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**Yi Hua Holdings Limited**

**益華控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2213)**

**FURTHER DELAY IN PUBLICATION OF AUDITED RESULTS  
ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT  
AND  
GRANT OF WAIVER FROM STRICT COMPLIANCE WITH  
RULES 13.46(2)(a) AND 13.46(2)(b) OF THE LISTING RULES**

Reference are made to (a) the announcements (together, the “**Announcements**”) of Yi Hua Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 31 March 2020, 15 May 2020 and 29 May 2020, in relation to, among other things, (i) the unaudited annual results of the Company for the year ended 31 December 2019 (the “**2019 Annual Results**”); (ii) further delay in the publication of the 2019 Annual Results; and (iii) the application of waiver from strict compliance with Rule 13.46(2)(b) of The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), respectively; (b) the announcement of the Company dated 11 June 2020 (the “**Delay Announcement**”) in relation to, among other things, further delay in publication of the 2019 Annual Results and the grant of waiver from strict compliance with Rule 13.46(2) (a) and 13.46(2)(b) of the Listing Rules; and (c) the announcement of the Company dated 26 June 2020 (the “**Further Delay Announcement**”) in relation to further delay in publication of the 2019 Annual Results. Unless context requires otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements.

## **DELAY IN PUBLICATION OF THE 2019 AUDITED RESULTS ANNOUNCEMENT AND DESPATCH OF THE 2019 ANNUAL REPORT**

As disclosed in the Further Delay Announcement, an application (the “**Waiver Application**”) has been made to the Stock Exchange for the approval in respect of further delay in publication of the announcement of the 2019 audited Financial Results and despatch of the 2019 Annual Report.

As mentioned in the Waiver Application, as a result of the impact of the COVID-19 pandemic, the audit process and publication of the 2019 audited Financial Results and the 2019 Annual Report were delayed. Having considered the grounds listed below in this application, the Company would like to seek for a waiver from the Stock Exchange to further reschedule the meetings of the board (the “**Board**”) of directors of the Company (the “**Directors**”) and further delay in publication of the 2019 audited Financial Results and the 2019 Annual Report.

It is submitted that the Company has been continuously facilitating the process of collection of the audit evidence and supporting documents by the Auditor and the Valuer. Since the commencement of the audit field work and the valuation work, the Company has been providing documents and information as requested by the Auditor and the Valuer from time to time as and when they are compiled, and available, including but not limited to certain sales and purchase contracts, loan agreements, tenancy agreements and management accounts.

As mentioned in the Waiver Application, the execution of the audit work is materially hindered by the travel restriction measures (the “**Measure**”) implemented by the Hong Kong and PRC government for prevention of the COVID-19 pandemic. Given the Measures have not yet been released on both Hong Kong and the PRC, part of the audit procedures, which is necessary for the issuance of audit opinion, are still in progress. The management of the Company needs more time to liaise and coordinate with the relevant personnel and parties who are currently outside Hong Kong to gather relevant information for the valuation and audit work in support of the audit opinion.

As at the date of this application, the major outstanding audit evidence and supporting documents include but are not limited to:

- (i) the Valuer’s work in the impairment or valuation of assets or liabilities, especially for the purpose of adopting Hong Kong Financial Reporting Standard 16 Lease (“**HKFRS 16**”). Set out below is (a) the progress for the valuation work performed during the period from the date of the Waiver Application to the date of this application; and (b) the expected timetable for completion of the valuation work:

- (a) the progress of the valuation work performed by the Valuer during the period from the date of the Waiver Application to the date of this application

Due to the outbreak of the COVID-19 pandemic, most of the staffs resumed work in late April 2020, it led to the delay in the communication with the Valuer and the Auditor on HKFRS 16. In view of the first time adoption of HKFRS 16 and the high volume of leases schedules, after several discussions with the Auditor and the Valuer in relation to the scope of the HKFRS 16, the management of the Company recognised the relevant requirements and prepared the required leases schedules which had been provided to the Valuer on 18 June 2020. It is submitted that, as at 31 December 2019, there was a total of 2,000 leases arrangement which were applicable for applying the HKFRS 16. During the process of the valuation, information and/or documents requested by the Valuer primarily include (i) head lease agreement; (ii) sub-lease agreements; (iii) floor plans; (iv) breakdowns of the relevant operating expenses; (v) historical rent receivables for those units with turnover rent; and (vi) the incremental borrowing rates of each applicable subsidiaries.

As at the date hereof, the Company has provided all the said information and/or documents to the Valuer for further processing.

- (b) The expected timetable for completion of the valuation work

In light of the above mentioned tremendous information, it was agreed that the Valuer required a reasonable timing to digest, assess and analyse the said information. Based on the Valuer's preliminary assessment, the draft valuation report and the relevant calculations are expected to circulate to the Company and the Auditors for their further review and perform substantive work done on or before 15 July 2020. Further, based on the experience of the management of the Company, due to the quality control review by the Auditors and supplemental information requested by the Auditor during the review process, normally two weeks are required for finalization of the valuation report, which is expected to be on or before 31 July 2020.

- (ii) receive written confirmations from banks, debtors, creditors and bondholders of the Group who are currently outside Hong Kong.

During February 2020 to early June 2020, as part of the audit procedures, the Auditor sent confirmation for examination of (i) bank balances and other related information held by the bank on behalf of the Group; (ii) trade and other receivables; (iii) trade and other payables; and (iv) bond payables. Where the Auditor was unable to obtain a response, the Auditor has applied alternative audit procedures to obtain sufficient appropriate audit evidence regarding that matter. These alternative audit procedures include but is not limited to (i) obtain the movements of the relevant account balances, (ii) collect and inspect the payment and receipt slips record during the year; and (iii) review subsequent settlement record.

However, due to the outbreak of the COVID-19 pandemic, the Company's business operations in the PRC were temporarily suspended in the first-quarter of 2020 as the Company had stringently adopted the preventive measures implemented by the PRC Government to prevent the spread of the pandemic. Accordingly, most of audit work was pending until late April 2020 when most of the staffs resumed work. During May 2020 to the date of this application, the management of the Company has continued to liaise and coordinate with relevant personnel to follow up the requested information (including the subsequent settlement of each account balances which requires the Company to furnish the management accounts for the period from January 2020 to June 2020) by the Auditor and the progress of the outstanding audit confirmation.

Also, due to the COVID-19 pandemic, certain contact of the debtors, creditors and bondholders have been changed and such changed vocal points resulting in no response obtained by the Auditor. In light of this situation, it was requested by the Auditor to resend the outstanding audit confirmations again after the Group obtaining the correct contact from the relevant parties. Furthermore, in order to perform the alternative audit work done, the Company was requested by the Auditor to furnish the management accounts of the Group for the period from January 2020 to June 2020. During May 2020 to June 2020, the Group has been kept preparing the required information as per the above, however, due to the tremendous information requested and digested, an inefficient communications before relaxation of the Measures and the unexpected non-response audit confirmation, there is a further delay in the completion of the whole audit process.

Having considered by the Auditor that the audit work remain outstanding are material, significant and high volume, it is expected that the completion date of the relevant audit work done (include the receipt of confirmations and the alternative audit procedure) will be further delayed to on or before 31 July 2020.

After several discussion between the Company, the Valuer and the Auditor, each of the Valuer and the Auditor has assessed the outstanding work done as explained above and the timing for their internal review process, the Company expected that the Valuer will further delay the completion of its valuation report to 31 July 2020 and the Auditor will further delay the completion of its audited financial statements to 12 August 2020. Meanwhile, the Company will continue to work with the Valuer and the Auditor concurrently to assist them to perform all necessary valuation and audit procedures.

The Board is pleased to announce that on 15 July 2020, the Stock Exchange has granted the waiver under Rule 13.42 of the Listing Rules. The expected timeline of the publication of the 2019 audited Financial Results, the despatch of the 2019 Annual Report and the convening of the AGM is set out as follows:

Date of Board Meeting . . . . .	on or before 14 August 2020
Publication of the 2019 audited Financial Results . . . . .	on or before 14 August 2020
Despatch of the 2019 Annual Report . . . . .	on or before 31 August 2020
AGM . . . . .	on or before 15 September 2020

Further announcements will be issued by the Company as and when necessary to inform the Shareholders of the Audit process, the publication of the announcement of the 2019 audited Financial Results and the 2019 Annual Report.

## **GRANT OF WAIVER FROM STRICT COMPLIANCE WITH RULES 13.46(2)(a) AND 13.46(2)(b) OF THE LISTING RULES**

### **The Waiver**

As disclosed in the announcement of the Company dated 26 June 2020, an application has been made by the Company to the Stock Exchange for, and the Stock Exchange has, on 15 July 2020, granted to the Company (i) a waiver from strict compliance with Rule 13.46(2)(a) of the Listing Rules on the basis that the Company will despatch the 2019 Annual Report on or before 31 August 2020; and (ii) a waiver from strict compliance with Rule 13.46(2)(b) of the Listing Rules subject to (a) the Company's compliance with the Companies Law of the Cayman Islands and the articles of association (the "**Articles**") of the Company; and (b) the Company will hold its 2020 AGM on or before 15 September 2020.

By order of the Board  
**Yi Hua Holdings Limited**  
**Chen Jianren**  
*Chairman and Executive Director*

Hong Kong, 16 July 2020

*As at the date of this announcement, the executive Directors are Mr. Chen Jianren, Mr. Fan Xinpei, Mr. Leung Wai Kwan and Mr. Wu Kai;; the non-executive Directors are Mr. Chen Daren and Mr. Chen Wenhan; and the independent non-executive Directors are Mr. Zeng Zhiyi, Mr. Tong I Tony, Mr. Chong Ning and Mr. Huang Jianhang.*