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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)

VOLUNTARY ANNOUNCEMENT COOPERATION AGREEMENT

This announcement is made by Hua Yin International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board (the “**Board**”) of the directors (the “**Directors**”) of the Company is pleased to announce that on 3 September 2022, Hua Yin International Holdings (Dunhua) Company Limited* (華音國際控股(敦化)有限公司) (“**Hua Yin Dunhua**”), an indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement (the “**Cooperation Agreement**”) with Jilin Agricultural University* (吉林農業大學) (“**JAU**”) for the purpose of setting up a ginseng research and development centre (the “**Ginseng R&D Centre**”).

JAU is a key university in Jilin Province with the advantages and characteristics of agriculture and life science, offering courses in agriculture, science, engineering, medicine, literature, management, law, education, economics and art. The university is an irreplaceable and important base for talent training, scientific and technological innovation and extension services for national and regional agriculture and rural development. The university has excellent talents, teams and equipment in agricultural industrialization development planning and agricultural sideline products research and development, and has a large number of excellent scientific research achievements that are quickly transformable. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of JAU and its ultimate beneficial owners is a third party independent of and not connected to the Company.

THE COOPERATION AGREEMENT

PURPOSE

Pursuant to the Cooperation Agreement, JAU and Hua Yin Dunhua have agreed that they shall, through this partnership between the business sector and the university, pool their respective advantages and resources to cooperate in the development planning of ginseng industry, comprehensive development and utilization of ginseng resources, promotion of ginseng extracts processing and product research and development by setting up the Ginseng R&D Centre.

TERM

The Cooperation Agreement shall be effective from the date of the agreement and valid for a period of five years, from 3 September 2022 to 2 September 2027 (the “**Term**”).

THE GINSENG R&D CENTRE

The Ginseng R&D Centre shall be operated by one chief supervisor to be nominated by JAU and two vice-supervisors to be nominated by JAU and Hua Yin Dunhua jointly. A management committee will be set up and shall be responsible for the use of funds, human resources allocations and other daily operation matters of the Ginseng R&D Centre. An academic committee will also be set up to hold plenary and other irregular meetings, and shall be responsible for handling matters related to the research direction and the annual projects of the Ginseng R&D Centre.

The work to be carried out by the Ginseng R&D Centre under the Cooperation Agreement mainly compasses the following:

1. To establish a product research and development fund for the technology transformation, application, and promotion of research and development on ginseng’s medicinal effects, quality evaluation, processing and functional products;
2. To develop and improve currently available products in the market and to conduct product testing and inspection according to the Group’s requirements;
3. To conduct feasibility studies and assist in the relevant preparation on the establishment and commissioning of the new product production lines;
4. To actively declare various scientific research projects at all levels, strive to obtain provincial and municipal awards and governmental support for the Group and the local government on these research and development projects during the cooperation period;
5. To provide technology and business training to the Group’s technical personnel and management in order to enhance the quality and ability of the Group’s employees;
6. To nourish JAU’s postgraduate and undergraduate students in order to provide talents for the Company, the local government and other related enterprises for local economic development; and
7. To actively carry out community service by delivering applicable technologies for rural development and to provide apprenticeship for university students.

COOPERATION METHODS

Responsibilities and Rights of Hua Yin Dunhua

Pursuant to the Cooperation Agreement, Hua Yin Dunhua agreed, among others, to share its research and development, production and experiments facilities with JAU if it becomes available during the Term and to provide annual capital contribution of RMB500,000 (representing RMB2,500,000 in aggregate) to support the operation of the Ginseng R&D Centre. Of the annual capital contribution, 10% shall be used for administrative expenses; and

the rest will be used for matters such as the Ginseng R&D Centre's construction fee, product development fund, incentive rewards for postgraduates and applicable undergraduates on innovative research, and other daily operating expenses. Hua Yin Dunhua shall also work with JAU on the applications and demonstrations of the research outputs, as well as the declaration applications to the relevant authorities. Hua Yin Dunhua shall be entitled to enjoy the technical consultation and training services to be provided by JAU and shall have the priority access to the quality germplasm resources of ginseng and other medicinal plants owned by JAU.

Responsibilities and Rights of JAU

JAU agreed to provide the Group with, among others, (i) technical consultation and training in the field of ginseng and Chinese herbal medicine; (ii) human resources and talents for the research and development of ginseng and Chinese medicine related products; and (iii) priority access to quality germplasm resources of ginseng and its other medicinal plants. JAU shall take the lead in the declaration applications of research outputs to the relevant authorities, and conduct product research and developments at the request of Hua Yin Dunhua and to conduct testing and assist in the promotion of the products. JAU also provide priority selection and referral of talents from its graduates to the Group.

The attribution and confidentiality of the Ginseng R&D Centre's results

The scientific research achievements of the Ginseng R&D Centre, including but not limited to the researched and developed products, formulas, patent applications and authorisations, test results and related technical achievements, are to be shared by both parties to the Cooperation Agreement. Each party has the right to use these scientific research results but shall be subject to the written consent by the other party. Further agreements shall be entered into between JAU and Hua Yin Dunhua on the profit-sharing arrangement on the commercialization of various research outputs.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT

The Group is principally engaged in property development and management, including planning, designing, budgeting, licensing, contract tendering and contract administration and property investment. The Group also has a cultural tourism project in Changbaishan, the People's Republic of China (the "PRC").

JAU is an education institution established in Jilin Province specializing in agriculture and life science.

As previously stated in the Company's 2021/2022 annual report, there had been many uncertainties within the property development sector where the Group operates. The management is dedicated to seize new business opportunities to carry out traditional cultural inheritance and training, tourist spot operation and management, healthcare, cultural innovation, the development of tourist products and related consumer goods and infrastructure around themes such as culture, health, education, new concept tourism, tourism-related consumer goods and related supporting consumer goods. This enables the Group to (i) enrich the Group's business portfolio; (ii) create a sustainable business development model; (iii) diversify the Group's business risks from its property development business; and (iv) most important of all, to bring value to its shareholders, employees and other stakeholders.

Since then, the management has been exploring various resources within the Jilin Province in the PRC, in particular, the Changbaishan area. The entering into of the Cooperation Agreement is the first step for the Group to explore the business opportunities that are available from the natural resources in Changbaishan area. The management has obtained the Directors' approval to carry out studies and researches on any possible opportunities relating to the cultural tourism-related businesses.

The Board will further analyse the outcome of these studies and researches in order to assess the financial viability and feasibility of any businesses that may be derived from the natural resources of ginseng and will determine if it will open up another income source for the Group. The Company will make further announcement(s) updating the business development of the Group as and when appropriate in compliance with the relevant Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By order of the Board
Hua Yin International Holdings Limited

Ng Man Kit Micky
Company Secretary

Hong Kong, 5 September 2022

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. Sui Guangyi and Mr. Cui Mindong; and the Independent Non-executive Directors are Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Mr. Wang Xueguang.

* *The English translation of the Chinese names in this announcement, which indicated, are included for information purpose only, and should not be regarded as the official English names of such Chinese names.*