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(incorporated in the Cayman Islands with limited liability)

(Stock code: 8260)

INSIDE INFORMATION DISCONTINUATION OF THE P2P LOAN FACILITATION BUSINESS PROFIT WARNING

This announcement is made by Yin He Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Group is principally engaged in (i) provision of staff outsourcing services, executive/staff search services and other human resources support services (“**Human Resources Services**”); (ii) provision of credit assessment and credit consultancy services in the People’s Republic of China (the “**PRC**”); (iii) operation of peer-to-peer financing platform and provision of other loan facilitation business in the PRC (“**P2P Loan Facilitation Business**”); (iv) provision of asset management services business in the PRC; (v) loan financing services; and (vi) insurance training services. The Company is in the processing of negotiating with a third party in relation to the possible Disposal of Human Resources Services which were classified as discontinued operation.

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》 (unofficial translation being Guiding Opinion on the Transformation of Online Leading 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 providers 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 (the “**Board**”) of directors (the “**Directors**”) of the Company believes that it is in the best interest of the Company and its shareholders as a whole to discontinue the P2P Loan Facilitation Business. The Group will also actively explore acquisition opportunities and pursue strategic alliances to diversify and broaden its revenue stream.

The Board wishes to inform the shareholders of the Company and the potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 March 2020 and the information currently available, the Group is expected to record a net loss, as compared with a net profit of approximately HK\$30,919,000 recorded for the year ended 31 March 2019. Such loss was primarily attributable to (i) the decrease in the revenue of the Group’s P2P Loan Facilitation Business due to the downturn in the P2P lending market in mainland China; (ii) the Company decided to discontinue P2P Loan Facilitation Business segment; and (iii) the impairment of goodwill of approximately HK\$459,688,000 related to the P2P Loan Facilitation Business.

The Company is still in the process of finalising the unaudited consolidated results of the Group for the year ended 31 March 2020. The information contained in this announcement is only based on a preliminary assessment by the Board with reference to the information currently available to the Board and such information has neither been reviewed nor audited by the auditors of the Company. The unaudited consolidated results of the Group for the year ended 31 March 2020 are expected to be published on 30 June 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 24 June 2020

As at the date of this announcement, the executive Directors are Mr. Li Ang and Mr. Zheng Zhong Qiang, the non-executive Director are Mr. Chang Tin Duk Victor and Mr. Lam Tsz Chung, 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, 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 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.