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HUA YIN INTERNATIONAL HOLDINGS LIMITED

華音國際控股有限公司

(Incorporated in Bermuda with limited liability)

(stock code: 989)

CONNECTED TRANSACTION

PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
流博資本有限公司

PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

On 7 September 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which, subject to fulfilment of the conditions precedent, the Subscriber agreed to subscribe for and the Company agreed to issue the Convertible Bonds in an aggregate principal amount of HK\$103,076,730.

The Convertible Bonds carry the conversion rights to convert into up to 264,299,307 Conversion Shares at the initial Conversion Price of HK\$0.39 (subject to adjustments) per Conversion Share. Upon the full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be convertible into a total of 264,299,307 new Shares, being the Conversion Shares, representing approximately 3.91% of the total number of issued Shares of the Company as at the date of this announcement and approximately 3.76% of the total number of issued Shares of the Company as enlarged by the allotment and issue of the Conversion Shares, assuming there is no other change to the total number of Shares from the date of this announcement to the date when the conversion rights attaching to the Convertible Bonds are exercised in full. The subscription amount payable by the Subscriber under the Subscription Agreement shall be satisfied by way of setting off the Shareholder's Loan payable by the Company to the Subscriber on a dollar-to-dollar basis. Since the aggregate subscription price of HK\$103,076,730 will be fully set off against the Shareholder's Loan, no cash proceeds will be received by the Company from the issue of the Convertible Bonds.

The Convertible Bonds will be issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Subscriber is a controlling Shareholder of the Company interested in 3,225,427,430 Shares, representing approximately 47.68% of the issued share capital of the Company, and 439,352,941 Convertible Preference Shares carrying right to convert into Shares. The Subscriber is wholly owned by Deep Wealth Holding Limited which is in turn held by TMF (Cayman) Ltd. as trustee of the Ground Trust, which is in turn a discretionary trust set up by Ms. Cui Xintong, who is the chairperson of the Board and an executive Director of the Company, as settlor and protector, and TMF (Cayman) Ltd. as trustee. As such, the Subscriber is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Subscriber and parties acting in concert with it and their respective associates which have material interest in the Subscription Agreement and the transactions contemplated thereunder are required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the SGM. To the best of the information, belief and knowledge of the Directors, save for the Subscriber and parties acting in concert with it and their respective associates, no other Shareholder has any material interest in the Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate. Save for Ms. Cui Xintong, who is the ultimate beneficial owner of the Subscriber, none of the Directors has material interest in the Subscription Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolutions passed by the Board to approve the Subscription Agreement and the transactions contemplated thereunder.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of (i) the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); and (ii) the connected transaction regarding the Subscription (including the grant of the Specific Mandate) under the Listing Rules. Rainbow Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

The SGM will be held for the Independent Shareholders to consider and approve, among other things, the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

A circular containing, among other things, (i) details of the Subscription Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); (iv) a notice convening the SGM; and (v) other information as required under the Listing Rules, will be despatched to the Shareholders as soon as possible on or around 29 September 2021.

Completion of the Subscription Agreement is subject to the satisfaction of the conditions precedent set out in the paragraph headed “Conditions precedent” in this announcement. Accordingly, the Subscription Agreement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

On 7 September 2021 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to issue, the Convertible Bonds with an aggregate principal amount of HK\$103,076,730. The principal terms of the Subscription Agreement are summarised below.

THE SUBSCRIPTION AGREEMENT

Date: 7 September 2021

Parties:

- (i) the Company, as issuer; and
- (ii) the Subscriber, as subscriber.

As at the date of this announcement, Ka Yik Investments Limited, as the Subscriber, is a controlling Shareholder of the Company interested in 3,225,427,430 Shares, representing approximately 47.68% of the issued share capital of the Company, and 439,352,941 Convertible Preference Shares carrying right to convert into Shares. The Subscriber is wholly and beneficially owned by Ms. Cui Xintong, the chairperson of the Board and an executive Director of the Company. As such, the Subscriber is a connected person of the Company. The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

The Subscription

Subject to the fulfillment of the conditions precedent to the Subscription as set out below, the Subscriber has agreed to subscribe for the Convertible Bonds with the principal amount of HK\$103,076,730 under the Subscription Agreement which will be satisfied by way of setting off the Shareholder's Loan payable by the Company to the Subscriber on a dollar-to-dollar basis by execution of the Deed of Set-off.

Conditions precedent

Completion of the Subscription Agreement shall be subject to and conditional upon the following:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares;
- (b) all necessary consent and approvals required to be obtained on the part of the Company in respect of the Subscription and the transactions contemplated thereunder having been obtained;
- (c) all necessary consent and approvals required to be obtained on the part of the Subscriber in respect of the Subscription and the transactions contemplated thereunder having been obtained; and

- (d) the Independent Shareholders (except those who are required to abstain from voting in accordance with the Listing Rules and other applicable laws, rules and regulations) having passed the relevant resolutions at the SGM approving the Subscription Agreement and the transactions contemplated thereunder.

If the conditions of the Subscription Agreement are not fulfilled on or before 4:00 p.m. on 31 December 2021 (or such later date as may be agreed between the parties thereto), the Subscription Agreement will terminate and cease to have any effect and none of the parties shall have any claim against the other save for any antecedent breaches of the provisions thereof.

As at the date hereof, none of the conditions precedent of the Subscription Agreement has been fulfilled.

Completion

Completion of the Subscription Agreement will take place on the third Business Day after the fulfillment of the conditions referred to above (or such other date as may be agreed between the respective parties). Upon Completion, the Subscriber and the Company will also execute the Deed of Set-off to apply the Shareholder's Loan to set-off against the subscription money payable by the Subscriber in respect of the subscription of the Convertible Bonds on a dollar-to-dollar basis.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The terms of the Convertible Bonds have been negotiated on an arm's length basis, principal terms of which are summarised as follows:

Issuer	:	the Company
Principal amount	:	HK\$103,076,730 to be subscribed by the Subscriber
Maturity date	:	the third anniversary of the issue date of the Convertible Bonds (the " Maturity Date "), which may, at the sole discretion of the Board, be extended for another two years at the sole discretion of the Company at any time during the three months prior to the Maturity Date by the Company serving at least ten days' written notice on the Bondholder(s), so that the Maturity Date would be extended to the fifth anniversary of the date of issue of the Convertible Bonds (the " Extended Maturity Date "), in the event the Board is of the reasonable opinion that the redemption of the Convertible Bonds on the Maturity Date will result in the Company and its subsidiaries (taking as a whole) not having sufficient working capital for the operation for the next twelve months, pursuant to the terms of the Instrument.
Interest	:	two per cent. (2%) per annum and payable semi-annually in arrear in each year.

Status	:	the Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Conversion	:	provided that any conversion of the Convertible Bonds does not result in the public float of the Shares being less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares of the Company, the Bondholder will have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in its name into Shares at any time and from time to time, during the period commencing from the date of issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the Maturity Date (or the Extended Maturity Date, as appropriate) provided further that any conversion shall be made in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Convertible Bonds is less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the Convertible Bonds may be converted.
Conversion Shares	:	upon exercise of the conversion rights under the Convertible Bonds in full at the initial Conversion Price of HK\$0.39 (subject to adjustments) per Conversion Share, a total of 264,299,307 Conversion Shares will be issued to the Subscriber, representing approximately 3.91% of the existing issued share capital of the Company as at the date of this announcement; and approximately 3.76% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares to the Subscriber, assuming there is no other change to the total number of Shares from the date of this announcement to the date when the conversion rights of the Convertible Bonds are exercised in full.
Conversion Price	:	<p>the initial Conversion Price of HK\$0.39 per Share (subject to adjustments) was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares and represented:</p> <p>(i) a premium of approximately 2.63% over the closing price of HK\$0.38 per Share as quoted on the Stock Exchange as at the date of this announcement;</p>

- (ii) a premium of approximately 0.52% over the average of the closing prices per Share of HK\$0.388 for the last five consecutive trading days immediately prior to the date of this announcement; and
- (iii) a discount of approximately 0.13% over the average of the closing prices per Share of HK\$0.3905 for the last ten consecutive trading days immediately prior to the date of this announcement.

Adjustments to the
Conversion Price

: the Conversion Price will from time to time be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Bonds upon occurrence of, among other things, the following events except where any such event is specifically exempted under the terms and conditions of the Convertible Bonds:

- (i) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), other than an issue of Shares paid up out of profits or serves and issued in lieu of the whole or part of a specifically declared cash dividend;
- (iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders in their capacity as such or a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares being made by the Company to Shareholders (in their capacity as such) at a price which is less than 80% of the “market price” on the date of the announcement of the terms of the offer or grant;

- (v) an issue wholly for cash any securities by the Company which by their terms are convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 80% of the “market price” on the date of announcement of the terms of the issue of such securities; or the rights of conversion or exchange or subscription attached to any such securities are modified so that the total effective consideration per Share initially receivable for such securities shall be less than 80% of the “market price” at the date of announcement of such proposed modification; or
- (vi) an issue of Shares wholly for cash at a price per Share which is less than 80% of the “market price” on the date of announcement of the terms of such issue.

For the purpose of the above adjustment mechanism, “**market price**” means the average of the closing prices of one Share quoted on the Stock Exchange for each of the last five consecutive Stock Exchange dealing days on which dealings in the Shares on the Stock Exchange took place ending on the last such dealing day preceding the day on or as of which the market price is to be ascertained.

Upon the occurrence of any of the above adjustment events, the Company shall select an approved merchant bank or instruct the auditors of the Company for the time being to determine the adjustment to the Conversion Price in such manner as they consider appropriate in accordance with the terms and conditions of the Convertible Bonds.

Voting rights	:	the Bondholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the holder of the Convertible Bonds.
Transferability	:	the Convertible Bonds cannot be assigned or transferred without the prior written consent of the Company, save where transfer is made to a wholly-owned subsidiary, or the holding company owning the entire issued share capital, of the Bondholder, in which case no prior written consent from the Company shall be required.
Early redemption	:	the Company may at any time before the Maturity Date (or the Extended Maturity Date, as appropriate) redeem the Convertible Bonds (in whole or in part) at 100% of the principal amount of such Convertible Bonds.

Listing : No application will be made for a listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and dealing in, the Conversion Shares.

Conversion Shares

As at the date of this announcement, the Company has 6,764,285,867 Shares in issue. Upon the full conversion of the Convertible Bonds based on the initial Conversion Price of HK\$0.39 per Conversion Share, a total of 264,299,307 Conversion Shares, representing (i) approximately 3.91% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.76% of the issued share capital of the Company as enlarged by the allotment and issuance of the Conversion Shares, will be issued, assuming there is no other change to the total number of Shares from the date of this announcement to the date when the conversion rights of the Convertible Bonds are exercised in full.

The Conversion Shares will be allotted and issued under the Specific Mandate which is subject to Independent Shareholders' approval at the SGM. The Conversion Shares shall rank equally among themselves and pari passu in all respects with the Shares in issue on the day immediately following the date of delivery of the conversion notice. The Conversion Shares have an aggregate nominal value of HK\$13,214,965.35.

REASONS FOR THE ISSUE OF CONVERTIBLE BONDS AND USE OF PROCEEDS

The Group is principally engaged in property development and management, including planning, designing, budgeting, licensing, contract tendering and contract administration and property investment.

The subscription amount payable by the Subscriber under the Subscription Agreement shall be satisfied by way of setting off the Shareholder's Loan payable by the Company to the Subscriber on a dollar-to-dollar basis which amounted to HK\$103,076,730 as at the date of this announcement.

The Company was in a net liabilities position with cash or cash equivalents in the amount of approximately RMB117,938,000 and net current liabilities in the amount of approximately RMB133,164,000 as at 31 March 2021. In light of the above, the Board has reviewed and explored different approaches to settle the Shareholder's Loan, which is repayable on demand (as detailed in the announcement of the Company dated 26 July 2021) and full repayment of which, if requested by the Subscriber, will have adverse impact on the cashflow and financial stability of the Group. The Board considered the issue of the Convertible Bonds to be the most effective and suitable for enhancing the financial position and working capital of the Group, and strengthening the Group's capital base and reducing the gearing ratio of the Group if the Convertible Bonds are converted into Conversion Shares, for the possible future investments of the Group as (i) the Convertible Bonds will be able to minimize the short-term financial burden to the Group as the Subscription allows the Group to defer potential cash outflow in respect of repayment of Shareholder's Loan such that the Group may have reasonable time to improve its financial position and that the current liabilities in relation to the Shareholder's Loan can be re-classified as non-current liabilities; (ii) the Shareholder's Loan will be fully settled upon the exercise in full of the conversion rights of the Convertible Bonds without requiring any cash outflow; and (iii) the issue of the Convertible Bonds does not have an immediate dilution effect on the shareholding of the existing Shareholders.

The Directors (excluding the members of the Independent Board Committee who will form their view after considering the advice of the Independent Financial Adviser) consider that the terms of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Subscriber, are on normal commercial terms and the issue of the Convertible Bonds are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Since the aggregate subscription price of HK\$103,076,730 will be fully set off against the Shareholder's Loan, no cash proceeds will be received by the Company from the issue of the Convertible Bonds.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, set out below the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after the allotment and issue the Conversion Shares in full upon exercise of the conversion rights under the Convertible Bonds at the initial Conversion Price being HK\$0.39, assuming there is no change in the number of issued Shares from the date of this announcement up to the date when the conversion rights under the Convertible Bonds are exercised in full:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares in full upon exercise of the conversion rights under the Convertible Bonds	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Subscriber (<i>Note 1</i>)	3,225,427,430	47.68	3,489,726,737	49.65
Charm Success Group Limited ("Charm Success") (<i>Note 1</i>)	434,320,694	6.42	434,320,694	6.18
Hong Kong Toprich Investment Limited	1,050,000,000	15.52	1,050,000,000	14.94
Sub-total	4,709,748,124	69.62	4,974,047,431	70.77
Public Shareholders	2,054,537,743	30.38	2,054,537,743	29.23
Total	<u>6,764,285,867</u>	<u>100.0</u>	<u>7,028,585,174</u>	<u>100.0</u>

Note:

- As at the date of this announcement, the Subscriber and Charm Success are companies wholly-owned by Deep Wealth Holding Limited, which is in turn held by TMF (Cayman) Ltd. as the trustee of the Ground Trust, which is in turn a discretionary trust set up by Ms. Cui Xintong, being an executive Director and the chairperson of the Board, as settlor and protector, and TMF (Cayman) Ltd. as trustee.
- Certain percentage figures in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activity in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds and intended use of proceeds	Actual use of proceeds up to the date of this announcement
16 March 2021	Placing of new Shares under general mandate	Net proceeds amounted to approximately HK\$99.7 million, of which (i) approximately HK\$59.8 million was intended to be used for settlement of the costs and expenses of the Group's existing property project; (ii) approximately HK\$29.9 million was intended to be used for the settlement of the Group's finance costs, such as interest on bank loans and other loan; and (iii) approximately HK\$10.0 million was intended to be used for the settlement of the Group's administrative and operation expenses, such as salaries and professional fees	Cash payments of approximately HK\$76.3 million were made, of which (i) approximately HK\$59.8 million was used for settlement of the costs and expenses of the Group's existing property project; (ii) approximately HK\$6.5 million was used for the settlement of the Group's finance costs; and (iii) approximately HK\$10 million was used for the settlement of the Group's administrative and operation expenses.

Save as disclosed above, there has been no equity fund raising activity in the Company in the twelve months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Subscriber is a controlling Shareholder of the Company interested in 3,225,427,430 Shares, representing approximately 47.68% of the issued share capital of the Company and 439,352,941 Convertible Preference Shares carrying right to convert into Shares. The Subscriber is wholly owned by Deep Wealth Holding Limited which is in turn held by TMF (Cayman) Ltd. as trustee of the Ground Trust, which is in turn a discretionary trust set up by Ms. Cui Xintong, who is the chairperson of the Board and an executive Director of the Company, as settlor and protector, and TMF (Cayman) Ltd. as trustee. As such, the Subscriber is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Subscriber and parties acting in concert with it and their respective associates which have material interest in the Subscription Agreement and the transactions contemplated thereunder are required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the SGM. To the best of the information, belief and knowledge of the Directors, save for the Subscriber and parties acting in concert with it and their respective associates, no other Shareholder has any material interest in the Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate. Save for Ms. Cui Xintong, who is the ultimate beneficial owner of the Subscriber, none of the Directors has material interest in the Subscription Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolutions passed by the Board to approve the Subscription Agreement and the transactions contemplated thereunder.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of (i) the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); and (ii) the connected transaction regarding the Subscription (including the grant of the Specific Mandate) under the Listing Rules. Rainbow Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

The SGM will be held for the Independent Shareholders to consider and approve, among other things, the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

A circular containing, among other things, (i) details of the Subscription Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); (iv) a notice convening the SGM; and (v) other information as required under the Listing Rules, will be despatched to the Shareholders as soon as possible on or around 29 September 2021.

Completion of the Subscription Agreement is subject to the satisfaction of the conditions set out in the paragraph headed “Conditions precedent” in this announcement. Accordingly, the Subscription Agreement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“acting in concert” has the meaning ascribed to it under the Takeovers Code

“associate(s)” has the meaning ascribed to it under the Listing Rules

“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible bonds
“Business Day(s)”	any day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Hua Yin International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 989)
“Completion”	completion of the Subscription in accordance with the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly
“controlling Shareholder”	has the meaning ascribed to it in the Listing Rules
“Conversion Price”	the conversion price of the Convertible Bonds, initially being HK\$0.39 per Conversion Share (subject to adjustments)
“Conversion Share(s)”	the new Share(s) to be allotted and issued to Bondholders by the Company upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the 2 per cent. coupon convertible bonds in the aggregate principal amount of HK\$103,076,730 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Convertible Preference Shares”	the 4,539,352,941 limited-voting non-redeemable convertible preference shares of nominal value of HK\$0.05 each with notional value of HK\$0.85 and initial conversion price of HK\$0.85 per conversion share (subject to adjustments) allotted and issued by the Company to the Subscriber on 27 July 2016, principal terms of which are set out in the circular of the Company dated 30 June 2016
“Deed of Set-off”	a deed to be entered into by the Company and the Subscriber on Completion, pursuant to which, the parties thereto will agree that the Shareholder’s Loan will be applied to set-off against the subscription money payable by the Subscriber under the Subscription Agreement on a dollar-to-dollar basis

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee comprising Mr. Tsang Hung Kei, Mr. Zhu Zuoan and Mr. Wang Xiaochu, all being the independent non-executive Directors to advise the Independent Shareholders as to the fairness and reasonableness of the Subscription Agreement and the transactions contemplated respectively thereunder (including the grant of the Specific Mandate) and as to how to vote at the SGM
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as set out under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated respectively thereunder (including the grant of the Specific Mandate)
“Independent Shareholders”	the Shareholders not required under the Listing Rules to abstain from voting on the resolution(s) approving the Subscription Agreement and the transactions contemplated respectively thereunder at the SGM
“Independent Third Party”	an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules
“Instrument”	the instrument to be executed by the Company by way of a deed poll constituting the Convertible Bonds
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, passing the resolutions to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company as at the date of this announcement

“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan”	the loan in the aggregate amount of HK\$103,076,730 due and owing by the Company to the Subscriber as at the date of the Subscription Agreement
“Specific Mandate”	the specific mandate to be sought from Shareholders at the SGM to authorize the Directors to issue the Convertible Bonds and to allot and issue the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ka Yik Investments Limited (家譯投資有限公司), a company incorporated in the British Virgin Islands which is wholly and beneficially owned by Ms. Cui Xintong, who is the chairperson of the Board and an executive Director
“Subscription”	the subscription of the Convertible Bonds in the principal amount of HK\$103,076,730 by the Subscriber pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 7 September 2021 and entered into among the Company and the Subscriber in relation to the subscription of the Convertible Bonds in the principal amount of HK\$103,076,730 by the Subscriber
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	renminbi, the lawful currency of the People’s Republic of China
“%”	per cent.

By Order of the Board
Hua Yin International Holdings Limited
Ng Man Kit Micky
Company Secretary

Hong Kong, 7 September 2021

As at the date of this announcement, the executive directors of the Company are Ms. Cui Xintong (Chairperson), Mr. Li Junjie (Chief Executive Officer), Mr. Cong Peifeng and Mr. Xu Yingchuan and the independent non-executive directors of the Company are Mr. Tsang Hung Kei, Mr. Zhu Zuoan and Mr. Wang Xiaochu