant investments.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

There has been no material change in the share capital structure of the Company since the Listing Date up to 31 March 2020.

Cash position

As at 31 March 2020, the Group's cash and cash equivalents amounted to approximately HK\$6.4 million, representing a decrease of approximately 64.4% from approximately HK\$18.0 million at 31 March 2019. The decrease was mainly attributable to certain cash and cash equivalent being transferred to the bank deposits with original maturity over three months.

As at 31 March 2019 and 2020, bank deposits with original maturity over three months amounted to approximately HK\$4.5 million and HK\$59.7 million, respectively, which represent deposits pledged to a bank to secure banking facilities granted to the Group and guarantees issued to the suppliers of the Group as general trade deposits and to the government of the Macau Special Administrative Region to obtain travel agent licence in Macau. The increase was mainly due to the net proceeds from the Listing.

Leases

The lease liabilities were stable at approximately HK\$2.6 million and HK\$2.8 million for the three months ended 31 March 2019 and 2020, respectively.

Pledge of assets

At 31 March 2020, the Group's bank deposits with original maturity over three months with carrying amount of approximately HK\$59.7 million has been pledged to secure general banking facilities granted to the Group (as at 31 March 2019: approximately HK\$4.5 million).

Gearing ratio

At 31 March 2020, the gearing ratio of the Group was approximately 3.0% (as at 31 March 2019: approximately 14.9%). The decrease was mainly attributable to an interest-bearing secured bank borrowing with principal amount of approximately HK\$4.5 million as at 31 March 2019 has been fully repaid before 31 December 2019.

Management Discussion and Analysis

DIVIDEND

The Directors resolved not to recommend payment of an interim dividend for the three months ended 31 March 2020 (for the three months ended 31 March 2019: Nil).

COMMITMENTS

As at 31 March 2020, the Group had capital commitment of approximately HK\$1.1 million (as at 31 March 2019: Nil) in respect of the acquisition of property, plant and equipment contracted for but not provided in the unaudited condensed consolidated financial statements.

CONTINGENT LIABILITIES

As at 31 March 2020, the Group had no significant contingent liabilities (as at 31 March 2019: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group operates in Macau with majority of the transactions being settled in MOP and HK\$.

The Group is not exposed to foreign exchange risk in respect of HK\$ against MOP as the exchange rate of MOP is pegged against HK\$. The Group considers that there is no significant foreign exchange risk.

The Group did not have any foreign exchange contracts, interest or currency swaps, other financial derivatives or any financial instruments for hedging purposes for the three months ended 31 March 2020.

PROSPECTS

The Group's strategic objective is to strengthen its established market position in Macau's travel industry in order to generate satisfactory profits and investment returns for the Company's shareholders and drive sustainable growth in the future. To do so, the Group plans to expand its car fleet by acquiring additional vehicles and recruiting additional drivers to meet the increasing demand for in-city multi-purpose car rental services. Also, the Group has been strategically looking for opportunities to cooperate with more hotel operators, other travel agents and corporate customers in Macau. The Group intends to enter into hotel rooms guarantee agreements with more hotel operators to include mid- and high-tier hotel rooms with a view to increase the number of hotel rooms and to expand its hotel base so as to attract business travelers and high spending customers and to increase the Group's market share, and thereby generate a higher sales volume and higher revenue from the Group's other services, such as car rental services. Also, the Group will tap into the business of cooperating with the organisers of singing concerts by sponsoring singing concerts held in Macau of well-known stars and artists. The Group believe that this can bring synergy to its existing travel business of sales and distribution of hotel room, since some of the singing concert tickets will be sold as a package together with the hotel room, and/or car rental services to its customers.

Historically, the Group has focused on the sales and distribution of hotel rooms, provision of car rental services and sales and provision of air tickets and other ancillary travel-related products and services to and through corporate customers and travel agents as well as its four service points, which included its headquarters, two on-street shops, and one booth at the Macau Outer Harbour Ferry Terminal, respectively. In order to further leverage its marketing capabilities and increase its market share, the Group plans to establish more service points and develop an online platform in the form of an app to market its travel products and services to corporate and retail customers. With the increasing use of internet for travel booking and in order to correspond with the Group's plan to develop an online sales platform, the Group intends to invest in digital marketing through advertising on social media platforms and search engines with a view to increasing its online channel presence and driving online enquiry for its products and services.

Management Discussion and Analysis

During the three months ended 31 March 2020, the Group's business and financial performance had been significantly and adversely affected by the outbreak of the Pandemic and the travel restrictions and the temporary closure of casinos in Macau imposed by the Macau government. Furthermore, the business and financial performance of the Group may be significantly and adversely affected by, among others, the following factors: (i) the escalating trade frictions between the PRC and the United States; and (ii) any further social unrest in Hong Kong. The Board will closely monitor the Group's exposure to the above.

Despite the adverse business environment, the Group will continue to explore new hotel operations with attractive terms, so that it could capture market rebound once the market conditions improve. In addition, the Group will continue to scrutinise the business environment and will implement the business strategy as stated in the Prospectus as and when appropriate.

Looking ahead, the Group will endeavor to strengthen the development of its existing businesses to provide steady return as well as growth prospects for the Company's shareholders.

CORPORATE GOVERNANCE PRACTICE

The Board recognises that transparency and accountability are the cornerstones of the Company's corporate governance. Therefore, the Company is committed to maintaining high standards of corporate government in order to uphold the transparency of the Group and safeguard interests of the Company's shareholders. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code for the three months ended 31 March 2020, except for the deviations of Code Provisions A.2.1.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Paragraph A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Choi Wai Chan is the chairman and the chief executive officer of the Company. Considering that Mr. Choi Wai Chan has been operating and managing the Group since 2014, the Board believes that it is in the best interest of the Group to have Mr. Choi Wai Chan taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from paragraph A.2.1 of the Code is appropriate in such circumstance and in the interest of the Company.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the Group's compliance adviser, Lego Corporate Finance Limited (the "**Compliance Adviser**"), at 31 March 2020, save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 14 March 2019, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Group or in any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPETING BUSINESS

Save as disclosed in the Prospectus and this report, the Directors are not aware of any business or interest of the Directors or the controlling shareholders or any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the three months ended 31 March 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the ordinary shares of the Company (the "**Shares**") during the three months ended 31 March 2020 and up to the date of this report.

Management Discussion and Analysis

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At 31 March 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of ordinary Shares held	Percentage of shareholding
Mr. Choi Wai Chan ^(Note)	Interest of controlled corporation	900,000,000	75.0%

Note:

These 900,000,000 Shares are held by Silver Esteem, a company incorporated in the BVI and is wholly-owned by Mr. Choi Wai Chan. Therefore, Mr. Choi Wai Chan is deemed to be interested in all the Shares held by Silver Esteem for the purpose of the SFO. Mr. Choi Wai Chan is the sole director of Silver Esteem.

Long positions in the shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of ordinary Shares held	Percentage of shareholding
Mr. Choi Wai Chan	Silver Esteem	Beneficial owner	one	100%

Save as disclosed above and so far as is known to the Directors, as at 31 March 2020, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Management Discussion and Analysis

THE INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 31 March 2020 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the Shares

Name of shareholders	Capacity	Number of ordinary Shares held	Percentage of shareholding
Silver Esteem	Beneficial owner ^(note 1)	900,000,000	75.0%
Ms. Wong Pui Keng	Interest of spouse ^(note 2)	900,000,000	75.0%

Notes:

1. Silver Esteem is a company incorporated in the BVI and is wholly-owned by Mr. Choi Wai Chan. Therefore, Mr. Choi Wai Chan is deemed to be interested in all the Shares held by Silver Esteem for the purposes of the SFO. Mr. Choi Wai Chan is the sole director of Silver Esteem.
2. Ms. Wong Pui Keng is the spouse of Mr. Choi Wai Chan. She is deemed to be interested in all the Shares in which Mr. Choi Wai Chan is interested under the SFO.

Save as disclosed above, at 31 March 2020, the Directors were not aware of any interests or short positions of any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company had adopted a share option scheme (the “**Share Option Scheme**”) on 3 September 2019. The principal terms of the Share Option Scheme are summarised in the annual report of the Company for the year ended 31 December 2019.

No option was granted, outstanding, cancelled or lapsed during the three months ended 31 March 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares. Having made specific enquiry with all the Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the three months ended 31 March 2020 and up to the date of this report.

Management Discussion and Analysis

EVENT AFTER REPORTING PERIOD

There are no material subsequent event occurred or undertaken by the Group after 31 March 2020 and up to the date of this report which requires disclosure. The Group will closely monitor the development of the outbreak of the Pandemic and assess its impact on the financial position and operation results.

AUDIT COMMITTEE

The Company has established the audit committee pursuant to a resolution of the Directors passed on 11 May 2020 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the CG Code has been adopted. Among other things, the primary duties of the audit committee are to make recommendations to the Board on the appointment or reappointment and removal of external auditor; review financial statements of the Company and judgments in respect of financial reporting; and oversee the effectiveness of the internal control procedures of the Group. The audit committee consists of three independent non-executive Directors, namely Mr. Hu Chung Ming, Mr. Sou Sio Kei and Mr. Rodrigues Cesar Ernesto. Mr. Hu Chung Ming is the chairman of the audit committee. The audit committee has reviewed the unaudited condensed consolidated financial statements for the three months ended 31 March 2020.

By order of the Board

Ying Hai Group Holdings Company Limited

Choi Wai Chan

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 11 May 2020

At the date of this report, the executive Directors are Mr. Choi Wai Chan and Mr. Leong Tat Meng; and the independent non-executive Directors are Mr. Hu Chung Ming, Mr. Sou Sio Kei and Mr. Rodrigues Cesar Ernesto.

This report will remain on the Latest Company Announcement page of the GEM's website at <http://www.hkgem.com> for at least seven days from the date of its publication. This report will also be published on the Company's website at <http://www.yinghaiholding.com>.