



FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2020

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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 the GEM of the Stock Exchange 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.

SUMMARY

- Revenue from continuing operations for the three months ended 30 June 2020 amounted to HK\$10,598,000 (three months ended 30 June 2019: HK\$10,008,000), increased by HK\$590,000 as compared with corresponding period of the previous year.
- Loss attributable to owners of the Company for the three months ended 30 June 2020 amounted to HK\$2,429,000 in which the profit contributed by continuing operations HK\$2,446,000 and loss of HK\$4,875,000 by discontinued operations, respectively. The profits attributable to owners of the Company from continuing operations and discontinued operations for the three months ended 30 June 2019 was HK\$2,655,000 and HK\$1,921,000, respectively.
- Basic loss per share for the three months ended 30 June 2020 amounted to approximately HK\$0.141 cents while basic earnings per share for the three months ended 30 June 2019 amounted to approximately HK\$0.293 cent.

UNAUDITED FIRST QUARTERLY RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 30 June 2020 together with the comparative unaudited figures for the corresponding period in 2019 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2020

		Unaudited	
		For the three months ended	
		30 June	30 June
		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)
CONTINUING OPERATIONS			
Revenue	5	10,598	10,008
Direct costs		<u>(1)</u>	<u>(12)</u>
Gross profit		10,597	9,996
Other income	5	–	810
Share of result of associates		–	(16)
General and administrative expenses		<u>(4,778)</u>	<u>(3,227)</u>
Operating profit from continuing operations		5,819	7,563
Finance costs	6	<u>(1,833)</u>	<u>(3,378)</u>
Profit before income tax from continuing operations		3,986	4,185
Income tax expenses	8	<u>(1,802)</u>	<u>(1,426)</u>
Profit for the period from continuing operations		<u>2,184</u>	<u>2,759</u>
DISCONTINUED OPERATION			
(Loss) Profit for the period from discontinued operation		<u>(4,878)</u>	1,921
Profit for the period		<u>(2,296)</u>	<u>4,680</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Effect of foreign exchange		<u>(8,775)</u>	<u>(40,641)</u>
Other comprehensive income for the period, net of income tax		<u>(8,775)</u>	<u>(40,641)</u>
Total comprehensive income for the period		<u>(11,071)</u>	<u>(35,961)</u>

		Unaudited	
		For the three months ended	
		30 June	30 June
		2020	2019
<i>Note</i>		HK\$'000	<i>HK\$'000</i>
			(Restated)
Profit for the period attributable to			
	Owners of the Company		
	Continuing operations	2,446	2,655
	Discontinued operations	(4,875)	1,921
	Non-controlling interest	133	104
		<u> </u>	<u> </u>
		(2,296)	4,680
		<u> </u>	<u> </u>
Total comprehensive income/(expense)			
for the period attributable to			
	Owners of the Company		
	Continuing operations	(6,284)	(37,872)
	Discontinued operations	(4,875)	1,921
	Non-controlling interest	88	(10)
		<u> </u>	<u> </u>
		(11,071)	(35,961)
		<u> </u>	<u> </u>
Earnings/(loss) per share for profit			
attributable to owners of the Company			
	Basic (HK cent)	9	
	For profit/(loss) for the period	(0.141)	0.293
	For profit from continuing operations	0.142	0.170
	Diluted (HK cent)	9	
	For profit/(loss) for the period	(0.135)	0.281
	For profit from continuing operations	0.137	0.163
		<u> </u>	<u> </u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2020

	Attributable to owners of the Company										
	Share capital	Share premium	Convertible preference shares	Merger reserve	Investment revaluation reserve	Statutory reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019 (Audited)	15,435	1,032,536	96,234	(213)	(10,495)	25,065	(32,028)	136,028	1,262,562	4,402	1,266,964
Profit for the period	-	-	-	-	-	-	-	4,576	4,576	104	4,680
Other comprehensive income for the period											
Fair value loss on investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(588)	-	-	-	(588)	-	(588)
Exchange difference arising on translation of foreign operation	-	-	-	-	-	-	(39,939)	-	(39,939)	(114)	(40,053)
Total comprehensive income for the period	-	-	-	-	(588)	-	(39,939)	4,576	(35,951)	(10)	(35,961)
Acquisition of subsidiaries	901	27,022	-	-	-	-	-	-	27,923	2,372	30,295
At 30 June 2019 (Unaudited)	16,336	1,059,558	96,234	(213)	(11,083)	25,065	(71,967)	140,604	1,254,534	6,764	1,261,298
At 1 April 2020 (Unaudited)	17,236	1,083,245	96,234	(213)	(12,884)	25,224	(68,845)	(314,095)	825,902	7,398	833,300
Profit for the period	-	-	-	-	-	-	-	(2,429)	(2,429)	133	(2,296)
Other comprehensive income for the period											
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	(8,730)	-	(8,730)	(45)	(8,775)
Total comprehensive income for the period	-	-	-	-	-	-	(8,730)	(2,429)	(11,159)	88	(11,071)
At 30 June 2020 (Unaudited)	17,236	1,083,245	96,234	(213)	(12,884)	25,224	(77,575)	(316,524)	814,743	7,486	822,229

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Yin He Holdings limited (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 are listed on the GEM of The Stock Exchange of Hong Kong limited (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.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated first quarterly financial statements for the three months ended 30 June 2020 (the “First Quarterly Financial Statements”) have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

The unaudited condensed consolidated first quarterly financial statements should be read in conjunction with the Group’s unaudited annual result announcement of the Group for the year ended 31 March 2020 (“2020 Unaudited Financial Statements”). The principal accounting policies that have been used in the preparation of these unaudited consolidated results are consistent with those followed in the preparation of 2020 Unaudited Financial Statements except for the new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA that are adopted for the first time for the current period’s financial statements.

It should be noted that accounting estimates and assumptions are used in preparation of First Quarterly Financial Statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

The First Quarterly Financial Statements are unaudited, but have been reviewed by the Audit Committee of the Company. The First Quarterly Financial Statements were approved for issue on 14 August 2020.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

During the Period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations.

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial period beginning 1 January 2020. The Directors anticipate that the new and revised HKFRSs will be adopted in the Group's unaudited condensed consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. 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.

The Group now has four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Credit consultancy services – provision of credit assessment and credit consultancy 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 financing services – provision of loan financing services
- Insurance services – provision of insurance related services

The following segments were classified as discontinued operations during the year:

- Human resources services – provision of staff outsourcing services, executive/staff search services and other human resources support services
- P2P Loan Facilitation services – operation of peer-to-peer ("P2P") financing platform and other loan facilitation services

5. REVENUE AND OTHER INCOME

An analysis of the revenue from the Group's principal activities, which is also the Group's turnover, and other income is as follows:

	(Unaudited)	
	For the three months ended	
	30 June	30 June
	2020	2019
	HK\$'000	HK\$'000
Revenue		
Credit consultancy services	2,355	1,230
Asset management services	754	745
Interest income from loan financing services	7,351	7,862
Insurance training	138	171
	<u>10,598</u>	<u>10,008</u>
Other income		
Bank interest income	–	2
Sundry income	1	808
	<u>1</u>	<u>810</u>
	<u>10,599</u>	<u>10,818</u>

6. FINANCE COSTS

	(Unaudited)	
	For the three months ended	
	30 June	30 June
	2020	2019
	HK\$'000	HK\$'000
Interest charges on:		
Bond payables	1,812	3,378
Other borrowings	21	–
	<u>1,833</u>	<u>3,378</u>

7. INCOME TAX EXPENSE

	(Unaudited)	
	For the three months ended	
	30 June 2020 HK\$'000	30 June 2019 HK\$'000
Current tax		
– Hong Kong Profits Tax		
– charged for the period	1,811	984
– The PRC Enterprise Income Tax (“EIT”)		
– charged for the period	135	487
Deferred taxation	(144)	(45)
	1,802	1,426
	1,802	1,426

Hong Kong profits tax have been provided for at 16.5% on the estimated assessable profits for the three months ended 30 June 2020 (2019: 16.5%).

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are subject to EIT at the rate of 25% for the three months ended 30 June 2019 (2019: 25%) and 15% (2019: 15%) is specifically for the PRC subsidiaries which are operating in Tibet Autonomous Region.

8. EARNINGS PER SHARE

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

	2020 HK\$'000	2019 HK\$'000
Earnings		
<i>For (loss) profit for the period</i>		
(Loss) profit for the period attributable to owners of the Company for the purposes of basic and dilutive earnings per share	(2,429)	4,576
	(2,429)	4,576
<i>For (loss) profit for the period from continuing operations</i>		
(Loss) profit for the period from continuing operations attributable to owners of the Company for the purposes of basic and dilutive earnings per share	2,446	2,655
	2,446	2,655

	2020	2019
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,723,630	1,562,288
Effect of dilutive potential ordinary shares:		
– Convertible preference shares	<u>64,587</u>	<u>64,587</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,788,217</u>	<u>1,626,875</u>

DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 30 June 2020 (2019: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Continuing operations

The Group recorded an unaudited revenue of approximately HK\$10,598,000 for the three months ended 30 June 2020, representing revenue remained stable from approximately HK\$10,008,000 for the corresponding period of the previous year.

Gross profit for the three months ended 30 June 2020 was approximately HK\$10,597,000 representing an increase of approximately 6.0% as compared with the last corresponding period (2019: approximately HK\$9,996,000).

The net loss attributable to owners of the Company for the three months ended 30 June 2020 was approximately HK\$2,429,000 (2019: profit of HK\$4,576,000).

The Group's general and administrative expenses for the three months ended 30 June 2020 amounted to approximately HK\$4,778,000, which represented an increase of approximately 48.1% as compared with the last corresponding period (2019: HK\$3,227,500). The decrease was mainly due to the professional fee incurred for issuing bond during the last corresponding period.

The Group's finance cost for the three months ended 30 June 2020 amounted to approximately HK\$1,833,000 (2019: HK\$3,378,000), which was mainly attributable to the bond and borrowings in issue during the year.

Total comprehensive expense for the three month ended 30 June 2020 was HK\$11,071,000 (2019: HK\$35,961,000) mainly comprised the exchange difference arising on transaction of foreign operations.

Discontinued operations

The Human Resources Services recorded a revenue of HK\$32,945,000 and a net profit of HK\$183,000 (2019: revenue of HK\$35,792,000 and net loss of HK\$44,000). P2P Loan Facilitation Services segment recorded no revenue and a net loss of HK\$5,059,000 (2019: revenue of HK\$6,526,000 and net profit of HK\$1,965,000).

Business Review

The Group is principally engaged in (i) provision of credit assessment and credit consultancy services (“Credit Consultancy Services”) in the People’s Republic of China (the “PRC”); (ii) provision of asset management services (“Asset Management Services”) in the PRC; (iii) loan financing services (“Loan Financing”); and (iv) insurance training services (“Insurance Services”).

Revenue from credit consultancy services in the PRC was approximately HK\$2,355,000 for the three months ended 30 June 2020, representing an increase of approximately 91.4% as compared to approximately HK\$1,230,000 for the corresponding period of previous year.

Revenue from loan financing services was approximately HK\$7,351,000 for the three months ended 30 June 2020, representing a decrease of approximately 6.5% as compared to approximately HK\$7,862,000 for the corresponding period of previous year.

Revenue from insurance training services was approximately HK\$138,000 for the three months ended 30 June 2020 (2019: 172,000).

Prospects

In light of the slowdown in the global economy and the impact of the COVID-19 epidemic, we have proactively responded and conducted corporate restructuring activities to rebalance our business focus. We have commenced the disposal of the unprofitable businesses, namely the Human Resources Services and the P2P Loan Facilitation Services. And at the same time, we have expanded our business into the insurance services sector by acquiring an insurance training business last year. We believed entering into the insurance training industry could achieve synergy with the Group’s existing business which enables the Group to access to additional income and cash flow stream to the Group and further diversify the Group’s overall business to confront the volatiled economic condition and environment.

Looking forward, the global economic outlook continues to be uncertain and is overshadowed by the impact of the COVID-19. With the aim to create value to the Shareholders, we will continue to expand our business in profitable sector which are synergetic to our existing business while trimming down the underperforming business.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2020, interests and short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long position in the Shares

Name of Director/ chief executive	Nature of interests	Number of Share held	Approximate percentage of Issued share capital
Li Ang	Interest in controlled corporation	141,764,039	8.68%
Cai Zhen Hui	Beneficially owned	62,970,000	3.85%

Save as disclosed above, as at 30 June 2019, none of the Directors and Chief Executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS AND SHORT POSITIONS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2020, the persons/entities (other than directors and chief executive of the Company) have an interest or a short position in the shares or the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group are as follows:

Long position in the Shares

Name	Nature of interests	Number of Share held	Approximate percentage of Issued share capital
Upmost Corporation Limited (“Upmost”)	Beneficial owner (<i>Note 1</i>)	207,200,000	12.02%
Zhang Jian	Interest in controlled corporation (<i>Note 1</i>)	207,200,000	12.02%
Li Ang	Interest in controlled corporation (<i>Note 2</i>)	141,764,039	8.22%
Elate Star Limited (“Elate Star”)	Beneficial owner (<i>Note 2</i>)	141,764,039	8.22%

Notes:

- (1) Upmost is a company owned as to 100% by Mr. Zhang Jian. By virtue of the SFO, Mr. Zhang Jian is deemed to be interested in the same block of shares in which Upmost is interested.
- (2) Elate Star is owned as to 100% by Mr. Li Ang. By virtue of the SFO, Mr. Li Ang is deemed to be interested in the same block of shares in which Elate Star is interested.

Save as disclosed above, no other parties (other than Directors and chief executive of the Company) has disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of SFO or were recorded in the register kept by the Company under section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 30 June 2020.

Short positions in underlying shares of the Company

As at 30 June 2020, no short positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

As at 30 June 2020, the Directors were not aware of any person who had an interest or short position in the underlying shares (including interests in options, if any) of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Company has not completed any other material acquisitions or disposal during the period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased or sold any of the Company's listed securities during the three months ended 30 June 2020. The Company had not redeemed any of its listed securities during the three months ended 30 June 2020.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors who have confirmed their compliance with required standard set out in the Securities Code during the three months ended 30 June 2020.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 of the GEM Listing Rules throughout the three months ended 30 June 2020.

COMPETITION AND CONFLICT OF INTEREST

None of the Directors, the management shareholders or substantial shareholders of the Company or any of its respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during three months ended 30 June 2020.

REVIEW BY AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely, Mr. Lam Raymond Shiu Cheung, Mr. Wang En Ping and Dr. Cheung Wai Bun Charles, JP. Mr. Wang En Ping is the chairman of the audit committee.

The Group's unaudited results for the three months ended 30 June 2020 and this announcement have been reviewed by the audit committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 14 August 2020

Executive Directors as at the date of this announcement:

Mr. Li Ang

Mr. Zheng Zhong Qiang

Non-executive Director as at the date of this announcement:

Mr. Chang Tin Duk, Victor

Mr. Lam Tsz Chung

Independent Non-executive Directors as at the date of this announcement:

Mr. Lam Raymond Shiu Cheung

Mr. Wang En Ping

Dr. Cheung Wai Bun Charles, JP

This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcement" page for at least seven days from the day of its posting and on the Company's website at www.yinhe.com.hk.