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YIN HE HOLDINGS LIMITED

銀合控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8260)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Financial Adviser



Euto Capital Partners Limited

Placing Agent



China Industrial Securities International Brokerage Limited

THE PLACING

On 27 May 2016 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 30,000,000 Placing Shares at the Placing Price of HK\$0.685 per Placing Share to not less than six Placees who and whose beneficial owners shall be Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represents (i) approximately 2.55% of the existing issue share capital of the Company of 1,177,076,923 Shares as at the date of this announcement; and (ii) approximately 2.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$300,000.

The Placing Price of HK\$0.685 per Placing Share represents (i) a discount of approximately 19.41% to the closing price of HK\$0.850 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 18.65% of the average closing price of HK\$0.842 per Share in the last five trading days immediately prior to the date of the Placing Agreement.

It is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$20.6 million and approximately HK\$20.1 million, respectively. The net proceeds from the Placing are intended to be utilized as general working capital of the Group and for the liquid capital pool of the Group to provide entrusted loans to customers when opportunities may arise from time to time. The net price per Placing Share is approximately HK\$0.670.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date

27 May 2016 (after trading hours)

Issuer

The Company

Placing Agent

China Industrial Securities International Brokerage Limited

The Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 30,000,000 Placing Shares to independent Placees. To the best of Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its respective associates are Independent Third Parties.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares either by themselves or through their respective sub-placing agents to not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) are Independent Third Parties.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 30,000,000 Placing Shares under the Placing represents (i) approximately 2.55% of the existing issue share capital of the Company of 1,177,076,923 Shares as at the date of this announcement; and (ii) approximately 2.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$300,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.685 per Placing Share represents (i) a discount of approximately 19.41% to the closing price of HK\$0.850 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 18.65% to the average closing price of HK\$0.842 per Share in the last five trading days immediately prior to the date of the Placing Agreement. The Placing Price of the Placing was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Placing Commission

The placing commission to be received by the Placing Agent pursuant to the Placing Agreement is 2% of the aggregate Placing Price (being HK\$0.685) of the Placing Shares (being the maximum number of 30,000,000 Shares).

General Mandate to allot and issue the Placing Shares

The Placing Shares will be issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders. Under the General Mandate, the Company is authorised to issue up to 133,000,000 Shares. As at the date of this announcement, 91,500,000 Shares has been issued under the General Mandate.

Application for listing of Placing Shares

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Condition of the Placing Agreement

Completion of the Placing Agreement is conditional upon the GEM Listing Committee of the Stock Exchange granting a listing of, and permission to deal in, the Placing Shares.

Completion of the Placing

Completion of the Placing, in any event, will take place on the Completion Date.

If the above condition is not fulfilled by 10 June 2016 (or such later date as may be agreed by the Placing Agent and the Company) all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and none of the parties under the Placing Agreement shall have any claim against any other party in respect of the Placing, save for any antecedent breaches.

Termination and force majeure

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on Completion Date, if in its absolute opinion; the success of the Placing would be materially and adversely affected by any force majeure event:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material adverse change in, or which is likely to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would materially adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would materially adversely affect the success of the Placing; or
- (iii) any material adverse change in conditions of local, national or international securities markets occurs which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or
- (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing; or

- (v) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere and if in Placing Agent's reasonable opinion, any such change or development would materially adversely affect the success of the Placing; or
- (vi) any litigation or claim being instigated against any member of the Group, which has or is likely to have a material adverse effect on the business or financial position of the Group and which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or
- (vii) any material breach of any of the representations and warranties set out under the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision under the Placing Agreement; or
- (viii) there is any adverse change in the financial position of the Company which is material in the context of the Placing; or
- (ix) the trading of the Shares on the Stock Exchange has been suspended for more than five consecutive trading days save for temporary suspension in connection with the Placing.

Upon giving of notice pursuant to the paragraphs above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of occurrence of any such events as at the date of this announcement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the provision of (i) staff outsourcing services, executive/staff search and other human resources support services; (ii) credit assessment, credit counselling services; (iii) provision of entrusted loans; (iv) provision of peer-to-peer ("P2P") financial intermediary services in the PRC; and (v) provision of financial advisory services in the PRC.

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide additional working capital to the Group to meet its ongoing development both for its existing (such as provision of entrusted loans) and its new business segments lately commenced (such as provision of P2P financial intermediary services in the PRC and provision of financial advisory services in the PRC). The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. The Directors consider that the Placing is in the interest of the Company and the Shareholders as a whole.

As disclosed above, the maximum net proceeds will be approximately HK\$20.1 million. It is expected that the net proceeds from the Placing will be utilised as general working capital of the Group and for the liquid capital pool of the Group to provide entrusted loans to customers when opportunities may arise from time to time ("Liquid Capital Pool"). Although the Company has sufficient general working capital for next 12 months (even without the net proceeds from Placing), the Company plans to set aside 20% (approximately HK\$4.02 million) of the net proceeds from Placing for the general working capital of the Group. The remaining 80% (approximately HK\$16.08 million) of the net proceeds from Placing will be allocated to the Liquid Capital Pool.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS FROM THE DATE OF THIS ANNOUNCEMENT

Save as disclosed below, the Board confirms that the Company has not raised any funds on any issue of equity securities in the 12 months immediately preceding the date of this announcement.

Date of announcement	Fund-raising activity	Net proceeds raised (approximately)	Intended use of proceeds as stated in the announcement	Actual use of proceeds
10 November 2015 and 18 November 2015	Subscription of 66,500,000 Shares at HK\$1.18 per Share under General Mandate	HK\$78.29 million	General working capital of the Company	Used as intended
6 May 2016, 12 May 2016 and 20 May 2016	Subscription of 25,000,000 Shares at HK\$0.64 per Share under General Mandate	HK\$15.60 million	20% for general working capital of the Company 80% for entrusted loans to customers when opportunities may arise from time to time	Used as intended

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding in the Company (a) as at the date of this announcement; and (b) immediately after completion of the Placing is as follows:

	i) As at the date of this announcement		ii) Immediately after completion of the Placing (Assuming the maximum number of Placing Shares is placed and there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing)	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Upmost Corporation Limited (<i>Note 1</i>)	207,200,000	17.60	207,200,000	17.17
Li Si Cong (<i>Note 2</i>)	66,500,000	5.65	66,500,000	5.51
Elate Star Limited (<i>Note 3</i>)	34,764,039	2.95	34,764,039	2.88
Li Ang (<i>Note 3</i>)	22,000,000	1.87	22,000,000	1.82
Placees	—	—	30,000,000	2.49
Other public Shareholders	846,612,884	71.93	846,612,884	70.13
	<u>1,177,076,923</u>	<u>100.00</u>	<u>1,207,076,923</u>	<u>100.00</u>
Total	<u>1,177,076,923</u>	<u>100.00</u>	<u>1,207,076,923</u>	<u>100.00</u>

Notes:

1. Upmost Corporation Limited held 207,200,000 Shares. As Upmost Corporation Limited is wholly and beneficially owned by Mr. Zhang Jian, Mr. Zhang Jian is deemed to be interested in 207,200,000 Shares.
2. Mr. Li Si Cong is an executive Director.
3. Mr. Li Ang is the son of Mr. Li Si Cong. Elate Star Limited is wholly and beneficially owned by Mr. Li Ang and therefore, Mr. Li Ang is deemed to be interested 34,764,039 Shares held by Elate Star Limited.

GENERAL

The Placing Shares will be issued under the General Mandate and therefore the Placing will not be subject to Shareholder's approval. Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day on which commercial banks generally are open for business in Hong Kong other than (i) a Saturday or (ii) a “general holiday” as defined in section 2 of the General Holidays Ordinance (Cap.149, Laws of Hong Kong), or one of the days specified from time to time in the Schedule to that Ordinance as being “general holidays” under Section 3 thereof or (iii) a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon
“Company”	Yin He Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM
“Completion Date”	within four (4) Business Days following the fulfillment of the condition in respect of Placing Agreement or such other date agreed by Company and the Placing Agent
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 27 July 2015 to issue and allot up to 133,000,000 Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party who is independent of, and not connected with the Directors, chief executive or substantial shareholders of each of the Company, its subsidiaries and their respective associates, in accordance with the GEM Listing Rules
“Long Stop Date”	10 June 2016 or such other date as the Company and the Placing Agent may agree in writing
“Placee(s)”	any person or entity whom the Placing Agent and/or any of its agent(s) has procured to subscribe for any of the Placing Shares (who will be professional, institutional and/or individual investors independent of and not connected with or acting in concert with any of the directors, substantial shareholders and chief executive of the Company, or any of its subsidiaries and their respective associates or any parties acting in concert with any of them)
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement upon the terms and subject to the conditions set out in the Placing Agreement;
“Placing Agent”	China Industrial Securities International Brokerage Limited, a corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 27 May 2016 in relation to the Placing
“Placing Price”	HK\$0.685 per Placing Share

“Placing Shares”	up to a total of 30,000,000 new Shares to be placed pursuant to the Placing Agreement upon the terms and subject to the conditions set out in the Placing Agreement
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Yin He Holdings Limited
Lam Tsz Chung
Executive Director

Hong Kong, 27 May 2016

As at the date of this announcement, the executive Directors are Mr. Lam Tsz Chung, Mr. Li Si Cong and Mr. Zheng Zhong Qiang, the non-executive Director is Mr. Chang Tin Duk Victor and the independent non-executive Directors are Mr. Lam Raymond Shiu Cheung, Mr. Wang En Ping and Dr. Cheung Wai Bun Charles, JP.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM 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.

This announcement will remain on GEM website on the “Latest Listed Company Information” page for at least seven days from the day of its posting and on the Company’s website at www.yinhe.com.hk.