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**ANNOUNCEMENT OF FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 30 JUNE 2016**

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of Yin He Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, 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.

FIRST QUARTERLY RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 30 June 2016 together with the comparative unaudited figures for the corresponding period in 2015 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2016

		(Unaudited)	
		For the three months ended	
		30 June	30 June
		2016	2015
	Notes	HK\$'000	HK\$'000
Revenue	4	69,057	55,060
Direct costs		<u>(51,455)</u>	<u>(49,077)</u>
Gross profit		17,602	5,983
Other income	4	2,364	252
General and administrative expenses		<u>(9,821)</u>	<u>(5,626)</u>
Operating profit		10,145	609
Finance costs	5	<u>(3)</u>	<u>(18)</u>
Profit before income tax		10,142	591
Income tax expense	6	<u>(1,451)</u>	<u>(465)</u>
Profit for the period		<u>8,691</u>	<u>126</u>
Profit for the period attributable to			
Owners of the Company		8,672	126
Non-controlling interest		<u>19</u>	<u>–</u>
		<u>8,691</u>	<u>126</u>
Total comprehensive income			
for the period attributable to			
Owners of the Company		8,672	126
Non-controlling interest		<u>19</u>	<u>–</u>
		<u>8,691</u>	<u>126</u>
Earnings per share for profit attributable			
to owners of the Company			
– Basic (HK cent)	7	0.743	0.019
– Diluted (HK cent)	7	<u>0.702</u>	<u>N/A</u>

NOTES TO THE FINANCIAL INFORMATION

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 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.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are (i) provision of staff outsourcing services, executive/staff search services and other human resources support services; (ii) provision of credit assessment and credit consultancy services; (iii) provision of loan facilitation services and (iv) provision of asset management services.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information for the three months ended 30 June 2016 have been prepared in accordance with Hong Kong Financial Reporting Standard (“HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and interpretations issued by the Hong Kong Institutes of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial information has been prepared on the historical cost basis.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial information for the three months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2016.

In the current period, the Group has applied, for the first time, certain new or revised HKFRSs issued by the HKICPA that are mandatorily effective for the current period.

The application of the new or revised HKFRSs in the current period has had no material effect on the amounts reported in the unaudited condensed consolidated financial information and/or disclosures set out in the unaudited condensed consolidated financial information.

The unaudited consolidated results for the three months ended 30 June 2016 have not been audited by the Company’s auditor, but have been reviewed by the Company’s audit committee.

3. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors, the chief operating decision-makers, in order to allocate resources and assess performance of the segment.

Specifically, the Group's reportable segments 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, asset management firms and private equity funds and minority investments in private companies

Revenue and expenses are allocated to the reportable segments with reference to revenue generated and the expenses incurred by those segments. The measurement of segment profit or loss is the same as those used in preparing these financial statements under HKFRSs except that finance costs, and other income and expenses not directly attributable to business activities of the operating segments are not included in arriving at the operating results of the operating segments. Unallocated corporate results comprise of administrative expenses of the Company for the three-month periods ended 30 June 2015 and 2016.

Segment revenue and results

	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>	Consolidated <i>HK\$'000</i>
For the three months ended 30 June 2016					
Segment revenue	<u>55,888</u>	<u>2,011</u>	<u>8,300</u>	<u>2,858</u>	<u>69,057</u>
Segment profit	<u>959</u>	<u>1,256</u>	<u>7,831</u>	<u>977</u>	11,023
Interest income					1,755
Unallocated corporate expenses					<u>(2,636)</u>
Profit before tax					<u>10,142</u>
For the three months ended 30 June 2015					
Segment revenue	<u>52,559</u>	<u>2,501</u>	<u>-</u>	<u>-</u>	<u>55,060</u>
Segment profit	<u>141</u>	<u>1,493</u>	<u>-</u>	<u>-</u>	1,634
Interest income					252
Unallocated corporate expenses					<u>(1,295)</u>
Loss before tax					<u>591</u>

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

Geographical information

The following table presents the revenue from external customers for the three months ended 30 June 2016 and 2015 by geographical locations:

	(Unaudited)	
	For the three months ended	
	30 June	30 June
	2016	2015
	HK\$'000	HK\$'000
Revenue from external customers		
Hong Kong	55,888	52,559
PRC	13,169	2,501
	69,057	55,060

4. REVENUE AND OTHER INCOME

An analysis of the revenue from the Group's principal activities, which is also the Group's turnover, and other income is as follows:

	(Unaudited)	
	For the three months ended	
	30 June	30 June
	2016	2015
	HK\$'000	HK\$'000
Revenue		
Staff outsourcing services	50,873	49,513
Executive/Staff search services	2,408	1,787
Other human resources support services	2,607	1,259
Credit consultancy services	2,011	2,501
Loan facilitation services	8,300	–
Asset management services	2,858	–
	69,057	55,060
Other income		
Interest income	1,755	252
Sundry income	609	–
	2,364	252
	71,421	55,312

5. FINANCE COSTS

(Unaudited)
For the three months ended
30 June 30 June
2016 2015
HK\$'000 **HK\$'000**

Interest charges on:

Bank borrowings, which contain a repayment on demand
clause, wholly repayable within five years

– 18

Obligation under finance lease

3 –

3 18

6. INCOME TAX EXPENSE

(Unaudited)
For the three months ended
30 June 30 June
2016 2015
HK\$'000 **HK\$'000**

Current tax

– Hong Kong Profits Tax
– charged for the period

158 25

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

1,293 440

1,451 465

Hong Kong profits tax have been provided for at 16.5% on the estimated assessable profits for the three months ended 30 June 2016 (2015: 16.5%).

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are subject to EIT at the rate of 25% for the three months ended 30 June 2016 (2015: 25%) and 9% is specifically for the PRC subsidiaries which are operating in Tibet Autonomous Region.

7. EARNINGS PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <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	<u>8,691</u>	<u>126</u>
	2016 <i>'000</i>	2015 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,169,549	665,000
Effect of dilutive potential ordinary shares:		
Convertible preference shares	<u>67,500</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,237,049</u>	<u>665,000</u>

For the period ended 30 June 2015, no diluted earnings per share has been presented as there was no dilutive potential ordinary share.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited revenue of approximately HK\$69,057,000 for the three months ended 30 June 2016, representing an increase of approximately 25.4% as compared with the last corresponding period of the previous year (2015: approximately HK\$55,060,000).

The Group reported a net profit of approximately HK\$8,691,000 during the three months ended 30 June 2016, as compared to a net profit of approximately HK\$126,000 for the same period of last financial year, representing an increase of approximately 6,798%. The increase was due to the increase in profit contributed by the Group's subsidiaries acquired during the year ended 31 March 2016.

Gross profit for the three months ended 30 June 2016 was approximately HK\$17,602,000 representing an increase of approximately 194% as compared with the last corresponding period (2015: approximately HK\$5,983,000). The significant increase in the Group's gross profit was mainly attributable by the profits derived from the Group's provision of loan facilitation and asset management services, which accounted for almost approximately 63% of the Group's total gross profit. These business segments also placed a positive impact on the Group's gross profit margin. The gross profit margin of the Group for the three months ended 30 June 2016 was approximately 25.5%, significantly higher when compared with the last corresponding period (2015: 10.9%).

The Group's administrative expenses for the three months ended 30 June 2016 amounted to approximately HK\$9,821,000 representing an increase of approximately 74.50% as compared with the last corresponding year. The increase is due to the inclusion of administrative expenses incurred by the Group's subsidiaries acquired during year ended 31 March 2016 (2015: approximately HK\$5,626,000).

Operation Review

The Group has successfully diversified into providing loan facilitation and asset management consultancy services to customers in the PRC and these new business segments have broadened the Group's revenue stream. The unaudited revenue from the above segments for the three months ended 30 June 2016 was approximately HK\$11,158,000 which represented approximately 16.2% of the Group's total revenue.

For the three months ended 30 June 2016, the unaudited revenue from staff outsourcing services was approximately HK\$50,873,000, representing an increase of approximately 2.7% when compared to approximately HK\$49,513,000 for the corresponding period of the previous year. The reason for the increase was due to a rise in demand for staff outsourcing services from existing clients.

Revenue from executive/staff search services for the three months ended 30 June 2016 decreased significantly by approximately 34.8%, the unaudited revenue being approximately HK\$2,408,000 when compared to approximately HK\$1,787,000 for the corresponding period of previous year. The decrease was mainly due to a drop in demand for executive/staff search in the banking industry, together with a significant drop in demand for executive/staff search in the luxury and retail sector, being a domino effect from the economic downturn of the Hong Kong retail market. The Group is continuing to widen its revenue channel by concentrating its focus in the PRC market for executive/staff search this financial year.

The unaudited revenue from other human resources support increased by approximately 107% when compared to the corresponding period of previous year, due to the Group's successful engagements of new clients for its human resources services. For the three months ended 30 June 2016, the unaudited revenue from other human resources support services was approximately HK\$2,607,000, while the corresponding period of previous year was approximately HK\$1,259,000.

Placing of new shares

- (a) On 6 May 2016, the Company entered into a placing agreement with China Industrial Securities International Brokerage Limited (the "Placing Agent"). Pursuant to the placing agreement, the Company appointed the Placing Agent to procure not less than six placees who are independent third parties to subscribe for up to 25,000,000 placing shares at a price of HK\$0.64 per placing share (the "First Placing").

The First Placing was completed on 20 May 2016 where 25,000,000 placing shares were subscribed for in full pursuant to the terms and conditions of the placing agreement. The net proceeds arising from the First Placing were approximately HK\$15,600,000.

- (b) On 27 May 2016, the Company entered into another placing agreement with the Placing Agent. Pursuant to the placing agreement, the Company appointed the Placing Agent to procure not less than six placees who are independent third parties to subscribe for up to 30,000,000 placing shares at a price of HK\$0.685 per placing share (the "Second Placing").

The Second Placing was completed on 13 June 2016 where 30,000,000 placing shares were subscribed for in full pursuant to the terms and conditions of the placing agreement. The net proceeds arising from the Second Placing were approximately HK\$20,100,000.

- (c) On 20 June 2016, the Company entered into another placing agreement with the Placing Agent. Pursuant to the placing agreement, the Company appointed the Placing Agent to procure not less than six placees who are independent third parties to subscribe for up to 11,500,000 placing shares at a price of HK\$0.671 per placing share (the “Third Placing”). The Third Placing was completed on 5 July 2016 where 11,500,000 placing shares were subscribed for in full pursuant to the terms and conditions of the placing agreement. The net proceeds arising from the Third Placing were approximately HK\$7,500,000.

Prospects

The Group aims to create value for its shareholders by looking into new business synergies and exploring potential strategic partners to broaden its credit consultancy/ counseling business, loan facilitation business and asset management business in the PRC. While maintaining their competitiveness in the market as the leading human resource services provider in Hong Kong, the Group will also focus strongly on business developments in the PRC by expanding within its existing platform and services network in the PRC.

In addition, the Company will continue to enhance competitiveness and strengthen its market position while maintaining a firm monitor over its cost and operating expenses to maximize the returns for shareholders.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES

As at 30 June 2016, interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (“SFO”)) held by the Directors and chief executives of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the required standard of dealing by the Directors under the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange are as follows:

Long position in the ordinary shares and underlying shares

Name of Director	Nature of interests	Number of Shares held	Approximate percentage of issued share capital
Li Si Cong	Beneficial owner	66,500,000	5.5%

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares of equity derivative and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by the Directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors or chief executives of the Company, as at 30 June 2016, the following persons/entities 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:

Name	<i>Notes</i>	Nature of interests	Number of shares held	Approximate percentage of issued share capital
Upmost Corporation Limited	1	Beneficial owner	207,200,000	17.17%
Zhang Jian		Interest in controlled corporation	207,200,000	17.17%
Zhan Yu Global Limited	2	Beneficial owner	75,000,000	6.21%
Ye Jun		Interest in controlled corporation	75,000,000	6.21%

Notes:

1. Upmost Corporation Limited 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 Corporation Limited is interest.
2. Zhan Yu Global Limited 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 Global Limited is interest.

Short positions in underlying shares of the Company

As at 30 June 2016, no short positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

As at 30 June 2016, the Directors were not aware of any person who had an interest or short position in the underlying shares (including interests in options, if any) of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Company has not completed any material acquisitions or disposal during the period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased or sold any of the Company's listed securities during the three months ended 30 June 2016. The Company had not redeemed any of its listed securities during the three months ended 30 June 2016.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors who have confirmed their compliance with required standard set out in the Securities Code during the three months ended 30 June 2016.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 of the GEM Listing Rules throughout the three months ended 30 June 2016, except for the deviation from the code provision A.2.1 of the Code.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate.

Mr. Cheung Tin Duk, Victor resigned as the Company's chairman and chief executive officer on 31 August 2015 and was re-designated as a non-executive Director. Following his resignation, the Company has been seeking suitable candidates to fill up the vacancies. The Board will continue to review the current management structure from time to time and may make changes if and when appropriate.

COMPLIANCE ADVISER'S INTEREST

During the three months ended 30 June 2016, except for the compliance adviser agreement entered into between the Company and Messis Capital Limited (the "Compliance Adviser") dated 27 March 2013, which commencing on 10 April 2013, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPETITION AND CONFLICT OF INTEREST

None of the Directors, the management shareholders or substantial shareholders of the Company or any of its respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during three months ended 30 June 2016.

REVIEW BY AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely, Mr. Lam Raymond Shiu Cheung, Mr. Wang En Ping and Dr. Cheung Wai Bun Charles, *JP*. Mr. Wang En Ping is the chairman of the audit committee.

The Group's unaudited results for the three months ended 30 June 2016 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
Lam Tsz Chung
Executive Director

Hong Kong, 12 August 2016

Executive Directors as at the date of this announcement:

Mr. Li Si Cong

Mr. Zheng Zhong Qiang

Mr. Lam Tsz Chung

Non-executive Director as at the date of this announcement:

Mr. Chang Tin Duk, Victor

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 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.