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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)

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Placing Agent



KINGSTON SECURITIES

On 28 April 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditional agreed to issue and the Placing Agent conditionally agreed to procure, on a best effort basis, not less than six Places to subscribe for the Convertible Bonds in an aggregate principal amount of up to HK\$150.0 million at the Placing Price.

Assuming the Convertible Bonds are fully placed, based on the initial Conversion Price of HK\$0.445 per Share, up to 337,078,651 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing: (a) approximately 4.68% of the existing issued share capital of the Company; and (b) approximately 4.47% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares in full (assuming that there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

The Conversion Price of HK\$0.445 per Conversion Share represents:

- (a) the closing price of HK\$0.445 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a premium of approximately 1.14% over the average closing price of HK\$0.44 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming the Convertible Bonds are fully placed by the Placing Agent, the gross and net proceeds from the Placing are estimated to be HK\$150.0 million and approximately HK\$146.5 million, respectively. The Company intends to use the net proceeds from the Placing for potential acquisition and/or project investment in new business, repayment of the Group's indebtedness and finance cost and for general working capital.

The Placing is not subject to the Shareholders' approval as the Conversion Shares falling to be issued upon conversion of the Convertible Bonds will be issued under the General Mandate.

The Company will make an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange. No application will be made for a listing of the Convertible Bonds on the Stock Exchange or any other stock exchanges.

Shareholders and potential investors of the Company should note that the completion of the Placing is subject to the fulfilment of the conditions precedent set out in the Placing Agreement, and may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

INTRODUCTION

On 28 April 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditional agreed to issue and the Placing Agent conditionally agreed to procure, on a best effort basis, not less than six Places to subscribe for the Convertible Bonds in an aggregate principal amount of up to HK\$150.0 million at the Placing Price.

THE PLACING AGREEMENT

Set out below are the principal terms of the Placing Agreement:

Date : 28 April 2023 (after trading hours)

Parties : the Company (as the issuer); and
the Placing Agent (as the placing agent)

To the best knowledge, information and belief of the Board, having made all reasonable enquiries, the Placing Agent, its associates and their respective ultimate beneficial owner(s) are Independent Third Parties.

Placing of the Convertible Bonds

The Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six Placees to subscribe for the Convertible Bonds with an aggregate principal amount of up to HK\$150.0 million at the Placing Price.

Placees

The Convertible Bonds will be placed to not less than six Placees. The Placing Agent shall use their reasonable endeavours to ensure that all Placees and their respective ultimate beneficial owners (if any) shall be an Independent Third Party.

Placing commission

The Company shall pay to the Placing Agent a placing commission of 2.0% of the principal amount of the Convertible Bonds successfully placed by the Placing Agent. Such placing commission rate was determined after arm's length negotiations between the Company and the Placing Agent with reference to, amongst other things, the prevailing market rate.

Placing period

The period commencing forthwith upon the date of the Placing Agreement and terminating at 5:00 p.m. on the Business Day prior to the date on which the completion of the Placing takes place (or such other day as agreed between the parties) (both days inclusive) or on such later date which the parties may agree in writing, unless terminated earlier in writing pursuant to the terms of the Placing Agreement.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Set out below are the principal terms of the Convertible Bonds:

Principal Amount

Up to HK\$150.0 million

Issue Price

100% of the principal amount of the Convertible Bonds

Coupon

6% per annum payable in arrears quarterly on 31 March, 30 June, 30 September and 31 December in each year

Maturity Date

The date falling on the expiration of the third anniversary of the relevant issue date of the Convertible Bonds

Conversion Price

The Conversion Price of HK\$0.445 per Conversion Share represents:

- (a) the closing price of HK\$0.445 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a premium of approximately 1.14% over the average closing price of HK\$0.44 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Conversion Price is subject to adjustments provisions as summarised in the sub-paragraph headed “Adjustments to the Conversion Price” below. Such Conversion Price was determined after arm’s length negotiations between the Company and the Placing Agent with reference to, amongst other things, the prevailing market prices and performance of the Shares, and the Group’s existing financial position.

Conversion Period

The period commencing on the first Business Day immediately after the date on which the Convertible Bonds are issued (the “**Issue Date**”) and expiring on the date falling on the expiration of the third anniversary of the Issue Date (both days exclusive).

Adjustments to Conversion Price

The Conversion Price shall, from time to time, be adjusted upon the occurrence of the following events:

- (a) consolidation, subdivision or reclassification of the Shares or any other events due to which the nominal amount of the Shares becomes different; and
- (b) capitalisation of profits or reserves (other than in lieu of a cash dividend).

In the event of the Conversion Price being reduced so that on conversion the Shares shall fall to be issued at discount to their nominal value, then the Conversion Price shall be adjusted to an amount equal to the nominal value of one Share.

In the event that there is any adjustment to the Conversion Price such that the number of Conversion Shares to be allotted and issued by the Company upon full conversion of the Convertible Bonds exceeds the limit under the General Mandate, the Company shall comply with all applicable requirements under the Listing Rules as and when necessary, including but not limited to, seeking specific mandate from the Shareholders approving the issue and allotment of Conversion Shares pursuant to the terms and conditions of the Convertible Bonds.

Conversion Shares

Based on the initial Conversion Price of HK\$0.445 per Share and the maximum number of 337,078,651 Conversion Shares may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which representing:

- (a) approximately 4.68% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 4.47% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise of the conversion right attaching to the Convertible Bonds in full (assuming that there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

Holders of the Convertible Bonds will have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at any time during the conversion period, subject to the conditions that (i) any conversion of the Convertible Bonds will not result in the Company not fulfilling the public float requirements under Rules 8.08 and 8.09 of the Listing Rules; and (ii) any conversion of the Convertible Bonds will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.

Redemption

All or any part of the Convertible Bonds then outstanding may be redeemed by the Company at any time prior to the maturity date of the Convertible Bonds by giving written notice to the holders of the Convertible Bonds at a redemption price equal to the aggregate of 100% of the outstanding principal amount on the Convertible Bonds to be redeemed.

Transferability

The Convertible Bonds are freely transferable by the Placees in multiples of units of principal amount of the Convertible Bonds of HK\$1,000,000 or its integral multiples on each assignment or transfer, save that if at any time, the principal outstanding amount of the Convertible Bonds is less than HK\$1,000,000 the whole (but not part only) of the principal outstanding amount of the Convertible Bonds shall not be assigned or transferred, provided that no Convertible Bonds can be assigned or transferred to any connected person of the Company without prior written consent of the Company.

Events of default

If any of the events of default as described in the terms and conditions of the Convertible Bonds as attached in the Placing Agreement occurs and has not been remedied by the Company within 14 Business Days after the holders of the Convertible Bonds serving a notice on the Company, any holder of the Convertible Bonds may, prior to the maturity date of the Convertible Bonds, give notice in writing to the Company that the Convertible Bonds are immediately due and repayable, and the Convertible Bonds will immediately become due and repayable at their principal amount.

Ranking

The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue as at the conversion date.

Voting rights

The holder(s) of the Convertible Bonds will not be entitled to receive any notices of attending nor the right of attending or voting at any meetings of the Company by reason only of it being the holder(s) of the Convertible Bonds.

Application for listing

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchanges.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

The Conversion Price and other terms and conditions of the Convertible Bonds and the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent, taking into account of, amongst other things, the prevailing market prices, the performance of the Shares and the Group's existing financial position. The Directors consider that the Conversion Price and the terms and conditions of the Convertible Bonds and the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONDITIONS PRECEDENT TO THE PLACING

Completion of the Placing is conditional upon the fulfillment of the following conditions:

- (a) the Listing Committee of the Stock Exchange having granted and not having withdrawn or revoked the approval for the listing of and permission to deal in all the Conversion Shares (which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds); and
- (b) the obtaining of all other necessary approvals, consents or authorisations of any kind of, from or by third parties and/or government or regulatory authorities (if any) including but not limited to the Stock Exchange and the SFC, required under or in connection with the Placing having been obtained on terms satisfactory to the Placing Agent and remaining in full force and effect.

If the conditions precedent in respect of the Placing are not fulfilled by the fifteenth Business Day immediately after the date of the Placing Agreement, i.e. 22 May 2023, (or such later date as the Company and the Placing Agent may agree in writing), the Placing Agreement shall thereupon lapse and become null and void and the parties would be released from their respective obligations thereunder, save for any liability arising out of any antecedent breach of the Placing Agreement.

COMPLETION OF THE PLACING

Completion of the Placing shall take place within five Business Days following the day on which the conditions precedent of the Placing Agreement have been fulfilled or such other date as the Company and the Placing Agent may agree in writing.

TERMINATION OF THE PLACING AGREEMENT

If at any time on or prior to 8:00 a.m. on the date of completion of the Placing:

- (a) any introduction of new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of any of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Placing Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of any of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (c) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of any of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which in the reasonable opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or

- (e) any material breach of any of the representations, warranties or undertakings given by the Company under the Placing Agreement comes to the knowledge of the Placing Agent which in the reasonable opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing,

then and in any such case, the Placing Agent may terminate the Placing Agreement by giving notice to the Company, provided that such notice is given at any time prior to 8:00 a.m. on the date of completion of the Placing.

In the event any notice as is referred to above is given by the Placing Agent, all obligations of the parties under the Placing Agreement shall terminate forthwith and no party shall have any claim against the other party for costs, damages, compensation or otherwise, save for any antecedent breach of any obligations under the Placing and without prejudice to any rights of the Company and the Placing Agent prior to such termination.

GENERAL MANDATE TO ALLOT AND ISSUE THE CONVERSION SHARES

At the AGM held on 7 September 2022, a resolution of the Shareholders was passed to grant to the Directors the General Mandate to allot, issue and otherwise deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing such resolution. The Company is authorised to allot and issue up to 1,440,727,761 Shares under the General Mandate.

As at the date of this announcement, the General Mandate has yet been utilised. Accordingly, the allotment and issue of Conversion Shares will be issued under the general mandate and is not subject to any approval by the Shareholders.

REASONS FOR THE PLACING

The principal activity of the Company is investment holding. The Group is principally engaged in property development and management, including planning, designing, budgeting, licensing, contract tendering and contract administration and property investment.

The Company intends to expand its business to capture a new revenue stream through potential acquisition and/or project investment. The Directors consider that (i) the Placing represents an opportunity to broaden the Company's capital base for business development; and (ii) the issue of the Convertible Bonds is an appropriate mean of raising additional capital of the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

The Directors consider that the terms of the Placing Agreement, the Convertible Bonds (including the interest rate, the Conversion Price and the placing commission) are on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS

Assuming the Convertible Bonds are fully placed by the Placing Agent, the gross and net proceeds from the Placing are estimated to be HK\$150.0 million and approximately HK\$146.5 million, respectively. The net price per Conversion Share is approximately HK\$0.435.

The Company intends to use the net proceeds from the Placing in the following manner:

- (i) approximately HK\$83.0 million (representing approximately 57% of the net proceeds) will be used for potential acquisition and/or projects investment in new business;
- (ii) approximately HK\$53.5 million (representing approximately 36% of the net proceeds) will be used for repayment of the Group's indebtedness and finance cost; and
- (iii) approximately HK\$10.0 million (representing approximately 7% of the net proceeds) will be used for general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following shareholding table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds) and (iii) upon full conversion of the Convertible Bonds and completion of the disposal of Shares by Ka Yik (as defined below) in full.

Shareholders	As at the date this announcement		Upon full conversion of Convertible Bonds		Upon full conversion of Convertible Bonds and completion of the disposal of shares by Ka Yik in full	
	<i>No. of Shares</i>	%	<i>No. of Shares</i>	%	<i>No. of Shares</i>	%
Ka Yik Investments Limited ("Ka Yik") (note 1, 2)	1,824,780,371	25.33	1,824,780,371	24.20	134,780,371	1.79
Charm Success Group Limited ("Charm Success") (note 1)	434,320,694	6.03	434,320,694	5.76	434,320,694	5.76
Hong Kong Toprich Investment Limited ("Toprich") (note 3)	1,042,000,000	14.47	1,042,000,000	13.82	1,042,000,000	13.82
Tianfeng International Holding Limited ("Tianfeng") (note 4)	–	–	–	–	1,000,000,000	13.26
Sub-total	<u>3,301,101,065</u>	<u>45.83</u>	<u>3,301,101,065</u>	<u>43.78</u>	<u>2,611,101,065</u>	<u>34.63</u>
Public Shareholders						
The Placees	–	–	337,078,651	4.47	337,078,651	4.47
Other public Shareholders	<u>3,902,537,743</u>	<u>54.17</u>	<u>3,902,537,743</u>	<u>51.75</u>	<u>4,592,537,743</u>	<u>60.90</u>
Sub-total	<u>3,902,537,743</u>	<u>54.17</u>	<u>4,239,616,394</u>	<u>56.22</u>	<u>4,929,616,394</u>	<u>65.37</u>
Total	<u><u>7,203,638,808</u></u>	<u><u>100.00</u></u>	<u><u>7,540,717,459</u></u>	<u><u>100.00</u></u>	<u><u>7,540,717,459</u></u>	<u><u>100.00</u></u>

Notes:

1. Ka Yik 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 (an executive Director and the co-chairperson of the Board) as settlor and protector, and TMF (Cayman) Ltd. as trustee.
2. On 29 July 2022, Ka Yik has entered into nine agreements with each of the purchasers separately in relation to the proposed disposal of an aggregate of 3,300,000,000 Shares of HK\$0.05 each in the issued share capital of the Company, of which (i) 1,000,000,000 are to be sold to Tianfeng and (ii) the remaining 2,300,000,000 Shares were sold/are to be sold to eight Independent Third Parties. Details are set out in the announcement of the Company dated 1 August 2022. On 22 September 2022, Ka Yik has further entered into two agreements with two Independent Third Parties separately in relation to the proposed disposal of an aggregate of 230,000,000 Shares of HK\$0.05 each in the issued share capital of the Company. As at the date of this announcement, seven agreements from the aforesaid disposals with an aggregate of 1,840,000,000 Shares have been completed, and the remaining four agreements regarding an aggregate of 1,690,000,000 Shares are yet to complete.

3. Toprich is a wholly-owned subsidiary of China Investment Fund Company Limited (“**China Investment Fund**”). China Investment Fund is a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange. As at the date of this announcement, Mr. Sui Guangyi (“**Mr. Sui**”) (a non-executive Director and co-chairperson of the Board) is a substantial shareholder and holds approximately 22.27% of the issued share capital of China Investment Fund, of which approximately 12.69% is held through his 50%-owned company and approximately 9.58% is held by himself.
4. As at the date of this announcement, Tianfeng is owned as to (i) 90% by Mr. Sui; and (ii) 5% by Mr. Li Junjie, an executive Director and the chief executive officer of the Company.
5. Certain percentage figures included in the table above are subject to rounding adjustments.

GENERAL

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions precedent set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 7 September 2022
“associate(s)”	the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday, a public holiday or a day on which typhoon signal no.8 or above or a “black” rainstorm warning is hoisted in Hong Kong) on which banks in Hong Kong are generally open for business
“Company”	Hau Yin International Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares are listed on the main board of the Stock Exchange (stock code: 00989)
“connected person(s)”	the meaning ascribed thereto under the Listing Rules

“Conversion Price”	the initial conversion price of HK\$0.445 per Conversion Share (subject to adjustment as prescribed in the Placing Agreement)
“Conversion Share(s)”	Share(s) to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds subject to the terms and conditions of the Convertible Bonds
“Convertible Bond(s)”	the convertible bonds in the principal amount of up to HK\$150.0 million issued by the Company pursuant to the Placing Agreement
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other private investor(s) procured by or on behalf of the Placing Agent to subscribe for the Convertible Bonds pursuant to the terms of the Placing Agreement
“Placing”	the placing of the Convertible Bonds in accordance with the terms and conditions in the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 28 April 2023 in relation to the Placing
“Placing Period”	the period commencing forthwith upon the date of the Placing Agreement and terminating at 5:00 p.m. on the Business Day prior to the date on which the completion of the Placing takes place (or such other day as agreed between the parties) (both days inclusive) or on such later date which the parties may agree in writing, unless terminated earlier in writing pursuant to the terms of the Placing Agreement
“Placing Price”	the subscription price of the Convertible Bonds, being the face value of the principal amount of such portion of the Convertible Bonds
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SFC”	The Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC (as amended from time to time)
“%”	per cent.

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

Hong Kong, 28 April 2023

As at the date of this announcement, the executive Directors are Ms. Cui Xintong, Mr. Li Junjie, Mr. Cong Peifeng and Mr. Xu Yingchuan; the non-executive Directors are Mr. Cui Mindong and Mr. Sui Guangyi; and the independent non-executive Directors are Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Mr. Wang Xueguang.