



銀合控股有限公司 YIN HE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8260

First Quarterly Report **2017**



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

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Given the emerging nature of companies listed on GEM, 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.

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This report, for which the directors of Yin He Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited 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 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.

SUMMARY

- Revenue for the three months ended 30 June 2017 amounted to HK\$69,039,000 (2016: HK\$69,057,000), representing remained stable as compared with corresponding period of the previous year.
- Profit attributable to owners of the Company for the three months ended 30 June 2017 amounted to HK\$10,027,000 while profits attributable to owners of the Company for the three months ended 30 June 2016 amounted to HK\$8,691,000.
- Basic earnings per share for the three months ended 30 June 2017 amounted to approximately HK\$0.685 cents while basic earnings per share for the three months ended 30 June 2016 amounted to approximately HK\$0.743 cent.



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 2017 together with the comparative unaudited figures for the corresponding period in 2016 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2017

		(Unaudited) For the three months ended	
		30 June 2017 HK\$'000	30 June 2016 HK\$'000
Notes			
	Revenue	69,039	69,057
	Direct costs	(39,452)	(51,455)
	Gross profit	29,587	17,602
	Other income	81	2,364
	General and administrative expenses	(16,443)	(9,821)
	Operating profit	13,225	10,145
	Finance costs	–	(3)
	Profit before income tax	13,225	10,142
	Income tax expense	(3,198)	(1,451)
	Profit for the period	10,027	8,691
	Profit for the period attributable to Owners of the Company	10,005	8,672
	Non-controlling interest	22	19
		10,027	8,691
	Total comprehensive income for the period attributable to Owners of the Company	10,005	8,672
	Non-controlling interest	22	19
		10,027	8,691
	Earnings per share for profit attributable to owners of the Company		
	– Basic (HK cent)	0.685	0.743
	– Diluted (HK cent)	0.655	0.702

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2017

	Convertible			Investment				Non-		Total equity	
	Share Capital	Share Premium	Preference Shares	Merger Reserve	revaluation Reserve	Statutory Reserve	Translation Reserve	Retained Earnings	controlling Total interest		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
As at 31 March 2016	11,521	718,316	100,575	(213)	-	5,030	(3,379)	41,934	873,784	4,726	878,510
Total comprehensive Income											
for the period	-	-	-	-	-	-	-	8,672	8,672	19	8,691
Issue of share upon placing	550	35,266	-	-	-	-	-	-	35,816	-	35,816
At 30 June 2016 (Unaudited)	<u>12,071</u>	<u>753,582</u>	<u>100,575</u>	<u>(213)</u>	<u>-</u>	<u>5,030</u>	<u>(3,379)</u>	<u>50,606</u>	<u>918,272</u>	<u>4,745</u>	<u>923,017</u>
As at 31 March 2017	14,616	997,994	99,085	(213)	7,171	10,936	(16,229)	73,033	1,186,393	4,514	1,190,907
Comprehensive income	-	-	-	-	-	-	-	10,005	10,005	22	10,027
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-
Conversion of CPS	-	-	-	-	-	-	-	-	-	-	-
Placing of shares	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2017 (Unaudited)	<u>14,616</u>	<u>997,994</u>	<u>99,085</u>	<u>(213)</u>	<u>7,171</u>	<u>10,936</u>	<u>(16,229)</u>	<u>83,038</u>	<u>1,196,398</u>	<u>4,536</u>	<u>1,200,934</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Yin He Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in the Cayman Islands. The Company’s shares are listed on the GEM of the Stock Exchange since 10 April 2013.

The unaudited condensed consolidated first quarterly financial statements for the three months ended 30 June 2017 (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 annual audited financial statements and notes thereto for the year ended 31 March 2017 (“2017 Audited 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 2017 Audited Financial Statements. It should be noted that accounting estimates and assumptions are used in preparation of unaudited condensed consolidated 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 2017.

2. 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 (“P2P”) financing platform and other loan facilitation services
Asset management services	–	provision of financial advisory services for corporate
Loan financing services	–	provision of loan financing services

Revenue and expenses are allocated to the reportable segments with reference to revenue generated and the expenses incurred by those segments. The measurement of segment profit or loss is the same as those used in preparing these financial statements under HKFRSs except that finance costs, and other income and expenses not directly attributable to business activities of the operating segments are not included in arriving at the operating results of the operating segments. Unallocated corporate results comprise of administrative expenses of the Company for the three-month periods ended 30 June 2016 and 2017.

3. 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 2017 HK\$'000	30 June 2016 HK\$'000
Revenue		
Staff outsourcing services	39,868	50,873
Executive/Staff search services	1,690	2,408
Other human resources support services	1,975	2,607
Credit consultancy services	7,954	2,011
Loan facilitation services (P2P)	13,754	8,300
Asset management services	1,358	2,858
Interest income from loan financing services	2,439	–
	69,039	69,057
Other income		
Interest income	1	1,755
Sundry income	80	609
	81	2,364
	69,120	71,421



4. FINANCE COSTS

(Unaudited)
For the three months ended

Interest charges on:

Bank borrowings, which contain a repayment on demand clause, wholly repayable within five years
Obligation under finance lease

30 June 2017 HK\$'000	30 June 2016 HK\$'000
–	–
–	3
<u>–</u>	<u>3</u>
<u>–</u>	<u>3</u>

5. INCOME TAX EXPENSE

(Unaudited)
For the three months ended

Current tax

– Hong Kong Profits Tax
– charged for the period

– The PRC Enterprise Income Tax (“EIT”)
– charged for the period

30 June 2017 HK\$'000	30 June 2016 HK\$'000
–	158
3,198	1,293
<u>3,198</u>	<u>1,451</u>
<u>3,198</u>	<u>1,451</u>

Hong Kong profits tax have been provided for at 16.5% on the estimated assessable profits for the three months ended 30 June 2017 (2015: 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 2017 (2016: 25%) and 9% is specifically for the PRC subsidiaries which are operating in Tibet Autonomous Region.

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share are based on the following data:

	2017 HK\$'000	2016 HK\$'000
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>10,027</u>	<u>8,691</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,461,568	1,169,549
Effect of dilutive potential ordinary shares: Convertible preference shares	<u>66,500</u>	<u>67,500</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,528,068</u>	<u>1,237,049</u>



DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 30 June 2017 (2016: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited revenue of approximately HK\$69,039,000 for the three months ended 30 June 2017, representing revenue remained stable from approximately HK\$69,057,000 for the corresponding period of the previous year.

Gross profit for the three months ended 30 June 2017 was approximately HK\$29,587,000 representing an increase of approximately 68.1% as compared with the last corresponding period (2016: approximately HK\$17,602,000). The increase in the Group's gross profit was mainly attributable from the segment of credit consultancy services and newly reported segment of loan financing services.

The unaudited net profit attributable to shareholders for the three months ended 30 June 2017 was approximately HK\$10,005,000, representing an increase of approximately 15.4% as compared with the last corresponding period (2016: HK\$8,672,000).

The Group's general and administrative expenses for the three months ended 30 June 2017 amounted to approximately HK\$16,443,000, which represented an increase of approximately 67.4% as compared with the last corresponding period (2016: HK\$9,821,000). The increase is mainly due to incurred professional fee of issuing bond 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 ("P2P") 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 credit consultancy services in the PRC was approximately HK\$7,954,000 for the year ended 30 June 2017, representing an increase of approximately 295.5% as compared to approximately HK\$2,011,000 for the corresponding period of previous year.

Revenue from loan facilitation services was approximately HK\$13,754,000 for the year ended 30 June 2017, representing an increase of approximately 65.7% as compared to approximately HK\$8,300,000 for the corresponding period of previous year.

Revenue from new classified loan financing services was approximately HK\$2,439,000 for the year ended 30 June 2017. The Group believes extending this business segment and will further diversify the Group's business and widen its existing financial services spectrum.

Prospects

The Group aims to create value for shareholders by looking into new business synergies and exploring potential strategic partners to broaden its credit assessment and credit counselling services, loan facilitation and asset management business loan financing service in the PRC. The Group will focus strongly on business developments in the PRC by expanding within its existing platform and services network in the PRC.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2017, 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	Nature of interests	Number of Shares held	Approximate percentage of Issued share capital
Li Ang (<i>note</i>)	Interest in controlled corporation	141,764,039	9.70%
Li Si Cong (<i>note</i>)	Beneficial owner	66,500,000	4.55%

Note: Mr. Li Si Cong and Mr. Li Ang pledged their 200,000,000 Shares to Harvest Progress International Limited. Harvest Progress International Limited is 100% controlled by Li Han Fa, Hong Pei Hua is spouse of Li Han Fa. By virtue of the SFO, Hong Pei Hua is deemed to be interested in the same blocks of shares in which Li Han Fa is interested.

Save as disclosed above, as at 30 June 2017, 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 2017, 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 Shares held	Approximate percentage of Issued share capital
Central Huijin Investment Ltd. ("CHI")	Person having a security interest in shares (Note 1)	208,264,039	14.25%
	Interest in controlled corporation (Note 1)	115,342,126	7.89%
China Construction Bank Corporation ("CCB")	Person having a security interest in shares (Note 1)	208,264,039	14.25%
	Interest in controlled corporation (Note 1)	115,342,126	7.89%
Upmost Corporation Limited ("Upmost")	Beneficial owner (Note 2)	207,200,000	14.18%
Zhang Jian	Interest in controlled corporation (Note 2)	207,200,000	14.18%
Li Ang	Interest in controlled corporation (Note 3)	141,764,039	9.70%
Elate Star Limited ("Elate Star")	Beneficial owner (Note 3)	71,764,039	4.91%
Gao Tong Limited ("Gao Tong")	Beneficial owner (Note 3)	70,000,000	4.79%
Lv Xiang-yang	Beneficial owner	109,050,000	7.46%



Name	Nature of interests	Number of Shares held	Approximate percentage of Issued share capital
Zhan Yu Global Limited ("Zhan Yu")	Beneficial owner (Note 4)	75,000,000	5.13%
Ye Jun	Interest in controlled corporation (Note 4)	75,000,000	5.13%

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 57.31% by CHI, CCBII, CCBIH, CCBF, CCBIG CCB and CHI are deemed to be interested in 323,606,165 Shares.
- (2) 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.
- (3) Both Elate Star and Gao Tong are owned as to 100% by Mr. Li Ang. By virtue of the SFO, Mr. Li Ang is deemed to be interested in the same blocks of shares in which Elate Star and Gao Tong are interested.
- (4) Zhan Yu is a company owned as to 100% by Mr. Ye Jun. By virtue of the SFO, Mr. Ye Jun is deemed to be interested in the same block of shares in which Zhan Yu is interest.

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 2017.

Short positions in underlying shares of the Company

As at 30 June 2017, 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 2017, 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 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 2017. The Company had not redeemed any of its listed securities during the three months ended 30 June 2017.

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 2017.

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 2017.

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 2017.

SUBSEQUENT EVENTS

As refer to the announcement on 10 August 2017 in relation to “Inside Information – Possible Disposal. On 9 August 2017, the Company is informed by an independent third party that it is interested in this business which would lead to the possible disposal of the Company’s Human Resources Business (the “Possible Disposal”). Discussions are being held with the potential buyer on the terms of the Possible Disposal including the price. However, no definite terms have yet been agreed with the Company and the potential buyer, and no legally binding agreement has been entered into between the Company and the potential buyer in respect of the Possible Disposal as at the date of this report.

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 2017 and this report 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, 14 August 2017