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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)

UPDATE ON LITIGATION

Reference is made to the announcement of Yi Hua Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 19 February 2020 in relation to, among others, certain outstanding liabilities of the Company (the “**Announcement**”). Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, in relation to the Outstanding Loan 2 Liability, the Company entered into the Guarantees under which the Company guaranteed to pay to the Bank up to the amount of HK\$43 million and HK\$100 million for all monies and liabilities incurred by Intelligence Link and Billion Profit, respectively. The Directors wish to update the shareholders and potential investors of the Company that on 22 July 2020, the Company received the judgment (the “**Judgment**”) by the High Court dated 22 June 2020 and filed on 22 July 2020, pursuant to which the High Court ordered, among others, that the Company shall pay the Bank:

- (a) the principal outstanding amount of HK\$13,405,608.25 (being the sum of the outstanding principal of HK\$12,965,075.72 for the Loan Facilities and HK\$440,532.53 for overdrafts);
- (b) outstanding interest accrued as of 13 November 2019 in the amount of HK\$62,658.38;

- (c) further interest on the principal outstanding amount of (i) HK\$12,965,075.72 at the default rate of 8% per annum over the Bank's Hong Kong Dollar Best Lending Rate from 14 November 2019 until the date of actual payment, compounded monthly; and (ii) HK440,532.53 at the default rate of 8% per annum over the Bank's Hong Kong Dollar Best Lending Rate from 14 November 2019 until the date of actual payment, compounded daily; and
- (d) costs of the action on an indemnity basis to be taxed if not agreed.

The Company is of the view that the Judgment will not have any material adverse impact on the Group's ordinary operations and financial position.

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

Hong Kong, 23 July 2020

As at the date of this announcement, the executive Directors are Mr. Chen Jianren, Mr. Fan Xinpei and 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.