



THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2018

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

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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 for the nine months ended 31 December 2018 amounted to HK\$192,006,000 (nine months ended 31 December 2017: HK\$213,895,000), decreased by HK\$21,889,000 as compared with corresponding period of the previous year.
- Profit attributable to owners of the Company for the nine months ended 31 December 2018 amounted to HK\$29,905,000 while profits attributable to owners of the Company for the nine months ended 31 December 2017 amounted to HK\$31,942,000.
- Basic earnings per share for the nine months ended 31 December 2018 amounted to approximately HK\$1.94 cents while basic earnings per share for the nine months ended 31 December 2017 amounted to approximately HK\$2.18 cents.

UNAUDITED THIRD 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 nine months ended 31 December 2018 together with the comparative unaudited figures for the corresponding period in 2017 as follows:

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

For the nine months ended 31 December 2018

		Unaudited		Unaudited	
		For the three months ended		For the nine months ended	
		31 December	31 December	31 December	31 December
		2018	2017	2018	2017
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	5	63,064	78,413	192,006	213,895
Direct costs		<u>(34,761)</u>	<u>(42,991)</u>	<u>(108,763)</u>	<u>(115,984)</u>
Gross profit		28,303	35,422	83,243	97,911
Other income	5	1,395	706	1,918	1,588
General and administrative expenses		<u>(11,568)</u>	<u>(12,831)</u>	<u>(34,506)</u>	<u>(53,560)</u>
Operating profit		18,130	23,297	50,655	45,939
Finance costs	6	<u>(3,555)</u>	<u>(3,661)</u>	<u>(15,332)</u>	<u>(6,876)</u>
Profit before income tax		14,575	19,636	35,323	39,063
Income tax expenses	7	<u>(2,326)</u>	<u>(2,197)</u>	<u>(5,199)</u>	<u>(7,070)</u>
Profit for the period		<u>12,249</u>	<u>17,439</u>	<u>30,124</u>	<u>31,993</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD					
Release of investment revaluation reserve upon disposal of available-for-sale investments		–	(1,018)	–	(1,756)
Effect of foreign exchange		<u>18,162</u>	<u>7,532</u>	<u>(72,855)</u>	<u>17,533</u>
Other comprehensive income/(loss) for the period, net of income tax		<u>18,162</u>	<u>6,514</u>	<u>(72,855)</u>	<u>15,777</u>
Total comprehensive income/(loss) for the period		<u>30,411</u>	<u>23,953</u>	<u>(42,731)</u>	<u>47,770</u>

		Unaudited		Unaudited	
		For the three months ended		For the nine months ended	
		31 December	31 December	31 December	31 December
		2018	2017	2018	2017
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period					
attributable to					
	Owners of the Company	12,178	17,436	29,905	31,942
	Non-controlling interest	71	3	219	51
		<u>12,249</u>	<u>17,439</u>	<u>30,124</u>	<u>31,993</u>
Total comprehensive income/					
(loss) for the period					
attributable to					
	Owners of the Company	30,325	23,950	(42,532)	47,719
	Non-controlling interests	86	3	(199)	51
		<u>30,411</u>	<u>23,953</u>	<u>(42,731)</u>	<u>47,770</u>
Earnings per share for profit					
attributable to owners of the					
Company					
	Basic (<i>HK cents</i>)	0.7914	1.193	1.943	2.185
	Diluted (<i>HK cents</i>)	0.7595	1.141	1.865	2.090

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

	Attributable to owners of the Company										Non-controlling interest	Total equity
	Share capital	Share premium	Convertible preference shares	Convertible bond reserve	Merger reserve	Investment revaluation reserve	Statutory reserve	Translation reserve	Retained earnings	Total		
	HK\$'000	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 2017 (Audited)	14,616	997,994	99,085	-	(213)	7,171	10,936	(16,229)	73,033	1,186,393	4,514	1,190,907
Total comprehensive income/(loss) for the period	-	-	-	-	-	(1,756)	-	17,533	31,942	47,719	51	47,770
At 31 December 2017 (Unaudited)	14,616	997,994	99,085	-	(213)	5,415	10,936	1,304	104,975	1,234,112	4,565	1,238,677
At 1 April 2018 (Audited)	14,635	1,000,826	96,234	151	(213)	(8,613)	19,261	40,864	130,126	1,293,271	4,652	1,297,923
Effect on adoption of HKFRS 9	-	-	-	-	-	8,613	-	-	23,549	32,162	-	32,162
Adjusted balance at 1 April 2018	14,635	1,000,826	96,234	151	(213)	-	19,261	40,864	153,675	1,325,433	4,652	1,330,085
Profit for the period	-	-	-	-	-	-	-	-	29,905	29,905	219	30,124
Other comprehensive income/(loss) for the period												
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	(72,437)	-	(72,437)	(418)	(72,855)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	(72,437)	29,905	(42,532)	(199)	(42,731)
Placing of shares	800	31,735	-	-	-	-	-	-	-	32,535	-	32,535
Redemption of convertible bonds	-	-	-	(151)	-	-	-	-	151	-	-	-
At 31 December 2018 (Unaudited)	15,435	1,032,561	96,234	-	(213)	-	19,261	(31,573)	183,731	1,315,436	4,453	1,319,889

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 financial statements for the nine months ended 31 December 2018 have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* 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 financial statements should be read in conjunction with the Group’s annual audited financial statements and notes thereto for the year ended 31 March 2018 (“2018 Audited Financial Statements”). The principal accounting policies that have been used in the preparation of these unaudited condensed consolidated financial statements are consistent with those followed in the preparation of 2018 Audited 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 unaudited condensed consolidated 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 condensed consolidated financial statements for the nine months ended 31 December 2018 are unaudited, but have been reviewed by the audit committee of the Company.

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

During the nine months ended 31 December 2018, 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 2018. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and presentation of the Group's unaudited condensed consolidated financial statements, except for the adoption of HKFRS 9 Financial Instruments. Upon the adoption of HKFRS 9, the Group elected to classify equity securities investments of the Group which were previously classified as available-for-sale investments ("AFS Investments") into financial assets measured at fair value with subsequent fair value gains or losses to be recognised in profit or loss. Upon initial application of HKFRS 9, (i) investments revaluation reserve of HK\$8,613,000 related to AFS Investments which were carried at fair value was transferred to retained profits at 1 April 2018; and (ii) fair value gains of HK\$32,162,000 related to AFS Investments which were carried at cost less impairment representing the differences between cost less impairment and fair value was adjusted to retained profits as at 1 April 2018.

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 2018. 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.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

Human resource services	–	provision of staff outsourcing services, executive/staff search services and other human resources support services
Credit consultancy services	–	provision of credit assessment and credit consultancy services
Loan facilitation services	–	operation of peer-to-peer financing platform and other loan facilitation 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	–	provision of loan financing services

Segment revenue and results

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

	Human resources services <i>HK\$'000</i>	Credit consultancy services <i>HK\$'000</i>	Loan facilitation services <i>HK\$'000</i>	Asset management services <i>HK\$'000</i>	Loan financing services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the nine months ended						
31 December 2018						
Segment revenue	<u>117,141</u>	<u>12,373</u>	<u>32,046</u>	<u>4,648</u>	<u>25,798</u>	<u>192,006</u>
Segment profit	<u>912</u>	<u>5,691</u>	<u>24,584</u>	<u>890</u>	<u>3,480</u>	<u>35,557</u>
Interest income						12
Unallocated corporate expenses						<u>(246)</u>
Profit before tax						<u><u>35,323</u></u>
For the nine months ended						
31 December 2017						
Segment revenue	<u>127,247</u>	<u>19,288</u>	<u>48,144</u>	<u>5,056</u>	<u>14,160</u>	<u>213,895</u>
Segment profit	<u>1,638</u>	<u>11,065</u>	<u>36,845</u>	<u>1,371</u>	<u>14,136</u>	<u>65,055</u>
Interest income						6
Unallocated corporate expenses						<u>(25,998)</u>
Profit before tax						<u><u>39,063</u></u>

Geographical information

The following table presents the revenue from external customers for the nine months ended 31 December 2018 and 2017 by geographical locations:

	For the nine months ended	
	31 December 2018	31 December 2017
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from customers		
Hong Kong	129,644	127,247
PRC	62,362	86,648
	<u><u>192,006</u></u>	<u><u>213,895</u></u>

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)		(Unaudited)	
	For the three months ended		For the nine months ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Staff outsourcing services	35,051	42,527	105,635	116,381
Executive/Staff search services	500	1,327	3,353	5,181
Other human resources support services	2,337	1,872	8,153	5,685
Credit consultancy services	1,938	5,739	12,373	19,288
Loan facilitation services	11,335	18,462	32,046	48,144
Asset management services	1,165	1,934	4,648	5,056
Interest income from loan financing services	10,738	6,552	25,798	14,160
	<u>63,064</u>	<u>78,413</u>	<u>192,006</u>	<u>213,895</u>
Other income				
Bank interest income	2	3	12	6
Sundry income	1,393	703	1,906	1,582
	<u>1,395</u>	<u>706</u>	<u>1,918</u>	<u>1,588</u>
	<u><u>64,459</u></u>	<u><u>79,119</u></u>	<u><u>193,924</u></u>	<u><u>215,483</u></u>

6. FINANCE COSTS

	(Unaudited)		(Unaudited)	
	For the three months ended		For the nine months ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest charges on:				
Bond payables	–	3,660	1,603	6,871
Convertible bond	248	–	3,782	–
Other borrowings	3,307	1	9,947	5
	<u>3,555</u>	<u>3,661</u>	<u>15,332</u>	<u>6,876</u>

7. INCOME TAX EXPENSE

	(Unaudited)		(Unaudited)	
	For the three months ended 31 December 2018 <i>HK\$'000</i>	31 December 2017 <i>HK\$'000</i>	For the nine months ended 31 December 2018 <i>HK\$'000</i>	31 December 2017 <i>HK\$'000</i>
Current tax				
Hong Kong Profits Tax	1,453	270	3,870	270
The PRC Enterprise Income Tax ("EIT")	923	1,927	1,478	6,800
Deferred taxation	(50)	–	(149)	–
	2,326	2,197	5,199	7,070

Hong Kong profits tax have been provided for at 16.5% on the estimated assessable profits for the nine months ended 31 December 2018 (2017: 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 nine months ended 31 December 2018 (2017: 25%) and 15% (2017: 9%) is specifically for the PRC subsidiaries which are operating in Tibet Autonomous Region.

8. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2018 (2017: nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share amounts are based on the profit for the period attributable to shareholders of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share amounts for the three months and nine months ended 31 December 2018 is based on the profit for the period attributable to shareholders of the Company, adjusted to reflect the effect of the deemed exercise of all dilutive convertible preference shares at the beginning of the period.

The calculation of the diluted earnings per share amounts for the three months and nine months ended 31 December 2017 was based on the profit for the period attributable to shareholders of the Company, adjusted to reflect the effect of the deemed exercise of all dilutive convertible preference shares at the beginning of the period.

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

	(Unaudited)		(Unaudited)	
	For the three months ended		For the nine months ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings				
Profit for the period attributable to owners of the Company for the purposes of basic and dilutive earnings per share	<u>12,178</u>	17,436	<u>29,905</u>	<u>31,942</u>
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares in issue during the period, used in basic earnings per share calculation	1,538,785	1,461,568	1,538,785	1,461,568
Effect of dilutive potential ordinary shares:				
Convertible preference shares	<u>64,587</u>	66,500	<u>64,587</u>	<u>66,500</u>
Weighted average number of ordinary shares in issue during the period, used in diluted earnings per share	<u>1,603,372</u>	1,528,068	<u>1,603,372</u>	<u>1,528,068</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited revenue of approximately HK\$192,006,000 for the nine months ended 31 December 2018, decreased by approximately HK\$21,889,000 or 10% from HK\$213,895,000 for the corresponding period of the previous year.

Gross profit for the nine months ended 31 December 2018 was approximately HK\$83,243,000 representing a decrease of approximately HK\$14,668,000 or 15% as compared with the last corresponding period (nine months ended 31 December 2017: approximately HK\$97,911,000).

The unaudited net profit attributable to owners of the Company for the nine months ended 31 December 2018 was approximately HK\$29,905,000, representing a decrease of approximately HK\$2,037,000 or 6% as compared with the last corresponding period (nine months ended 31 December 2017: HK\$31,942,000).

The Group's general and administrative expenses for the nine months ended 31 December 2018 amounted to approximately HK\$34,506,000, which represented a decrease of approximately HK\$19,054,000 or 36% as compared with the last corresponding period (nine months ended 31 December 2017: HK\$53,560,000). 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 nine months ended 31 December 2018 amounted to approximately HK\$15,332,000 (nine months ended 31 December 2017: HK\$6,876,000), which was mainly attributable to the bond, convertible bond and borrowings made during the second half of 2017.

Total comprehensive loss for the nine months ended 31 December 2018 was HK\$42,731,000 (nine months ended 31 December 2017: income of 47,770,000) mainly comprised the exchange difference arising on transaction of foreign operations, resulted from the depreciation of renminbi during the period.

Business Review

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; (iv) provision of asset management services business in the PRC; and (v) loan financing services.

Revenue from Human Resources Services was approximately HK\$117,141,000 for the nine months ended 31 December 2018, representing a decrease of approximately 8% as compared to approximately HK\$127,247,000 for the corresponding period of previous year.

Due to the change in the operating environment and depreciation of RMB, the performance of the credit and financing business in PRC has slowdown during the period under review. Revenue from credit consultancy services in the PRC was approximately HK\$12,373,000 for the nine months ended 31 December 2018, representing a decrease of approximately 36% as compared to approximately HK\$19,288,000 for the corresponding period of previous year.

Revenue from loan facilitation services was approximately HK\$32,046,000 for the nine months ended 31 December 2018, representing a decrease of approximately 33% as compared to approximately HK\$48,144,000 for the corresponding period of previous year.

Revenue from assets management services was approximately HK\$4,648,000 for the nine months ended 31 December 2018, which was approximately the same as compared to approximately HK\$5,056,000 for the corresponding period of previous year.

Revenue from loan financing services was approximately HK\$25,798,000 for the nine months ended 31 December 2018, representing an increase of approximately 82% as compared to approximately HK\$14,160,000 for the corresponding period of previous year.

Placing of new shares

On 4 May 2017, the Company entered into a placing agreement with China Industrial Securities International Capital Limited (the “Placing Agent”). Pursuant to the placing agreement, the Company appointed the Placing Agent to procure not less than six placees who are independent third parties to subscribe for up to 80,000,000 placing shares at a price of HK\$0.41 per placing share (the “Placing”).

The Placing was completed on 24 May 2018 where 80,000,000 placing shares were subscribed for in full pursuant to the terms and conditions of the placing agreement. The net proceeds arising from the Placing were approximately HK\$32,500,000. The net proceeds from the Placing were utilized as general working capital of the Group and for the liquid capital pool of the Group to provide loans to customers when opportunities may arise from time to time.

The Acquisition

On 7 December 2018, the Company entered into an agreement with Lei Xiongpeng and Huang Yimin (collectively the “Vendors”) to acquire the entire issued share capital of Savour Talent Global Limited and the sale loan (representing the all amounts of the loan owing by Savour Talent Global Limited and its subsidiaries to the Vendors, at the consideration in the amount of not more than RMB57.6 million. On 19 December 2018, the Company and the Vendors decided not to proceed with the acquisition on the current structure basis and entered into a deed of termination.

Prospects

The Group aims to create value for shareholders by broadening its credit consultancy services, loan facilitation, asset management services and loan financing services in the PRC. Due to change in the operating environment in the internet financing industry, a slowdown in the industry was observed. In response to the uncertainties and challenges, the Group will put more effort in strengthening the quality of the loan portfolio by selecting only quality loan customers.

While there might be a slowdown in the industry in the short run, the Group will continue to focus on business developments in the PRC by expanding within its existing platform and services network in the PRC with its strong financial strength. In addition, the Group will continue to explore different business opportunities to enhance the shareholders' value.

Capital Structure of the Group

Saved for the Placing completed on 24 May 2018 and repayment of all the convertible bonds and Tranche A bond during the period, there was no other material change in the Group's capital structure as compared to the most recent published annual report.

Foreign Exchange Exposure

Most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi. As the financial statements of the Group are presented in Hong Kong dollars, which is the Company's functional and presentation currency, any fluctuation of exchange rates would impact the Group's net asset value. During the nine months ended 31 December 2018, the exchange loss arising on retranslation of foreign operations of HK\$72,855,000 (nine months ended 31 December 2017: gains of HK\$17,533,000) are recognised in the exchange fluctuation reserve. Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Since the Scheme has become effective on 10 April 2013 and up to 31 December 2018, no share options were granted, exercised or cancelled by the Company under the Scheme and there was no outstanding share options under the Scheme as at 31 December 2018.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2018, interests and short positions in the shares of the Company (“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	Nature of interests	Number of Share held	Approximate percentage of issued share capital
Li Ang	Interest in controlled corporation	141,764,039	9.18%

Save as disclosed above, as at 31 December 2018, 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 31 December 2018, 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
Central Huijin Investment Ltd. (“CHI”)	Person having a security interest in shares (<i>Note 1</i>)	208,264,039	13.49%
	Interest in controlled corporation (<i>Note 1</i>)	115,342,126	7.47%
China Construction Bank Corporation (“CCB”)	Person having a security interest in shares (<i>Note 1</i>)	208,264,039	13.49%
	Interest in controlled corporation (<i>Note 1</i>)	115,342,126	7.47%
Upmost Corporation Limited (“Upmost”)	Beneficial owner (<i>Note 2</i>)	207,200,000	13.42%
Zhang Jian	Interest in controlled corporation (<i>Note 2</i>)	207,200,000	13.42%
Li Ang	Interest in controlled corporation (<i>Note 3</i>)	141,764,039	9.18%
Elate Star Limited (“Elate Star”)	Beneficial owner (<i>Note 3</i>)	141,764,039	9.18%

Notes:

- (1) According to the Corporate Substantial Shareholder Notices filed by CHI and CCB on 29 December 2016 (the “Notices”), each of CHI and CCB, as person having a security in shares, is interested in 208,264,039 Shares and also, having interest in controlled corporation, interested in 115,342,126 Shares. As set out in the Notices, Chance Talent Management Limited (“Chance Talent”) has a direct interest in 323,606,165 Shares. Since Chance Talent is wholly-owned by CCBI Investments Limited (“CCBII”) who in turn is wholly-owned by CCB International (Holdings) Limited (“CCBIH”) who in turn is wholly-owned by CCB Financial Holdings Limited (“CCBF”) who in turn is wholly-owned by CCB International Group Holdings Limited (“CCBIG”) who in turn is wholly-owned by CCB who in turn is owned as to 57.11% by CHI, CCBII, CCBIH, CCBF, CCBIG CCB and CHI are deemed to be interested in 323,606,165 Shares.
- (2) Upmost is a company wholly-owned 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.
- (3) Elate Star is a company wholly-owned 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 31 December 2018.

Short positions in underlying shares of the Company

As at 31 December 2018, 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 31 December 2018, 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

Saved for the acquisition of investment in financial assets at fair value thought profit or loss of approximately HK\$10,853,000, the Company has not completed any 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, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2018.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry to all Directors, the Company was not aware of any non-compliance with the required standards of dealings and such code of conduct regarding securities transactions by Directors during the nine months ended 31 December 2018.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules throughout the nine months ended 31 December 2018.

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 nine months ended 31 December 2018.

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 nine months ended 31 December 2018 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
Zheng Zhong Qiang
Executive Director

Hong Kong, 11 February 2019

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.