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This report, 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 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 from continuing operations for the nine months ended 31 December 2019 amounted to HK\$54,707,000 (nine months ended 31 December 2018: HK\$74,865,000), decreased by HK\$20,158,000 as compared with corresponding period of the previous year.
- Profit attributable to owners of the Company for the nine months ended 31 December 2019 amounted to HK\$22,132,000 in which the profit contributed by continuing operations and discontinued operation was HK\$21,490,000 and HK\$642,000, respectively. The profits attributable to owners of the Company from continuing operations and discontinued operation for the nine months ended 31 December 2018 was HK\$28,452,000 and HK\$1,453,000, respectively.
- Basic earnings per share for the nine months ended 31 December 2019 amounted to approximately HK\$1.37 cents while basic earnings per share for the nine months ended 31 December 2018 amounted to approximately HK\$1.94 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 2019 together with the comparative unaudited figures for the corresponding period in 2018 as follows:

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

For the nine months ended 31 December 2019

	Notes	Unaudited For the three months ended		Unaudited For the nine months ended	
		31 December 2019 HK\$'000	31 December 2018 HK\$'000	31 December 2019 HK\$'000	31 December 2018 HK\$'000
CONTINUING OPERATIONS					
Revenue	5	19,269	25,178	54,707	74,865
Direct costs		(58)	(1,022)	(172)	(3,176)
Gross profit		19,211	24,156	54,535	71,689
Other income	5	7,691	1,300	7,702	1,653
Share of results of associates		1,582	–	3,043	–
General and administrative expenses		(10,282)	(7,861)	(26,870)	(24,141)
Operating profit from continuing operations		18,202	17,595	38,410	49,201
Finance costs	6	(3,013)	(3,555)	(9,649)	(15,331)
Profit before income tax from continuing operations		15,189	14,040	28,761	33,870
Income tax expenses	7	(2,142)	(2,326)	(5,975)	(5,199)
Profit for the period from continuing operations		13,047	11,714	22,786	28,671



	Unaudited For the three months ended		Unaudited For the nine months ended	
	31 December 2019 HK\$'000	31 December 2018 HK\$'000	31 December 2019 HK\$'000	31 December 2018 HK\$'000
Notes				
DISCONTINUED OPERATION				
Profit for the period from discontinued operation	(226)	535	642	1,453
Profit for the period	12,821	12,249	23,428	30,124
OTHER COMPREHENSIVE INCOME FOR THE PERIOD				
Fair value loss on investments in equity instruments at fair value through other comprehensive income	(1,978)	-	(11,070)	-
Effect of foreign exchange	13,095	18,162	(43,455)	(72,855)
Other comprehensive income for the period, net of income tax	11,117	18,162	(54,525)	(72,855)
Total comprehensive income/(expense) for the period	23,938	30,411	(31,097)	(42,731)
Profit for the period attributable to				
Owners of the Company				
Continuing operations	12,165	11,643	21,490	28,452
Discontinued operation	(226)	535	642	1,453
Non-controlling interest	882	71	1,296	219
	12,821	12,249	23,428	30,124



	Unaudited		Unaudited	
	For the three months ended		For the nine months ended	
	31 December 2019 HK\$'000	31 December 2018 HK\$'000	31 December 2019 HK\$'000	31 December 2018 HK\$'000
Notes				
Total comprehensive income/(expense) for the period attributable to				
Owners of the Company				
Continuing operations	23,254	29,790	(32,912)	(43,985)
Discontinued operation	(226)	535	642	1,453
Non-controlling interest	910	86	1,173	(199)
	<u>23,938</u>	<u>30,411</u>	<u>(31,097)</u>	<u>(42,731)</u>
Earnings per share for profit attributable to owners of the Company				
Basic (HK cent)	9			
For profit for the period	0.73	0.79	1.37	1.94
For profit from continuing operations	<u>0.75</u>	<u>0.76</u>	<u>1.34</u>	<u>1.85</u>
Diluted (HK cent)	9			
For profit for the period	0.70	0.76	1.32	1.87
For profit from continuing operations	<u>0.72</u>	<u>0.73</u>	<u>1.28</u>	<u>1.78</u>



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

	Attributable to owners of the Company											
	Share capital	Share premium	Convertible preference shares	Convertible bond reserve	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	HK\$'000
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	-	-	-	-	-	32,161	-	-	(24,694)	7,467	-	7,467
Adjusted balance at 1 April 2018	14,635	1,000,826	96,234	151	(213)	23,548	19,261	40,864	105,432	1,300,738	4,652	1,305,390
Profit for the period	-	-	-	-	-	-	-	-	29,905	29,905	219	30,124
Other comprehensive income for the period												
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	(72,437)	-	(72,437)	(418)	(72,855)
Total comprehensive income for the period	-	-	-	-	-	-	-	(72,437)	29,905	(42,532)	(199)	(42,731)
Placing of shares	800	31,735	-	-	-	-	-	-	-	32,535	-	32,535
At 31 December 2018 (Unaudited)	15,435	1,032,561	96,234	151	(213)	23,548	19,261	(31,573)	135,337	1,290,741	4,453	1,295,194
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	-	-	-	-	-	-	-	-	22,132	22,132	1,296	23,428
Other comprehensive income for the period												
Fair value loss on investments in equity instrument at fair value through other comprehensive income	-	-	-	-	-	(11,070)	-	-	-	(11,070)	-	(11,070)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	(43,332)	-	(43,332)	(123)	(43,455)
Total comprehensive income for the period	-	-	-	-	-	(11,070)	-	(43,332)	22,132	(32,270)	1,173	(31,097)
Realization of contingent consideration	-	-	-	-	-	-	-	-	(3,710)	(3,710)	-	(3,710)
Issue of shares upon acquisition of subsidiaries	901	33,865	-	-	-	-	-	-	-	34,766	2,403	37,169
At 31 December 2019 (Unaudited)	16,336	1,066,401	96,234	-	(213)	(21,565)	25,065	(75,360)	154,450	1,261,348	7,978	1,269,326



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 2019 (the “Third Quarterly Financial Statements”) 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 audited financial statements and notes thereto for the year ended 31 March 2019 (“2019 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 2019 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 Third Quarterly Financial Statements are unaudited, but have been reviewed by the audit committee of the Company. The Third Quarterly Financial Statements were approved for issue on 14 February 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 2019. 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 16 Leases. The nature and impact of the changes are described below.

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 April 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

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 2019. 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:

- | | | |
|-----------------------------|---|---|
| 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 |
| Insurance services | – | provision of insurance related services |
| Human resource services | – | provision of staff outsourcing services, executive/staff search services and other human resources support services (classified as discontinued operation during the period (<i>note 10</i>)) |



Segment revenue and results

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

	Continuing operations					Discontinued operation		Consolidated HK\$ '000
	Credit consultancy services HK\$ '000	Loan facilitation services HK\$ '000	Asset management services HK\$ '000	Loan financing services HK\$ '000	Insurance services HK\$ '000	Total HK\$ '000	Human Resources Services HK\$ '000	
For the nine months ended								
31 December 2019								
Segment revenue	<u>9,037</u>	<u>14,317</u>	<u>2,256</u>	<u>23,359</u>	<u>5,738</u>	<u>54,707</u>	<u>99,570</u>	<u>154,277</u>
Segment profit	<u>5,565</u>	<u>3,821</u>	<u>6,269</u>	<u>13,513</u>	<u>4,572</u>	<u>33,740</u>	<u>508</u>	<u>34,248</u>
Interest income								8
Unallocated corporate expenses								<u>(4,986)</u>
Profit before tax								<u><u>29,270</u></u>
For the nine months ended								
31 December 2018								
Segment revenue	<u>12,373</u>	<u>32,046</u>	<u>4,648</u>	<u>25,798</u>	<u>-</u>	<u>74,865</u>	<u>117,141</u>	<u>192,006</u>
Segment profit	<u>5,691</u>	<u>24,584</u>	<u>890</u>	<u>3,480</u>	<u>-</u>	<u>34,645</u>	<u>912</u>	<u>35,557</u>
Interest income								12
Unallocated corporate expenses								<u>(246)</u>
Profit before tax								<u><u>35,323</u></u>



Geographical information

The following table presents the revenue from external customers for the nine months ended 31 December 2019 and 2018 by geographical locations:

	For the nine months ended	
	31 December 2019 (Unaudited) HK\$'000	31 December 2018 (Unaudited) HK\$'000
Revenue from customers		
Hong Kong	10,445	12,503
PRC	44,262	62,362
	54,707	74,865

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		(Unaudited) For the nine months ended	
	31 December 2019 HK\$'000	31 December 2018 HK\$'000	31 December 2019 HK\$'000	31 December 2018 HK\$'000
Revenue				
Credit consultancy services	1,004	1,938	9,037	12,373
Loan facilitation services	5,090	11,336	14,317	32,046
Asset management services	753	1,165	2,256	4,648
Interest income from loan financing services	7,773	10,739	23,359	25,798
Insurance training services	4,649	–	5,738	–
	19,269	25,178	54,707	74,865
Other income				
Bank interest income	5	2	8	10
Sundry income	7,686	1,298	7,694	1,643
	7,691	1,300	7,702	1,653
	26,960	26,478	62,409	76,518



6. FINANCE COSTS

	(Unaudited) For the three months ended		(Unaudited) For the nine months ended	
	31 December 2019 HK\$'000	31 December 2018 HK\$'000	31 December 2019 HK\$'000	31 December 2018 HK\$'000
Interest charges on:				
Bond payables	2,960	–	9,455	1,603
Convertible bond	–	248	–	3,782
Other borrowings	53	3,307	194	9,946
	<u>3,013</u>	<u>3,555</u>	<u>9,649</u>	<u>15,331</u>

7. INCOME TAX EXPENSE

	(Unaudited) For the three months ended		(Unaudited) For the nine months ended	
	31 December 2019 HK\$'000	31 December 2018 HK\$'000	31 December 2019 HK\$'000	31 December 2018 HK\$'000
Current tax				
Hong Kong Profits Tax	1,194	1,453	3,293	3,870
The PRC Enterprise Income Tax ("EIT")	988	923	3,297	1,478
Deferred taxation	(40)	(50)	(615)	(149)
	<u>2,142</u>	<u>2,326</u>	<u>5,975</u>	<u>5,199</u>

Hong Kong profits tax have been provided for at 16.5% on the estimated assessable profits for the nine months ended 31 December 2019 (2018: 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 2019 (2018: 25%) and 15% (2018: 15%) is specifically for the PRC subsidiaries which are operating in Tibet Autonomous Region.



8. DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2019 (2018: 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 2019 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 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 basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	(Unaudited) For the three months ended		(Unaudited) For the nine months ended	
	31 December 2019 HK\$ '000	31 December 2018 HK\$ '000	31 December 2019 HK\$ '000	31 December 2018 HK\$ '000
Earnings				
Profit for the period attributable to owners of the Company for the purposes of basic and dilutive earnings per share	11,939	12,178	22,132	29,905
Profit for the period from continuing operations attributable to owners of the Company for the purposes of basic and dilutive earnings per share	12,165	11,643	21,490	28,452
	31 December 2019 '000	31 December 2018 '000	31 December 2019 '000	31 December 2018 '000
Number of shares				
Weighted average number of ordinary shares in issue during the period, used in basic earnings per share calculation	1,633,556	1,538,785	1,610,300	1,538,785
Effect of dilutive potential ordinary shares:				
Convertible preference shares	64,587	64,587	64,587	64,587
Weighted average number of ordinary shares in issue during the period, used in diluted earnings per share	1,698,142	1,603,372	1,674,887	1,603,372



10. DISCONTINUED OPERATION

On 4 October 2019, the Company and the Just Young Limited (the "Purchaser") entered into the Memorandum of Understanding (the "MOU"), pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest of the Orient Apex Investments Limited (the "Orient Apex"), a wholly owned subsidiary of the Company. The Orient Apex mainly (through its two wholly-owned subsidiaries) engaged in human resources business. At the end of reporting periods, the Orient Apex and its subsidiaries were classified as disposal groups held for sale and the Human Resources Services segment is classified as a discontinued operation.

The results of a discontinued operation dealt with in the interim condensed consolidated financial statements for the nine months ended 30 December 2019 and 2018 are summarised as follows:

	(Unaudited) For the three months ended		(Unaudited) For the nine months ended	
	31 December 2019 HK\$'000	31 December 2018 HK\$'000	31 December 2019 HK\$'000	31 December 2018 HK\$'000
Notes				
Revenue	31,416	37,886	99,570	117,141
Direct costs	(28,456)	(33,739)	(91,236)	(105,587)
Gross profit	2,960	4,147	8,334	11,554
Other income	76	95	836	265
General and administrative expenses	(3,262)	(3,707)	(8,662)	(10,365)
Operating profit from discontinued operation	(226)	535	508	1,454
Finance costs	–	–	–	(1)
Profit before income tax from discontinued operation	(226)	535	508	1,453
Income tax expenses	–	–	134	–
Profit for the period from discontinued operation	(226)	535	642	1,453



11. BUSINESS COMBINATION

On 8 May 2019, Wise Astute Limited (the “Wise Astute”), a direct wholly-owned subsidiary of the Company, and CHEN Liyi (the “Vendor”) entered into the conditional sale and purchase agreement (the “Agreement”). Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Wise Astute, a direct wholly-owned subsidiary of the Company, has conditionally agreed to purchase the sale shares, representing the entire issued share capital of Affluent Accord Limited (the “Target Company”), and the all amounts (whether principal, interest or otherwise) of the loan owing by the Target Company and its subsidiary to the Vendor at completion at the consideration in the amount of not more than RMB48,230,000 on the terms and subject to the conditions of the Agreement (the “Acquisition”). The consideration will be satisfied by the allotment and issuance of the new Shares to be allotted and issued to the Vendor at the issue price of HK\$0.31 per share, credited as fully paid, for the purpose of settling the consideration (the “Consideration Shares”).

Pursuant to the Agreement, the parties expect the actual audited net profit after tax of the PRC subsidiary of the Target Company for the financial year ending 31 December 2019 (for the period from 1 January 2019 to 31 December 2019) shall not be less than RMB4,000,000 (“Profit Guarantee”). And subject to the Profit Guarantee, the maximum number of Consideration Shares to be issued for full satisfaction of the consideration will be 180,148,386 Shares.

The Target Company, through its indirectly 70% owned subsidiary, engaged in the provision of professional training in the financial industry, focusing on training for the insurance industry in the PRC.

The Acquisition was completed on 11 June 2019 and 90,074,193 shares of the Consideration Shares has been allotted and issued to the Vendor. The Profit Guarantee has been fulfilled and subject to the approval by the Stock Exchange, the balance of the Consideration Shares will be issued to the Vendor. Further details of the Acquisition are set out in the announcements of the Company dated 8 May 2019, 5 June 2019, 11 June 2019 and 22 January 2020.



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Continuing Operations

The Group recorded an unaudited revenue of approximately HK\$54,707,000 for the nine months ended 31 December 2019, decreased by HK\$20,158,000 or 26.9% from approximately HK\$74,865,000 for the corresponding period of the previous year.

Gross profit for the nine months ended 31 December 2019 was approximately HK\$54,535,000 representing a decrease of approximately HK\$17,154,000 or 23.9% as compared with the last corresponding period (nine months ended 31 December 2018: approximately HK\$71,689,000).

The unaudited net profit attributable to owners of the Company for the nine months ended 31 December 2019 was approximately HK\$21,490,000, representing a decrease of approximately HK\$6,962,000 or 24.5% as compared with the last corresponding period (nine months ended 31 December 2018: HK\$28,452,000).

The Group's general and administrative expenses for the nine months ended 31 December 2019 amounted to approximately HK\$26,870,000, which represented an increase of approximately HK\$2,729,000 or 11.3% as compared with the last corresponding period (nine months ended 31 December 2018: HK\$24,141,000). The increase was mainly resulting from the insurance trading business acquired during the period.

The Group's finance cost for the nine months ended 31 December 2019 amounted to approximately HK\$9,649,000 (nine months ended 31 December 2018: HK\$15,331,000), which was mainly attributable to the bond and borrowings outstanding during the period.

Discontinued operation

The Human Resources Services recorded a revenue of HK\$99,570,000 and a net profit of HK\$642,000 (nine months ended 31 December 2018: revenue of HK\$117,140,000 and net profit of HK\$1,453,000).



Total comprehensive expense for the nine months ended 31 December 2019 was HK\$31,097,000 (nine months ended 31 December 2018: HK\$42,731,000) mainly comprised the exchange difference arising on transaction of foreign operations, resulted from the depreciation of renminbi of approximately 4.5% 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; (v) loan financing services; and (vi) insurance services. Human Resources Services were classified as discontinued operation during the period.

Continuing operations

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\$9,037,000 for the nine months ended 31 December 2019, representing a decrease of approximately 27.0% as compared to approximately HK\$12,373,000 for the corresponding period of previous year.

Revenue from loan facilitation services was approximately HK\$14,317,000 for the nine months ended 31 December 2019, representing a decrease of approximately 55.3% as compared to approximately HK\$32,046,000 for the corresponding period of previous year.

Revenue from asset management services was approximately HK\$2,256,000 for the nine months ended 31 December 2019, representing a decrease of 51.5% as compared to approximately HK\$4,648,000 for the corresponding period of previous year.

Revenue from loan financing services was approximately HK\$23,359,000 for the nine months ended 31 December 2019, representing a decrease of approximately 9.5% as compared to approximately HK\$25,798,000 for the corresponding period of previous year.



Discontinued operation

Revenue from Human Resources Services was approximately HK\$99,570,000 for the nine months ended 31 December 2019, representing a decrease of approximately 15.0% as compared to approximately HK\$117,140,000 for the corresponding period of previous year.

Acquisition of subsidiary

On 11 June 2019, we have completed the acquisition of entire issued share capital of the Affluent Accord Limited, and the loan owing by the Affluent Accord Limited and its PRC subsidiary to Chen Liyi at the date of completion and 90,074,193 consideration shares were issued. The PRC Subsidiary was engaged in the insurance training industry. During the period, revenue of HK\$5,738,000 was generated from this segment.

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.

We have strategically finetuning our business portfolio and we have entered into MOU to dispose of the Human Resources Business. We have been continuing to diversify and expand into related business, namely, insurance training business in order to capture the increasing opportunities in the market.

Capital Structure of the Group

Saved for the issue of 90,074,193 Consideration Shares upon the Acquisition as disclosed in note 11, there was no 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 2019, the exchange loss arising on retranslation of foreign operations of HK\$43,455,000 (nine months ended 31 December 2018: exchange loss of HK\$72,855,000) 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 2019, 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 2019.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2019, 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 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	8.68%
Cai Zhen Hui	Beneficially owned	62,970,000	3.85%

Save as disclosed above, as at 31 December 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 31 December 2019, 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	12.68%
Zhang Jian	Interest in controlled corporation (<i>Note 1</i>)	207,200,000	12.68%
Li Ang	Interest in controlled corporation (<i>Note 2</i>)	141,764,039	8.68%
Elate Star Limited ("Elate Star")	Beneficial owner (<i>Note 2</i>)	141,764,039	8.68%

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 31 December 2019.

Short positions in underlying shares of the Company

As at 31 December 2019, 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 2019, 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 as disclosed in note 11, 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 2019.

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 2019.



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 2019.

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 2019.

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 2019 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
Li Ang
Chairman

Hong Kong, 14 February 2020