



**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

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

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This announcement, 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 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 six months ended 30 September 2017 amounted to HK\$135,482,000 (2016: HK\$146,496,000), representing a decrease of approximately 7.5% as compared with corresponding period of the previous year.
- Profit attributable to owners of the Company for the six months ended 30 September 2017 amounted to HK\$14,506,000 while profits attributable to owners of the Company for the six months ended 30 September 2016 amounted to HK\$31,749,000.
- Basic earnings per share for the six months ended 30 September 2017 amounted to approximately HK\$0.99 cent while basic earnings per share for the six months ended 30 September 2016 amounted to approximately HK\$2.65 cents.

UNAUDITED INTERIM 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 six months ended 30 September 2017 together with the comparative unaudited figures for the corresponding periods in 2016 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVES INCOME

For the six months ended 30 September 2017

		Unaudited		Unaudited	
		For the three months ended		For the six months ended	
		30 September	30 September	30 September	30 September
		2017	2016	2017	2016
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	5	66,443	77,439	135,482	146,496
Direct costs		(33,541)	(44,720)	(72,993)	(96,175)
Gross profit		32,902	32,719	62,489	50,321
Other income	5	801	2,919	882	5,283
General and administrative expenses		(24,286)	(8,378)	(40,729)	(18,199)
Operating profit		9,417	27,260	22,642	37,405
Finance costs	6	(3,215)	(3)	(3,215)	(6)
Profit before income tax	7	6,202	27,257	19,427	37,399
Income tax expense	8	(1,675)	(4,176)	(4,873)	(5,627)
PROFIT FOR THE PERIOD		4,527	23,081	14,554	31,772
OTHER COMPREHENSIVE INCOME FOR THE PERIOD					
Release of investment revaluation reserve upon disposal of available-for-sale investments		(738)	–	(738)	–
Effect of foreign exchange rate change		10,001	(6,774)	10,001	(6,774)
Total comprehensive income for the period		13,790	16,307	23,817	24,998
Profit for the period attributable to					
Owners of the Company		4,501	23,077	14,506	31,749
Non-controlling interest		26	4	48	23
		4,527	23,081	14,554	31,772
Total comprehensive income/(expense) for the period attributable to					
Owners of the Company		13,764	16,330	23,769	25,002
Non-controlling interest		26	(23)	48	(4)
Earnings per share for profit attributable to owners of the Company					
– Basic (HK cent(s))		0.308	1.880	0.992	2.650
– Diluted (HK cent(s))		0.295	1.780	0.949	2.510

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 September 2017

	<i>Notes</i>	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
ASSET AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,453	1,771
Goodwill		574,556	574,556
Contingent consideration receivable			
– non-current portion		3,018	3,018
Loan and interest receivables			
– non-current portion		–	11,913
Intangible assets		5,183	5,291
Interests in associates		–	–
Available-for-sale investments		105,976	108,195
		<u>690,186</u>	<u>704,774</u>
Current assets			
Held for trading investments		306	286
Trade and other receivables		69,090	64,413
Loan and interest receivables			
– current portion		643,750	389,316
Contingent consideration receivable			
– current portion		280	280
Amounts due from related parties		59	3,740
Amount due from an associate		–	–
Bank balances and cash		44,389	65,253
		<u>757,874</u>	<u>523,288</u>
Current liabilities			
Other payables and accrued expenses		39,862	31,787
Obligation under finance lease		220	174
Amount due to an associate		–	3
Bonds payable		108,000	–
Tax payable		1,361	3,742
		<u>149,443</u>	<u>35,706</u>
Net current assets		<u>608,431</u>	<u>487,582</u>
Total assets less current liabilities		<u>1,298,617</u>	<u>1,192,326</u>

		As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
Non-current liabilities			
Obligation under finance lease		–	118
Bonds payable		82,700	–
Deferred tax liabilities		1,193	1,301
		<u>83,893</u>	<u>1,419</u>
Net assets		<u>1,214,724</u>	<u>1,190,907</u>
Capital and reserves			
Share capital	13	14,616	14,616
Reserves		1,195,546	1,171,777
		<u>1,210,162</u>	<u>1,186,393</u>
Equity attributable to owners of the Company		4,562	4,514
Non-controlling interest		<u>1,214,724</u>	<u>1,190,907</u>
Total equity		<u>1,214,724</u>	<u>1,190,907</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Convertible preference shares <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interest <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
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	-	-	-	-	-	-	(6,774)	31,749	24,975	23	24,998
Issue of share upon placing	965	72,989	-	-	-	-	-	-	73,954	-	73,954
At 30 September 2016 (Unaudited)	<u>12,486</u>	<u>791,305</u>	<u>100,575</u>	<u>(213)</u>	<u>-</u>	<u>5,030</u>	<u>(10,153)</u>	<u>73,683</u>	<u>972,713</u>	<u>4,749</u>	<u>977,462</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
Total comprehensive income for the period	-	-	-	-	(738)	-	10,001	14,506	23,769	48	23,817
At 30 September 2017 (Unaudited)	<u>14,616</u>	<u>997,994</u>	<u>99,085</u>	<u>(213)</u>	<u>6,433</u>	<u>10,936</u>	<u>(6,228)</u>	<u>87,539</u>	<u>1,210,162</u>	<u>4,562</u>	<u>1,214,724</u>

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	(225,154)	(83,299)
Net cash generated from (used in) investing activities	3,729	(1,195)
Net cash generated from financing activities	<u>190,628</u>	<u>73,870</u>
Net decrease in cash and cash equivalents	(30,797)	(10,624)
Cash and cash equivalents at beginning of the period	65,253	94,152
Effect of foreign exchange rate changes	<u>9,933</u>	<u>(3,245)</u>
Cash and cash equivalents at end of the period	<u>44,389</u>	<u>80,283</u>
Analysis of cash and cash equivalents	<u><u>44,389</u></u>	<u><u>80,283</u></u>

NOTES TO THE 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 Growth Enterprise Market (“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

The unaudited condensed consolidated financial information for the six months ended 30 September 2017 (“Interim Financial Information”) have been prepared in accordance with Hong Kong Accounting Standard (“HKASs”) 34 “Interim Financial Reporting” issued by the Hong Kong Institutes of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial information should be read in conjunction with audited financial statements and notes thereto for the year ended 31 March 2017.

It should be noted that accounting estimates and assumptions are used in preparation of unaudited condensed consolidated financial information. 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 Interim Financial Information are unaudited, but have been reviewed by the Audit Committee of the Company. The Interim Financial Information were approved for issue on 13 November 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on historical cost basis. Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2017.

In the current interim period, the Group has applied for the first time in the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or on the disclosures set out in these condensed consolidated financial statements.

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 (“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 six-month periods ended 30 September 2016 and 2017.

Segment revenue and results

For the six-month period ended 30 September 2017 (unaudited)

	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>
Segment revenue	<u>81,522</u>	<u>13,549</u>	<u>29,682</u>	<u>3,122</u>	<u>7,607</u>	<u>135,482</u>
Segment profit	<u>1,575</u>	<u>8,406</u>	<u>22,597</u>	<u>1,332</u>	<u>7,597</u>	<u>41,507</u>
Interest income						3
Unallocated corporate expenses						<u>(22,083)</u>
Profit before income tax						<u><u>19,427</u></u>

For the six-month period ended 30 September 2016 (Unaudited)

	Human resource 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>	Consolidated <i>HK\$'000</i>
Reportable segment revenue	<u>104,956</u>	<u>5,851</u>	<u>20,457</u>	<u>15,202</u>	<u>146,496</u>
Reportable segment profit	<u>2,316</u>	<u>4,342</u>	<u>16,505</u>	<u>13,128</u>	<u>36,291</u>
Interest income					5,193
Unallocated corporate expenses					<u>(4,085)</u>
Profit before income tax					<u><u>37,399</u></u>

There is no inter-segment sale between different business segments during the period or prior year.

Geographical information

The following table presents the revenue from external customers for the six months ended 30 September 2017 and 2016 by geographical locations:

	For the six months ended	
	30 September 2017 (Unaudited) HK\$'000	30 September 2016 (Unaudited) HK\$'000
Revenue from customers		
Hong Kong	81,522	104,986
PRC	53,960	41,510
	<u>135,482</u>	<u>146,496</u>

5. REVENUE AND OTHER INCOME

An analysis of the Group's revenue and other income is as follows:

	Three months ended		Six months ended	
	30 September 2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	30 September 2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue				
Staff outsourcing services	33,986	45,658	73,855	97,530
Executive/staff search services	2,164	1,843	3,854	4,252
Other human resources support services	1,838	1,597	3,813	3,204
Credit consultancy services	5,595	3,840	13,549	5,851
Loan facilitation services	15,928	12,157	29,682	20,457
Asset management services	1,764	12,344	3,122	15,202
Loan financing services	5,168	–	7,607	–
	<u>66,443</u>	<u>77,439</u>	<u>135,482</u>	<u>146,496</u>
Other income				
Interest income	3	3,438	3	5,193
Sundry income/(expense)	798	(519)	879	90
	<u>801</u>	<u>2,919</u>	<u>882</u>	<u>5,283</u>
	<u>67,244</u>	<u>80,358</u>	<u>136,364</u>	<u>151,779</u>

6. FINANCE COSTS

	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest charges on:				
Bonds payable	3,212	–	3,212	–
Obligation under a finance lease	3	3	3	6
	<u>3,215</u>	<u>3</u>	<u>3,215</u>	<u>6</u>

7. PROFIT BEFORE INCOME TAX

	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of services rendered	33,541	44,720	72,993	96,175
Depreciation:				
– Owned assets	30	87	61	174
– Leased assets	71	71	142	142
	<u>101</u>	<u>158</u>	<u>203</u>	<u>316</u>
Employee benefits expenses (including directors' remuneration):				
Salaries, allowances and benefits in kind, included in				
– Cost of services rendered	31,038	43,113	66,712	92,281
– General and administrative expenses	6,679	3,770	11,213	7,917
Retirement benefits – defined contribution plans, included in				
– Cost of services rendered	2,563	1,903	5,252	3,766
– General and administrative expenses	204	192	367	385
	<u>40,484</u>	<u>48,978</u>	<u>83,544</u>	<u>104,349</u>

8. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
– Hong Kong Profits Tax				
– charged for the period	–	224	–	382
– Enterprise Income Tax of The People's Republic of China (the "PRC")	<u>1,675</u>	<u>3,952</u>	<u>4,873</u>	<u>5,245</u>
	<u>1,675</u>	<u>4,176</u>	<u>4,873</u>	<u>5,627</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits derived in Hong Kong for both periods.

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are subject to China Enterprise Income Tax at the rate of 25% for both periods and 9% is specifically for the PRC subsidiaries which are operating in Tibet Autonomous Region.

9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2017 (2016: nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 September 2017 is based on the following data:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	14,506	31,749
	2017 <i>'000</i>	2016 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,461,568	1,195,913
Effect of dilutive potential ordinary shares: Convertible preference shares	66,500	67,500
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,528,068	1,263,413

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group acquired items of property plant and equipment with a total cost of approximately HK\$44,000 (2016: HK\$745,000).

12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

The Group normally allows credit periods of 30 days to its major customers.

Included in the trade and other receivables, prepayments and deposits of the Group and trade receivables of approximately HK\$40,838,000 (31 March 2017: HK\$39,781,000). The following is an aged analysis of trade receivables at the end of the financial reporting periods:

	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
0–30 days	25,893	22,148
31–60 days	3,077	8,791
61–90 days	6,631	4,212
91–180 days	5,237	4,630
	40,838	39,781

13. SHARE CAPITAL

	Period ended 30 September 2017 (Unaudited)	
	<i>Number of ordinary shares</i>	<i>HK\$'000</i>
Authorised (HK\$0.01 each):		
At beginning and end of the period/year	5,000,000,000	50,000
Issued and fully paid (HK\$0.01 each):		
At 31 March 2017	1,461,568,000	14,616
At 30 September 2017	1,461,568,000	14,616

14. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total remuneration of directors during the period				
– Short-term employee benefits	400	420	775	840
– Post-employment benefits	5	5	9	9
	<u>405</u>	<u>425</u>	<u>784</u>	<u>849</u>

The directors consider that other than themselves, the Group had no other key management personnel.

15. RESERVES

The amounts of the Group's unaudited reserves and the movements therein for the current and the same period of previous year are presented in the condensed consolidated statement of changes in equity of the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group recorded an unaudited revenue of approximately HK\$135,482,000 for the six months ended 30 September 2017, representing a decrease of 7.5% from approximately HK\$146,496,000 for the corresponding period of the previous year.

The unaudited net profit attributable to shareholders for the six months ended 30 September 2017 was HK\$14,506,000 whereas the Group recorded a net profit of approximately HK\$31,749,000 for the corresponding period of the previous year. The decrease was mainly due to the decrease in turnover of asset management services. In addition, a professional fee of Bond issuance incurred during the six months ended 30 September 2017.

The Group's gross profit for the six months ended 30 September 2017 was approximately HK\$62,489,000, representing an increase of approximately 24% as compared with the corresponding period (2016: HK\$50,321,000). The increase in the Group's gross profit was mainly due to attributable by the profits derived from the Group's provision of loan facilitation and credit consultancy services, which accounted for approximately 57% of the Group's total gross profit.

The Group's general and administrative expense for the six months ended 30 September 2017 amounted to HK\$40,729,000, which represented an increase of approximately 123% as compared with the last corresponding period (2016: HK\$18,199,000). The increase is mainly due to the inclusion of administrative expenses incurred a professional fee of Bond issuance during the six months ended 30 September 2017.

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.

For the six months ended 30 September 2017, the unaudited revenue from staff outsourcing services was approximately HK\$73,855,000, representing a decrease of approximately 24% when compared to approximately HK\$97,530,000 for the corresponding period of the previous year. The reason for the decrease was due to a reduction in demand for staff outsourcing services from existing clients.

Revenue from credit consultancy services in the PRC was approximately HK\$13,549,000 for the year ended 30 September 2017, representing an increase of approximately 131.6% as compared to approximately HK\$5,851,000 for the corresponding period of previous year.

Revenue from loan facilitation services was approximately HK\$29,682,000 for the year ended 30 September 2017, representing an increase of approximately 45.1% as compared to approximately HK\$20,457,000 for the corresponding period of previous year.

Revenue from new classified loan financing services was approximately HK\$7,607,000 for the year ended 30 September 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, asset management business and 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.

Liquidity and Finance Resources

During the period under review, the Group financed its operations by internally generated cash flow. As at 30 September 2017, the Group had net current assets of HK\$608,431,000 (31 March 2017: HK\$487,582,000) including bank balances and cash of approximately HK\$44,389,000 (31 March 2017: HK\$65,253,000). The current ratio, being the ratio of current assets to current liabilities, as at 30 September 2017 was approximately 5.07 (31 March 2017: 14.65).

As at 30 September 2017, the Group's gearing ratio was approximately 15.72% (31 March 2017: 0.03%), which is calculated based on the Group's total borrowings of approximately HK\$190,920,000 (31 March 2017: HK\$292,000) and the Group's total equity of approximately HK\$1,214,724,000 (31 March 2017: HK\$1,190,907,000).

Capital Structure of the Group

Details of the movements in the Company's share capital are set out in note 13 to the consolidated financial statements in this announcement.

Save as disclosed, there was no material change in the Group's capital structure as compared to the most recent published annual report.

Foreign Exchange Exposure

As most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, the Group's exposure to exchange rate risk is limited. It is the Group's treasury policy to manage its foreign currency exposure only when its potential financial impact is material to the Group. The Group did not use any financial instrument to hedge against foreign currency risk.

Charges on Group's Assets

The Group had motor vehicle acquired under finance lease with a carrying value of approximately HK\$401,000 (31 March 2017: HK\$543,000).

Save as aforesaid, as at 30 September 2017, the Group did not have any mortgage or charge.

Contingent Liabilities

As at 30 September 2017, the Group did not have any material contingent liabilities.

Employees and Remuneration Policies

As at 30 September 2017, the Group's staff costs, including director's remuneration, were approximately HK\$83,544,000 (2016: HK\$104,349,000). It is the Group's policy to review its employee's pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

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 30 September 2017, no share options were granted, exercised or cancelled by the Company under the Scheme and there were no outstanding share options under the Scheme as at 30 September 2017.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 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 September 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 September 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 (<i>Note 1</i>)	208,264,039	14.25%
	Interest in controlled corporation (<i>Note 1</i>)	115,342,126	7.89%
China Construction Bank Corporation (“CCB”)	Person having a security interest in shares (<i>Note 1</i>)	208,264,039	14.25%
	Interest in controlled corporation (<i>Note 1</i>)	115,342,126	7.89%
Upmost Corporation Limited (“Upmost”)	Beneficial owner (<i>Note 2</i>)	207,200,000	14.18%
Zhang Jian	Interest in controlled corporation (<i>Note 2</i>)	207,200,000	14.18%

Name	Nature of interests	Number of Shares held	Approximate percentage of Issued share capital
Li Ang	Interest in controlled corporation (<i>Note 3</i>)	141,764,039	9.70%
Elate Star Limited ("Elate Star")	Beneficial owner (<i>Note 3</i>)	71,764,039	4.91%
Gao Tong Limited ("Gao Tong")	Beneficial owner (<i>Note 3</i>)	70,000,000	4.79%
Lv Xiang-yang	Beneficial owner	109,050,000	7.46%
Zhan Yu Global Limited ("Zhan Yu")	Beneficial owner (<i>Note 4</i>)	75,000,000	5.13%
Ye Jun	Interest in controlled corporation (<i>Note 4</i>)	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 September 2017.

Short positions in underlying shares of the Company

As at 30 September 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 September 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 six months ended 30 September 2017. The Company had not redeemed any of its listed securities during the six months ended 30 September 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 September 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 six months ended 30 September 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 six months ended 30 September 2017.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcement dated 18 September 2017. The Subscriber (by way of the Bondholder's Resolutions) and the Company agreed to change the terms of the Tranche B Bond into Convertible Bonds by way of the Supplemental Bond Instrument, which was subsequently executed on 17 October 2017.

Conversion price was initially set at HK\$0.954 per share, subject to adjustments. Upon exercise of the conversion rights under the Convertible Bonds in full at the Conversion Price of HK\$0.954 per Conversion Share, a total of 52,410,901 Conversion Shares will be allotted and issued to the Subscriber.

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 six months ended 30 September 2017 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, 13 November 2017

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.