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(incorporated in the Cayman Islands with limited liability)

(Stock code: 8260)

**MAJOR TRANSACTION
IN RELATION TO DISPOSAL OF THE
ENTIRE ISSUED SHARE CAPITAL IN
ORIENT APEX INVESTMENTS LIMITED**

Financial Adviser



Euto Capital Partners Limited

THE DISPOSAL

The Board is pleased to announce that on 30 June 2020 (after trading hours of the Stock Exchange), the Company and the Purchaser entered into the Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares at the Consideration of HK\$24,000,000.

Upon Completion, the Orient Apex Group will cease to be subsidiaries of the Company.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratio (as defined in the GEM Listing Rules) for the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements.

The Company will seek approval for the Agreement and the transactions contemplated thereunder from Shareholders at the EGM.

GENERAL

A circular containing, among other things, (i) further details of the Disposal; and (ii) the notice of the EGM to be convened for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder will be despatched to the Shareholders on or before 31 July 2020 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Shareholders and potential investors should note that completion of the Disposal is subject to fulfillment of the conditions precedent in the Agreement. As the Disposal may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

On 30 June 2020 (after trading hours of the Stock Exchange), the Company and the Purchaser entered into the Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares at the Consideration.

THE DISPOSAL

The Agreement

Date: 30 June 2020

Parties: (i) the Company, being the vendor; and
(ii) Just Young Limited, being the Purchaser.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, being the entire capital of Orient Apex, representing the entire issued share capital of Orient Apex; and;

Consideration

The Consideration for the Sale Shares is HK\$24,000,000, which will be satisfied by the Purchaser in the following manner:

- (i) a deposit (“**Deposit**”) in the sum of HK\$6,000,000 shall be paid to the Vendor within 7 days after the execution of this Agreement;
- (ii) the second instalment (“**Second Instalment Consideration**”) in the sum of HK\$6,000,000 shall be paid to the Vendor within 7 days after the EGM;
- (iii) the third instalment in the sum of HK\$6,000,000 shall be paid to the Vendor within 2 months after the EGM; and
- (iv) the fourth instalment in the sum of HK\$6,000,000 shall be paid to the Vendor within 4 months after the EGM.

The Consideration was determined after arm’s length negotiation between the parties with reference to (i) the performance in the past years of the Orient Apex Group; and (ii) the net asset of the Orient Apex Group.

Accordingly, the Directors consider that the Consideration and the terms and conditions of the Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon the satisfaction (or waiver, if applicable) of, inter alia, the following conditions precedent:

- (i) the passing by the Shareholders at the EGM to be convened and held of the necessary resolution(s) to approve the Agreement and the transactions contemplated thereunder;
- (ii) all necessary consents, licences and approvals required to be obtained on the part of the Company and the Group in respect of the Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;

- (iii) the representation and warranties given by the Company remaining true and accurate in all respects; and
- (iv) payment of the Deposit and the Second Instalment Consideration.

The Purchaser may at his absolute discretion at any time waive in writing the condition set out in (iii) above. For the avoidance of doubt, the conditions (i) and (ii) are not waivable. If the above conditions have not been satisfied (or as the case may be, waived) on or before the Long Stop Date, the Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

Completion

Subject to fulfillment (or waiver, as the case may be) of the conditions precedent as stated above on or before the Long Stop Date, the Completion shall take place within five Business Days after the fulfilment (or waiver, as the case may be) of the last of the conditions precedent as stated above.

INFORMATION ON THE ORIENT APEX GROUP

Orient Apex is an investment holding company, which holds two wholly-owned subsidiaries, namely, Zebra Strategic Outsource Solution Limited (incorporated with limited liability in Hong Kong) and the PRC Company (incorporated in the PRC with limited liability). The Orient Apex Group is principally engaged in provision of staff outsourcing services, executive/staff search services and other human resources support services (“**Human Resources Business**”).

Financial information of the Orient Apex Group

Set out below is the financial information of Orient Apex Group for the two financial years ended 31 March 2020:

	For the year ended 31 March 2020 (unaudited) <i>HK\$'000</i>	For the year ended 31 March 2019 (unaudited) <i>HK\$'000</i>
Profit/(loss) before taxation	(2,772)	(635)
Profit/(loss) after taxation	<u>(2,772)</u>	<u>(730)</u>

The Orient Apex Group recorded unaudited net asset of approximately HK\$14,885,000 as at 31 March 2020, which included an amount due to the Company of HK\$9,809,000. The amount was subsequently capitalized and accounted for as an investment in the book of the Company.

Upon Completion, the Orient Apex Group will cease to be subsidiaries of the Company. The financial results of the Orient Apex Group will no longer be consolidated into the Group's financial statements.

APPLICATION OF THE CONSIDERATION

The net proceeds (after deducting other expenses in relation thereto) arising from the Disposal of approximately HK\$23,450,000 will be used for general working capital of the Group.

FINANCIAL IMPACT ON THE GROUP

Based on, inter alia, the Consideration and the related expenses relating to the Disposal, the Group currently expects to record a loss arising from Disposal of approximately HK\$1,244,000. The amount is subject to review and confirmation by the Company's auditors.

The aforesaid estimation is for illustrative purpose only and does not purport to represent how the financial position of the Group will be after Completion.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company and the Group mainly engages in (i) the Human Resources Business; (ii) provision of credit assessment and credit consultancy services in the PRC; (iii) operation of peer-to-peer financing platform and provision of other loan facilitation business in the PRC ("P2P Loan Facilitation Services"); (iv) provision of asset management services business in the PRC; and (v) loan financing services. As of the date of this announcement, the Human Resources Business and P2P Loan Facilitation Services have been reclassified as discontinued operations.

The Directors have been continuously evaluating the current business strategies of the Group with an aim to achieve the best use of its resources and improve its overall performance.

As disclosed in the annual report of the Company for the year ended 31 March 2019, the Human Resources Business had been under-performing for the past three years with the increasing competition in the business environment in which it operates and has incurred a loss of HK\$730,000 for the year ended 31 March 2019, as compared with meagre profit of HK\$179,000 for the year ended 31 March 2018.

In view of the impact from the series of social events happened in Hong Kong since mid-2019 and the high unemployment rate recorded at 5.9% for the three months to May 2020, the Directors expect the economy prospect of Hong Kong as well as the future development of the Human Resources Business may continue to face significant challenges. Therefore, the Directors consider the Disposal allows the Group to exit from bearing the burden to operate the nonperforming business of the Orient Apex Group and allow the Group to reallocate its resources and effort in other business segments of the Group. The Group will also actively explore acquisition opportunities and pursue strategic alliances to diversify and broaden its revenue stream.

Having considered the above, the Directors consider the terms of the Disposal are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and its Shareholders as a whole.

IMPLICATION UNDER THE GEM LISTING RULES

As the applicable percentage ratio (as defined in the GEM Listing Rules) for the Disposal is more than 25% but less than 75%, the Disposal constitutes major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements.

The Company will seek approval for, among other things, the Agreement and the transactions contemplated thereunder from the Shareholders at the EGM.

GENERAL

A circular containing, among other things, (i) further details of the Disposal; and (ii) the notice of the EGM to be convened for the purpose of considering and, if thought fit, approving, among others, the Agreement and the transactions contemplated thereunder will be despatched to the Shareholders on or before 31 July 2020 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Shareholders and potential investors should note that completion of the Disposal is subject to fulfillment of the conditions precedent in the Agreement. As the Disposal may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Agreement”	the conditional sale and purchase agreement dated 30 June 2020 entered into between the Company and the Purchaser in respect of the Disposal
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday or public holiday or days on which a typhoon signal No. 8 or above or black rainstorm warning is hosted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licenced banks are generally open for general banking business in Hong Kong throughout their normal business hours;
“BVI”	the British Virgin Islands

“Company”	Yin He Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8260)
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Agreement
“Completion Date”	the date on which Completion take place in accordance with the Agreement, which is within five Business Days after the date of fulfillment (or waiver, as the case may be) of the last of the conditions precedent under the Agreement (or such other date as the Company and the Vendor shall agree)
“connected person”	has the meanings as ascribed under the GEM Listing Rules
“Consideration”	HK\$24,000,000, being the total consideration for the Disposal
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Share by the Company to the Purchaser as contemplated under the Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, among other things, to approve, the Disposal and the transactions contemplated thereunder
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Long Stop Date”	on or before 4:00 p.m. on 30 September 2020 or such other date as the parties to the Agreement may agree
“Orient Apex”	Orient Apex Investments Limited, a company incorporated in the BVI with limited liability
“Orient Apex Group”	Orient Apex and its subsidiaries
“PRC”	the People’s Republic of China, and for the purpose of this Agreement, excluding Taiwan, Hong Kong and Macau Special Administrative Region
“PRC Company”	施博人力(上海)有限公司 (unofficial English translation being “Shibo Manpower (Shanghai) Limited”), a limited liability company established in the PRC, the entire equity interest of which is wholly-owned by Orient Apex
“Purchaser”	Just Young Limited, a limited liability company incorporated in Samoa
“Sale Shares”	11,000 ordinary shares of US\$1.00 in the capital of Orient Apex, representing the entire equity interest in Orient Apex
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“%”

per cent

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

Hong Kong, 30 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.