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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)

- (1) CONNECTED TRANSACTION IN RELATION TO
LOAN CAPITALISATION INVOLVING SUBSCRIPTION OF SHARES
UNDER SPECIFIC MANDATE;
(2) APPLICATION FOR WHITEWASH WAIVER;**

AND

- (3) RESUMPTION OF TRADING**

CONNECTED TRANSACTION IN RELATION TO LOAN CAPITALISATION INVOLVING SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE

On 25 April 2024 (after trading hours), the Company and the Subscriber have entered into the Loan Capitalisation Agreement, pursuant to which the Company conditionally agreed to allot and issue to the Subscriber, and the Subscriber conditionally agreed to subscribe for, a total of 5,060,000,000 Capitalisation Shares at the Capitalisation Price of HK\$0.05 per Capitalisation Share for a total consideration of HK\$253 million (equivalent to approximately RMB230 million). The aggregate Capitalisation Price of all Capitalisation Shares payable by the Subscriber shall be satisfied by capitalising, and setting off against, the Loan in full on a dollar-for-dollar basis upon completion of the Loan Capitalisation Agreement.

As at the date of this announcement, Jilin Rongyu, an indirect wholly-owned subsidiary of the Company, was indebted to the Ground Investment Holding the Loan in the amount of approximately RMB230 million (equivalent to approximately HK\$253 million). The Loan is unsecured, interest free and repayable on or before 28 February 2025. The Loan was provided to Jilin Rongyu by Ground Investment Holding for the purpose of the Group's general working capital requirement, primarily for the repayment of the Group's bank borrowings and finance costs. As at the date of this announcement, the entire issued share capital of Ground Investment Holding was owned as to 75% by Mr. Cui, the non-executive Director and the father of Ms. Cui, and as to 25% by Ms. Chai, the spouse of Mr. Cui and the mother of Ms. Cui. Please refer to the section headed "Information on the Loan" for further details.

The Loan Capitalisation is conditional upon, among others, (i) the completion of the Debt Reorganisation (namely (a) the novation of liabilities of the Loan owing to Ground Investment Holding by Jilin Rongyu to the Company; and (b) the assignment of rights of Ground Investment Holding as creditor of the Loan to the Subscriber); (ii) the Listing Committee having granted approval for the listing of, and permission to deal in, the Capitalisation Shares; (iii) the Executive having granted the Whitewash Waiver; and (iv) the passing by the Independent Shareholders of the resolution(s) at the SGM approving (a) the Loan Capitalisation Agreement and the transactions contemplated thereunder (including the Specific Mandate); and (b) the Whitewash Waiver.

Assuming that there will be no changes in the total number of issued Shares between the date of this announcement and the allotment and issue of the Capitalisation Shares, the Capitalisation Shares represent (i) approximately 70.24% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 41.26% of the total number of issued Shares as enlarged by the allotment and issue of the Capitalisation Shares.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the ultimate beneficial owners of the Subscriber are (i) Mr. Cui, who is the non-executive Director and the father of Ms. Cui, the chairperson of the Board and the executive Director; and (ii) Ms. Chai, the spouse of Mr. Cui and the mother of Ms. Cui. Hence, the Subscriber is a connected person of the Company, and the Loan Capitalisation Agreement and the transactions contemplated thereunder constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Capitalisation Shares to be allotted and issued to the Subscriber will be allotted and issued under the Specific Mandate to be obtained at the SGM. The Concert Party Group, including the Subscriber and its associates shall abstain from voting in respect of the resolution(s) relating to the Loan Capitalisation Agreement and the transactions contemplated thereunder at the SGM.

Ms. Cui and Mr. Cui have abstained from voting on the Board resolution(s) approving the Loan Capitalisation Agreement and the transactions contemplated thereunder. Save as disclosed above, (i) no other Director has a material interest in the Loan Capitalisation Agreement and the transactions contemplated thereunder or is required to abstain from voting on the Board resolution(s) in relation to the aforesaid matters; (ii) to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has any material interest in the Loan Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and therefore, no other Shareholder is required to abstain from voting at the SGM in respect of the resolution approving the aforesaid matters.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the ultimate beneficial owners of the Subscriber are (i) Mr. Cui, who is the non-executive Director and the father of Ms. Cui; and (ii) Ms. Chai, the spouse of Mr. Cui and the mother of Ms. Cui. Ms. Cui, being the settlor and protector of The Ground Trust (details of which are set out in the section headed "Effects of the Loan Capitalisation Agreement on shareholding structure of the Company" below), is deemed to be interested (by virtue of Part XV of the SFO) in an aggregate of 2,229,101,065 Shares of the Company, representing approximately 30.94% of the issued Shares as at the date of this announcement. Pursuant to the definition under the Takeovers Code, the Subscriber, Ground Investment Holding, Mr. Cui, Ms. Chai, Ms. Cui, Charm Success and Ka Yik are presumed to be under classes (1) and (8) of the definition of acting in concert under the Takeovers Code; and as a matter of fact are, parties acting in concert.

Under the Loan Capitalisation Agreement, the Subscriber shall subscribe for a total of 5,060,000,000 Capitalisation Shares. Assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Capitalisation Shares, the aggregate shareholding interest of the Concert Party Group would increase from 2,229,951,065 Shares, representing approximately 30.95% of the issued Shares as at the date of this announcement, to 7,289,951,065 Shares, representing approximately 59.45% of the issued Shares as enlarged by the allotment and issue of the Capitalisation Shares immediately after completion of the transactions contemplated under the Loan Capitalisation Agreement.

Upon completion of the Loan Capitalisation, the Concert Party Group would be required to make a mandatory general offer under Rule 26.1 of the Takeovers Code for all the issued Shares (other than those already owned or agreed to be acquired by the Concert Party Group) unless the Whitewash Waiver is granted by the Executive.

An application for the Whitewash Waiver will be made by the Subscriber to the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Loan Capitalisation Agreement and the transactions contemplated thereunder. The Concert Party Group and their associates and any Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Loan Capitalisation Agreement and/or the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the SGM.

If the Whitewash Waiver is not granted by the Executive and/or approvals by the Independent Shareholders are not obtained, or if any other conditions precedent under the Loan Capitalisation Agreement is not fulfilled, the subscription contemplated under the Loan Capitalisation Agreement will not proceed.

GENERAL

The Independent Board Committee, comprising all independent non-executive Directors (who confirmed that they have no direct or indirect interest in the Loan Capitalisation and the Whitewash Waiver), namely Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Mr. Wang Xueguang, has been established to advise the Independent Shareholders as to, among other things, whether the Whitewash Waiver and the terms of the Loan Capitalisation Agreement and the transactions contemplated thereunder are fair and reasonable, in the interests of the Company and the Shareholders as a whole, and how to vote, after taking into account the recommendations of the Independent Financial Adviser. Mr. Cui, the non-executive Director, is the father of Ms. Cui and a member of the Concert Party Group, and is therefore considered to have material interest in the Loan Capitalisation Agreement and the Whitewash Waiver. Accordingly, Mr. Cui will not be a member of the Independent Board Committee.

An Independent Financial Adviser has been appointed (with the approval of the Independent Board Committee) pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee and the Independent Shareholders on the terms of the Loan Capitalisation Agreement and the transactions contemplated thereunder and the Whitewash Waiver and to make recommendation as to voting.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among other matters, the Loan Capitalisation Agreement and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver. The Concert Party Group, including the Subscriber and its associates, shall abstain from voting on the resolutions to approve the relevant transaction(s) and/or agreement(s) at the SGM.

A circular including, among other things, details of (i) the Loan Capitalisation Agreement, the Whitewash Waiver and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee in relation to the said agreement and/or transactions; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the said agreement and/or transactions; (iv) a notice convening the SGM; and (v) other disclosure requirements under the Listing Rules and the Takeovers Code is expected to be despatched to the Shareholders within 21 days from the date of this announcement, that is on or before 4 June 2024, or such later date as the Executive may approve.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 26 April 2024 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 1:00 p.m. on 14 May 2024.

Since completion of the Loan Capitalisation Agreement and the transactions contemplated thereunder are subject to the fulfilment of the respective conditions as set out therein and in this announcement, the Loan Capitalisation Agreement and the relevant transactions may or may not proceed. Completion of the Loan Capitalisation is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among others things, be subject to the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver, more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Loan Capitalisation, and the grant of the Specific Mandate, respectively, at the SGM.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if you are in any doubt about your position, you should consult your professional advisers.

LOAN CAPITALISATION INVOLVING SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE

Loan Capitalisation Agreement

On 25 April 2024 (after trading hours), the Company and the Subscriber have entered into the Loan Capitalisation Agreement, pursuant to which the Company conditionally agreed to allot and issue to the Subscriber, and the Subscriber conditionally agreed to subscribe for, a total of 5,060,000,000 Capitalisation Shares at the Capitalisation Price of HK\$0.05 per Capitalisation Share for a total consideration of HK\$253 million (equivalent to approximately RMB230 million). The aggregate Capitalisation Price of all Capitalisation Shares payable by the Subscriber shall be satisfied by capitalising, and setting off against, the Loan in full on a dollar-for-dollar basis upon completion of the Loan Capitalisation Agreement.

The principal terms of the Loan Capitalisation Agreement are set out below.

Date 25 April 2024

Parties (a) the Subscriber as the subscriber; and
(b) the Company as the issuer

As at the date of this announcement, the ultimate beneficial owners of the Subscriber are (i) Mr. Cui, who is the non-executive Director and the father of Ms. Cui, the chairperson of the Board and the executive Director; and (ii) Ms. Chai, who is the spouse of Mr. Cui and the mother of Ms. Cui. Hence, the Subscriber is a connected person of the Company.

Total consideration HK\$253 million (equivalent to approximately RMB230 million)

Number of Capitalisation Shares to be allotted and issued 5,060,000,000 Capitalisation Shares

Capitalisation Price per Capitalisation Share HK\$0.05

As at the date of this announcement, Jilin Rongyu, an indirect wholly-owned subsidiary of the Company, was indebted to the Ground Investment Holding, the entire issued share capital of which is owned by Mr. Cui and Ms. Chai, the Loan in the amount of approximately RMB230 million (equivalent to approximately HK\$253 million). The Loan is unsecured, interest free and repayable on or before 28 February 2025. The Loan was provided to Jilin Rongyu by Ground Investment Holding for the purpose of the Group's general working capital requirement, primarily for the repayment of the Group's bank borrowings and finance costs. As at the date of this announcement, the entire issued share capital of Ground Investment Holding was owned as to 75% by Mr. Cui, the non-executive Director and the father of Ms. Cui, and as to 25% by Ms. Chai, the spouse of Mr. Cui and the mother of Ms. Cui.

Debt Reorganisation

It is proposed that the Debt Reorganisation shall be conducted among (1) the Company; (2) Jilin Rongyu; (3) Ground Investment Holding; and (4) the Subscriber regarding the Loan, pursuant to which (a) the Loan owing to Ground Investment Holding by Jilin Rongyu shall be novated to, and borne by, the Company; (b) the rights of Ground Investment Holding as creditor of the Loan shall be assigned to the Subscriber.

Upon completion of the Debt Reorganisation, the Company would be directly indebted to the Subscriber in the sum of the Loan.

Loan Capitalisation

Subject to the completion of the Debt Reorganisation, the Company would be directly indebted to the Subscriber in the sum of the Loan. The Company will issue to the Subscriber the Capitalisation Shares at the Capitalisation Price, which shall be satisfied by capitalising, and setting off against, the Loan in full on a dollar-for-dollar basis upon completion of the Loan Capitalisation Agreement.

Capitalisation Shares

Assuming that there will be no changes in the total number of issued Shares between the date of this announcement and the allotment and issue of the Capitalisation Shares, the Capitalisation Shares represent:

- (i) approximately 70.24% of the total number of issued Shares as at the date of this announcement; and
- (ii) approximately 41.26% of the total number of issued Shares as enlarged by the allotment and issue of the Capitalisation Shares.

The Capitalisation Shares to be allotted and issued to the Subscriber will be allotted and issued under the Specific Mandate to be obtained at the SGM. The Concert Party Group, including the Subscriber and its associates, shall abstain from voting in respect of the resolution relating to the Loan Capitalisation Agreement, the Specific Mandate, the Whitewash Waiver and the transactions contemplated thereunder at the SGM.

Ranking of the Capitalisation Shares

The Capitalisation Shares, when allotted and issued, shall rank pari passu in all respects among themselves and with the Shares then in issue.

The Capitalisation Price

The Capitalisation Price of HK\$0.05 represents:

- (i) a premium of approximately 19.05% over the closing price of HK\$0.042 per Share as quoted on the Stock Exchange on 25 April 2024, being the date of the Loan Capitalisation Agreement;
- (ii) a premium of approximately 6.38% over the average closing price of HK\$0.047 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Loan Capitalisation Agreement;
- (iii) a discount of approximately 3.29% to the average closing price of HK\$0.0517 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Loan Capitalisation Agreement;
- (iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 2.55%, represented by the theoretical diluted price of approximately HK\$0.0482 per Share to the benchmarked price of approximately HK\$0.047 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Loan Capitalisation Agreement of HK\$0.042 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Loan Capitalisation Agreement of HK\$0.047 per Share);
- (v) a discount of 3.85% to the unaudited net assets per Share of approximately HK\$0.052 (equivalent to approximately RMB0.047 at the exchange rate of HK\$1=RMB0.9051) as at 30 September 2023 based on the 7,203,638,808 Shares in issue as at 30 September 2023; and
- (vi) a discount of 20.63% to the audited net assets per Share of approximately HK\$0.063 (equivalent to approximately RMB0.055 as the exchange rate of HK\$1 = RMB0.8774) as at 31 March 2023 based on the 7,203,638,808 Shares in issue as at 31 March 2023.

The Capitalisation Price was determined after arm's length negotiations between the Company and the Subscriber with reference to (i) the recent and historical market prices of the Shares; (ii) the outstanding amount of the Loan; (iii) the market conditions, which suggest that it would be difficult for the Company to pursue sizeable equity financing alternative in the stock market; and (iv) the financial position of the Group, having considered that the unaudited net assets of the Group of approximately RMB340.1 million and the amount of cash and cash equivalents of approximately RMB78.4 million as at 30 September 2023.

Conditions precedent and termination

Completion of the Loan Capitalisation Agreement is conditional upon satisfaction of the following conditions:

- (i) the Listing Committee having granted the approval for the listing of and permission to deal in the Capitalisation Shares, and such approval and permission having not been subsequently revoked;
- (ii) the passing by the Independent Shareholders of resolution(s) at the SGM approving (i) the Loan Capitalisation Agreement and the transactions contemplated thereunder (including the Specific Mandate) by more than 50% of the votes cast by the Independent Shareholders by way of poll; and (ii) the Whitewash Waiver by at least 75% of the independent votes that are casted by the Independent Shareholders at the SGM by way of poll, in accordance with the Listing Rules and the Takeovers Code;
- (iii) the Debt Reorganisation having been completed;
- (iv) the Executive having granted the Whitewash Waiver (which have not been subsequently revoked) and all the conditions attached thereto (if any) having been satisfied;
- (v) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Loan Capitalisation Agreement and the transactions contemplated thereunder having been obtained; and
- (vi) all necessary consents and approvals required to be obtained on the part of the Subscriber in respect of the Loan Capitalisation Agreement and the transactions contemplated thereunder having been obtained.

None of the above conditions can be waived by any party to the Loan Capitalisation Agreement. In the event that the above conditions precedent have not been satisfied on or before 31 December 2024 (or such other date and time as may be agreed by the Company and the Subscriber in writing), all liabilities of the Company and the Subscriber under the Loan Capitalisation Agreement shall terminate (save for those specified to survive termination) and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Save for the consents and approvals required to be obtained by the Company as set out in conditions (i) to (iv) above, there is no other governmental, regulatory and corporate consents and approvals required to be obtained in respect of conditions (v) and (vi) above. As at the date of this announcement, none of the above conditions have been satisfied.

As the completion of the Loan Capitalisation is subject to the fulfilment of the conditions precedent as stated in the Loan Capitalisation Agreement and as set out above, the Loan Capitalisation may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

Completion

Completion of the subscription contemplated under the Loan Capitalisation Agreement shall take place at 4:00 p.m. on the third Business Day (or such other date and time as may be agreed by the Company and the Subscriber in writing) upon the satisfaction of the conditions under the Loan Capitalisation Agreement, upon which the parties thereto shall enter into the Deed of Set-off to set off the aggregate Capitalisation Price against the Loan in full on a dollar-for-dollar basis and carry out all necessary actions to allot and issue the Capitalisation Shares within the prescribed time limit.

Information of the parties to the Loan Capitalisation Agreement

The Company was incorporated in Bermuda as a limited liability company. The Company is principally engaged in investment holding and the Group is principally engaged in property development and management, including planning, designing, budgeting, licensing, contract tendering and contract administration and property investment.

Jilin Rongyu was established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company. It is principally engaged in investment holding and its subsidiaries are principally engaged in property development, property management, and property investment business.

Ground Investment Holding is a company established in the PRC with limited liability, and is principally engaged in financing consultancy services; investment activities with own fundings; asset management services with own fundings; enterprise management; leasing management; and property leasing. As at the date of this announcement, the entire issued share capital of Ground Investment Holding was owned as at 75% by Mr. Cui, the non-executive Director and the father of Ms. Cui, and as to 25% by Ms. Chai, the spouse of Mr. Cui and the mother of Ms. Cui.

The Subscriber is a company incorporated in Hong Kong with limited liability, and is principally engaged in investment holding. As at the date of this announcement, Mr. Cui and Ms. Chai are also the ultimate beneficial owners of the Subscriber. Hence, each of the Subscriber and Ground Investment Holding is a connected person of the Company.

Mr. Cui, aged 58, is a non-executive Director of the Company. Mr. Cui has been the chairman of Ground Investment Holding from 2010 up to now. For the period from 2001 to 2010, Mr. Cui was the chairman of 吉林省廣澤集團有限公司 (Jilin Province Guangze Group Company Limited*). Mr. Cui was working as a manager of 吉林省儲備糧公司長春分公司 (Jilin Province Grain Reserve Company – Changchun Branch) for the period from 1999 to 2001. Mr. Cui graduated from Jilin Agricultural University major in agricultural studies in 1988 and obtained an EMBA degree at Cheung Kong Graduate School of Business in 2008.

Information on the Loan

As at the date of this announcement, Jilin Rongyu, an indirect wholly-owned subsidiary of the Company, was indebted to the Ground Investment Holding, the entire issued share capital of which is owned by Mr. Cui and Ms. Chai, the Loan in the amount of approximately RMB230 million (equivalent to approximately HK\$253 million). The Loan is unsecured, interest free and repayable on or before 28 February 2025. The Loan was provided to Jilin Rongyu by Ground Investment Holding for the purpose of the Group's general working capital requirement, primarily for the repayment of the Group's bank borrowings and finance costs. As at the date of this announcement, the entire issued share capital of Ground Investment Holding was owned as to 75% by Mr. Cui, the non-executive Director and the father of Ms. Cui, and as to 25% by Ms. Chai, the spouse of Mr. Cui and the mother of Ms. Cui.

Details of the Loan are set out as follows:

Borrower	Recipients (Note)	Date of loan receipts	Loan amount (RMB)	Outstanding Loan amount as at the date hereof (RMB)
Jilin Rongyu	Jilin Province Xisheng Real Estate Development Co., Ltd.	21 December 2020	35,314,811	35,314,811
	Baishan Ground Real Estate Development Company Limited	24 December 2021	12,824,383	12,824,383
	Fusong Changbaishan Ground Tourism Development Company Limited	28 October 2021	100,000,000	100,000,000
		30 December 2022	24,239,599	24,239,599
	Fusong Ground Real Estate Development Company Limited	21 December 2021	28,838,005	28,838,005
		9 June 2022	<u>28,831,617</u>	<u>28,831,617</u>
		Total	<u>230,048,415</u>	<u>230,048,415</u>

Note: All the recipients above are indirect wholly-owned subsidiaries of the Company.

Reasons for and benefits of the Loan Capitalisation Agreement

As disclosed in the 2023 Interim Report, the Group has been proactive in seeking appropriate investment opportunities and conducting prudent project research, due diligence or formulating execution plans on its core business as well as in areas including but not limited to cultural tourism projects and supplementary businesses in mineral water industry and ginseng industry. Nevertheless, the financial performance of the Group has been adversely impacted by the lack of newly completed property project delivered and the decrease in sales of properties, which had in turn led to a significant decrease in the overall revenue and gross profit of the Group as compared to that of the corresponding period in 2022 and a change in the financial position of the Group from profit making to loss making. In light of the persisting uncertainties in the property market of the PRC, the loss position of the Group as well as the aforementioned business plans of the Group, the Board considers that it is vital for the Group to have access to additional funding and working capital in order to maintain its competitiveness in the market.

The Group had been in a highly leveraged financial position with substantial amount of bank and other borrowings. As disclosed in the 2023 Interim Report, the gearing ratio of the Company was approximately 75%. Coupled with the recent cautious investment sentiment and the increasing trend of the interest rate in the debt market, the Company had difficulties in seeking debt or equity financing to finance its business development. Based on the figures as set out in the 2023 Interim Report and assuming there is no other change to the financial position of the Group up to the date of Completion, the gearing ratio of the Company immediately after completion of the Loan Capitalisation will be lowered to 63%, resulting in a healthier financial position of the Group.

Taking into account the financial performance of the Group, limited cash and cash equivalents available (approximately RMB78.4 million as at 30 September 2023 based on the interim report of the Company dated 29 November 2023) as well as the business plan of the Group in the near future, the Board considers that while there is no immediate need to repay the loan, the completion of the Loan Capitalisation would lead to a healthier financial position of the Group as disclosed above, and the Loan Capitalisation represents a good opportunity to (i) allow the Company to settle the Loan without utilising all existing financial resources of the Company which may be used for expansion of the Group's businesses, and (ii) reduce the current gearing level of the Group which in turn strengthen its financial position and debt financing capability in the long run.

The Directors (excluding Ms. Cui and Mr. Cui) had considered other alternative financing methods to settle the Loan. For debt financing, having considered the lack of security for arranging any possible debt financing, the Directors (excluding Ms. Cui and Mr. Cui) considered the Group is not in a feasible position to obtain further debt financing from financial institutions for settlement of the Loan. The increasing trend of the interest rate in the debt market will also increase the interest burden of the Group. In respect of equity fund raising, given the relatively substantial amount of the Loan, the recent weak sentiment of the stock market and uncertain economic environment, it is difficult to procure an underwriter for rights issue or placing or a placing agent for share placement which is able to raise sufficient funding for the settlement of the Loan.

Among the possible alternatives available to the Company, the Company considers that the Loan Capitalisation is an appropriate and cost-effective method to the Company. Comparing to debt financing, the Loan Capitalisation would allow the Company in avoiding further finance cost.

Although the allotment and issue of the Capitalisation Shares will have a dilution effect on the shareholding interest of the existing Shareholders, having considered (i) the Loan Capitalisation can discharge the settlement obligations of the Loan; and (ii) the Capitalisation Shares, when allotted and issued, will be recognised entirely as equity of the Company which in turn will enlarge the capital base, and accordingly, strengthen the financial position of the Group, the Directors consider the terms of the Loan Capitalisation Agreement, which was negotiated on an arm's length basis and agreed on normal commercial terms between the parties thereto, are fair and reasonable, and the entering into of the Loan Capitalisation Agreement and the transactions contemplated thereunder are in the interests of the Company and Shareholders as a whole.

Use of proceeds

As the Capitalisation Price will be satisfied by way of offsetting the Loan, there will be no remaining net proceeds from the allotment and issue of the Capitalisation Shares available to be utilised by the Company.

Effects of the Loan Capitalisation Agreement on shareholding structure of the Company

For illustration purposes only and assuming that there will be no changes in the total number of issued Shares between the date of this announcement and the allotment and issue of the Capitalisation Shares, the table below sets out the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Loan Capitalisation.

	As at the date of this announcement		Immediately after completion of the Loan Capitalisation	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Substantial Shareholder				
Charm Success (Note 1)	434,320,694	6.03	434,320,694	3.54
Ka Yik (Notes 1 & 2)	1,794,780,371	24.91	1,794,780,371	14.64
Ms. Chai	850,000	0.01	850,000	0.01
The Subscriber (Note 3)	<u>–</u>	<u>–</u>	<u>5,060,000,000</u>	<u>41.26</u>
Sub-total (The Concert Party Group)	<u>2,229,951,065</u>	<u>30.95</u>	<u>7,289,951,065</u>	<u>59.45</u>
Hong Kong Toprich Investment Limited (Note 4)	1,042,000,000	14.46	1,042,000,000	8.50
Public Shareholders				
Public shareholders	<u>3,931,687,743</u>	<u>54.59</u>	<u>3,931,687,743</u>	<u>32.05</u>
Total	<u>7,203,638,808</u>	<u>100.00</u>	<u>12,263,638,808</u>	<u>100.00</u>

Notes:

- (1) Charm Success and Ka Yik are companies wholly owned by Deep Wealth Holding Limited, which is in turn wholly held by TMF (Cayman) Ltd. as trustee of the Ground Trust. The Ground Trust is a discretionary trust set up by Ms. Cui as settlor and protector, and TMF (Cayman) Ltd. as trustee on 27 July 2016. By virtue of part XV of the SFO, Ms. Cui is deemed to be interested in the securities of the Company held by Charm Success and Ka Yik.

- (2) Ka Yik entered into a sale and purchase agreement (the “SPA”) on 29 July 2022 pursuant to which Ka Yik agreed to sell 1,000,000,000 Shares (representing approximately 13.88% of the total issued share capital of the Company as at the date of this announcement) to Tianfeng International Holding Limited (“Tianfeng”). Tianfeng is a company wholly owned by Jilin Wanding Holdings Group Co., Ltd.*, which 90%, 5% and 5% of its shares are owned by (i) Mr. Sui Guangyi (“Mr. Sui”), a former non-executive Director not acting in concert with the Concert Party Group; (ii) Mr. Wang Jian (王健), an independent third party not acting in concert with the Concert Party Group; and (iii) Ms. Wang Min (王敏), an independent third party not acting in concert with the Concert Party Group, respectively. As at the date of this announcement, while Tianfeng shall be deemed to be interested in those 1,000,000,000 shares via its interests in SPA, as Tianfeng has not yet fulfilled all of the obligations undertaken by it, (i.e. the only outstanding obligation being the undertaking by Tianfeng to procure the Group to discharge any corporate guarantee given by Ka Yik or its associates as a security for the Group’s borrowing when fall due or upon re-financing), notwithstanding the consideration payable by Tianfeng under the SPA has been fully settled, the completion of the SPA has not taken place and the transaction has not completed yet. Accordingly, Ka Yik remains to be the legal and beneficial owner of the 1,000,000,000 Shares as at the date hereof.
- (3) Mr. Cui, the non-executive Director, is one of the ultimate beneficial owners of the Subscriber and is thus deemed to be interested in the securities held by the Subscriber by virtue of Part XV of the SFO.
- (4) These 1,042,000,000 Shares are held by Hong Kong Toprich Investment Limited, which is in turn wholly owned by Final Destination Limited, which is in turn wholly owned by Eternity Sky Limited, which is in turn wholly owned by Flying Goddess Limited, which is in turn wholly owned by Ding Yi Feng Holdings Group International Limited, a company the shares of which are listed on the Main Board of the Stock Exchange and approximately 22.26% of shares of which is held by/deemed to be held by Mr. Sui by virtue of Part XV of the SFO.
- (5) Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

Listing Rules implications

As at the date of this announcement, the ultimate beneficial owners of each of the Subscriber and Ground Investment Holding are (i) Mr. Cui, who is the non-executive Director and the father of Ms. Cui, the chairperson of the Board and the executive Director; and (ii) Ms. Chai, the spouse of Mr. Cui and the mother of Ms. Cui. Hence, each of the Subscriber and Ground Investment Holding is a connected person of the Company.

The Loan Capitalisation Agreement, the Whitewash Waiver and the transactions contemplated thereunder constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Ms. Cui and Mr. Cui have abstained from voting on the Board resolution(s) approving the Loan Capitalisation Agreement and the transactions contemplated thereunder. Ms. Cui, by being a party acting in concert with Mr. Cui and the Subscriber, and her associates shall also abstain from voting at the SGM in respect of the resolution(s) approving the Loan Capitalisation Agreement and the transactions contemplated thereunder and the Specific Mandate. Save as disclosed above, (i) no other

Director has a material interest in the Loan Capitalisation Agreement and the transactions contemplated thereunder or is required to abstain from voting on the Board resolution(s) in relation to the aforesaid matters; (ii) to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has any material interest in the Loan Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and therefore no other Shareholder is required to abstain from voting at the SGM in respect of the resolution(s) approving the aforesaid matters.

Application for listing of the Capitalisation Shares

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Capitalisation Shares.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the ultimate beneficial owners of the Subscriber are (i) Mr. Cui, who is the non-executive Director and the father of Ms. Cui; and (ii) Ms. Chai, the spouse of Mr. Cui and the mother of Ms. Cui. Ms. Cui, being the settlor and protector of The Ground Trust (details of which are set out in the section headed "Effects of the Loan Capitalisation Agreement on shareholding structure of the Company" above), is deemed to be interested (by virtue of Part XV of the SFO) in an aggregate of 2,229,101,065 Shares of the Company, representing approximately 30.94% of the issued Shares as at the date of this announcement via her interests in Ka Yik and Charm Success. Pursuant to the definition under the Takeovers Code, the Subscriber, Ground Investment Holding, Mr. Cui, Ms. Chai, Ms. Cui, Charm Success and Ka Yik are presumed to be under classes (1) and (8) of the definition of acting in concert under the Takeovers Code, and as matter of fact are, parties acting in concert.

Under the Loan Capitalisation Agreement, the Subscriber shall subscribe for a total of 5,060,000,000 Capitalisation Shares. Assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Capitalisation Shares, the aggregate shareholding interest of the Concert Party Group would increase from 2,229,951,065 Shares, representing approximately 30.95% of the issued Shares as at the date of this announcement, to 7,289,951,065 Shares, representing approximately 59.45% of the issued Shares as enlarged by the allotment and issue of the Capitalisation Shares immediately after completion of the transactions contemplated under the Loan Capitalisation Agreement.

Upon completion of the Loan Capitalisation, the Concert Party Group would be required to make a mandatory general offer under Rule 26.1 of the Takeovers Code for all the issued Shares (other than those already owned or agreed to be acquired by the Concert Party Group) unless the Whitewash Waiver is granted by the Executive.

An application for the Whitewash Waiver will be made by the Subscriber to the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Loan Capitalisation Agreement and the transactions contemplated thereunder. The Concert Party Group and their associates and any Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Loan Capitalisation Agreement and/or the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the SGM.

If the Whitewash Waiver is not granted and/or approvals by the Independent Shareholders are not obtained, or if any other conditions precedent under the Loan Capitalisation Agreement is not fulfilled, the subscription contemplated under the Loan Capitalisation Agreement will not proceed.

As at the date of this announcement, the Company does not believe that the Loan Capitalisation Agreement, the Whitewash Waiver and the transactions contemplated thereunder gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the whitewash circular. The Company notes that the Executive may not grant the whitewash Waiver if the Loan Capitalisation Agreement, the Whitewash Waiver and the transactions contemplated thereunder, does not comply with other applicable rules and regulations.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, each of the members of the Concert Party Group confirms that:

- (a) the Concert Party Group (excluding Ms. Cui, Ms. Chai, Charm Success and Ka Yik as disclosed in the section headed “Effects of the Loan Capitalisation Agreement on Shareholding structure of the Company”) does not hold, own, control or has direction over any Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) save for the Loan Capitalisation Agreement and the transactions contemplated thereunder, none of the Concert Party Group has dealt in the Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or has held any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company within the six months immediately prior to and including the date of this announcement;

- (c) save for the Loan Capitalisation Agreement and the transactions contemplated thereunder, none of the Concert Party Group has acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months immediately prior to and including the date of this announcement;
- (d) save for the subscription contemplated under the Loan Capitalisation Agreement, none of the Concert Party Group will make any acquisitions or disposals of voting rights in the Company which constitute disqualifying transactions (within the meaning of the Takeovers Code) in the period between the date of this announcement and the completion of the Loan Capitalisation Agreement and the transactions contemplated thereunder;
- (e) save as disclosed in the section headed “Effects of the Loan Capitalisation Agreement on shareholding structure of the Company” in this announcement, there is no holding of voting rights in the Company or rights over any Shares which is owned, controlled or directed by any of the Concert Party Group;
- (f) save for the 2021 Convertible Bonds, none of the Concert Party Group owns any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (g) save for the Loan Capitalisation Agreement and the transactions contemplated thereunder, there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and the Subscriber and which might be material to the transactions contemplated under the Loan Capitalisation Agreement and/or the Whitewash Waiver;
- (h) none of the Concert Party Group has received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolution approving the transactions contemplated under the Loan Capitalisation Agreement and the transactions contemplated thereunder, the Specific Mandate and/or the Whitewash Waiver;
- (i) save for the Loan Capitalisation Agreement and the transactions contemplated thereunder, there is no agreement or arrangement to which the Concert Party Group is a party which relate to the circumstances in which the Concert Party Group may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Loan Capitalisation Agreement or the Whitewash Waiver (including any such agreements or arrangements that would result in any break fees being payable);
- (j) none of the Concert Party Group has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (k) save for the Capitalisation Price for the Capitalisation Shares payable under the Loan Capitalisation Agreement (which will be offset by the Loan), none of the Concert Party Group with it has paid or will pay any other consideration, compensation or benefit in whatever form to the Company or any of the parties acting in concert with it in relation to the subscription contemplated under the Loan Capitalisation Agreement; and
- (l) there is no understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Concert Party Group and any party acting in concert with them, or (b) the Company, its subsidiaries or associated companies.

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

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

Date of announcement(s)	Fund raising activities	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
31 May 2023; 9 June 2023; 23 June 2023	The Company entered into a conditional placing agreement with Kingston Securities Limited in relation to the placing of convertible bonds in the principal amount of up to HK\$150.0 million (convertible into up to 337,078,651 Shares). On completion, convertible bonds with aggregate principal amount of HK\$60.0 million (convertible into up to 134,831,460 Shares) have been placed to independent third party not acting in concert with the Concert Party Group.	Approximately HK\$58.3 million (equivalent to RMB54.1 million)	(i) potential acquisition and/or projects investment in new business; (ii) repayment of the Group's indebtedness and finance cost; and (iii) general working capital of the Group	(i) approximately RMB30.8 million has been applied for the acquisition of ginseng assets and investment in a mineral water project, all of which has been utilised; (ii) approximately RMB19.5 million has been applied for repayment of the Group's indebtedness and finance cost, of which approximately RMB18.7 million has been utilised; and (iii) approximately RMB3.8 million has been applied for general working capital of the Group, all of which has been utilised.

Save as disclosed above, the Company has not conducted other fundraising exercise involving issue of equity securities during the 12 months immediately preceding the date of this announcement.

GENERAL

The Independent Board Committee, comprising all independent non-executive Directors (who have no direct or indirect interest in the Loan Capitalisation and the Whitewash Waiver), namely Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Mr. Wang Xueguang, has been established to advise the Independent Shareholders as to, among other things, whether the terms of the Loan Capitalisation Agreement and the Whitewash Waiver are fair and reasonable, in the interests of the Company and the Shareholders as a whole, and how to vote, after taking into account the recommendations of the Independent Financial Adviser. Mr. Cui, the non-executive Director, is the father of Ms. Cui and a member of the Concert Party Group, and is therefore considered to have material interest in the Loan Capitalisation Agreement and the Whitewash Waiver. Accordingly, Mr. Cui will not be a member of the Independent Board Committee.

An Independent Financial Adviser has been appointed (with the approval of the Independent Board Committee) pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee and the Independent Shareholders on the terms of the Loan Capitalisation Agreement and the transactions contemplated thereunder and the Whitewash Waiver and to make recommendation as to voting.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among other matters, the Loan Capitalisation Agreement, the Specific Mandate, the Whitewash Waiver and the transactions contemplated thereunder. The Concert Party Group, including the Subscriber and its associates, shall abstain from voting on the resolutions to approve the relevant transaction(s) and/or agreement(s) at the SGM.

A circular including, among other things, details of (i) the Loan Capitalisation Agreement, the Whitewash Waiver and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee in relation to the said agreements and/or transactions; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the said agreements and/or transactions; (iv) a notice convening the SGM; and (v) other disclosure requirements under the Listing Rules is expected to be despatched to the Shareholders within 21 days from the date of this announcement, that is on or before 4 June 2024, or such later date as the Executive may approve.

Since completion of the Loan Capitalisation Agreement and the transactions contemplated thereunder are subject to the fulfilment of the respective conditions as set out therein and in this announcement, the Loan Capitalisation Agreement and the relevant transactions may or may not proceed. Completion of the Loan Capitalisation is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among others things, be subject to the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver, more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Loan Capitalisation, and the grant of the Specific Mandate, respectively, at the SGM.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if you are in any doubt about your position, you should consult your professional advisers.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 26 April 2024 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 1:00 p.m. on 14 May 2024.

DEFINITIONS

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

“2021 Convertible Bonds”	the 2% coupon convertible bonds in the aggregate principal amount of HK\$103,076,730 issued by the Company to Ka Yik on 14 December 2021, which will mature on 14 December 2024. Upon exercising the conversion rights under the 2021 Convertible Bonds in full at the initial conversion price of HK\$0.39 per conversion share, a total of 264,299,307 conversion shares will be issued to Ka Yik
“2023 Interim Report”	the interim report of the Group for the six months ended 30 September 2023
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks are generally open for business in Hong Kong, except a Saturday, a Sunday, a public holiday, and a day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at 12:00 noon

“Capitalisation Price”	the subscription price of HK\$0.05 per Capitalisation Share for the Loan Capitalisation
“Capitalisation Share(s)”	an aggregate of 5,060,000,000 Shares to be allotted and issued to, and to be subscribed by, the Subscriber pursuant to the terms and conditions of the Loan Capitalisation Agreement
“Charm Success”	Charm Success Group Limited, a limited liability company incorporated in the British Virgin Islands and further information of which are set out in the section headed “Effects of the Loan Capitalisation Agreement on shareholding structure of the Company” in this announcement
“Company”	Hua 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)
“Concert Party Group”	the Subscriber, Ground Investment Holding, Mr. Cui, Ms. Chai, Ms. Cui, Ka Yik, Charm Success and their respective concert parties
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Debt Reorganisation”	including (a) the novation of the Loan to the Company; and (b) the assignment of the rights of Ground Investment Holding as creditor of the Loan to the Subscriber
“Deed of Set-off”	the deed to be entered into between the Company and the Subscriber in relation to the setting off of the Loan against the aggregate Capitalisation Price
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegates
“Ground Investment Holding”	Ground Investment Holding Group Co., Ltd.* (廣澤投資控股集團有限公司), a limited liability company established in the PRC which is 75% beneficially owned by Mr. Cui and 25% by Ms. Chai, who is the spouse of Mr. Cui and the mother of Ms. Cui
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors (who have no direct or indirect interest in the Loan Capitalisation and the Whitewash Waiver), namely Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Mr. Wang Xueguang, which has been established to advise (after considering the advice from the Independent Financial Adviser) the Independent Shareholders in respect of, among other things, the Loan Capitalisation Agreement and the transactions contemplated thereunder, and the Whitewash Waiver, and as to the voting action therefor
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company with the approval of the Independent Board Committee, for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of, among other things, the Loan Capitalisation Agreement and the transactions contemplated thereunder, and the Whitewash Waiver, and as to the voting action therefor
“Independent Shareholder(s)”	the Shareholders other than the Concert Party Group and their associates and any Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Loan Capitalisation Agreement, the Specific Mandate and/or the Whitewash Waiver and the transactions contemplated respectively thereunder
“Jilin Rongyu”	Jilin Rongyu Investment Company Limited* (吉林省融裕投資有限公司), a limited liability company established in the PRC which is an indirect wholly-owned subsidiary of the Company
“Ka Yik”	Ka Yik Investments Limited, a limited liability company incorporated in the British Virgin Islands and details of which are set out in the section headed “Effects of the Loan Capitalisation Agreement on shareholding structure of the Company” in this announcement
“Listing Committee”	shall have the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan”	the security-free and interest-free loan in the total amount of approximately RMB230,000,000 owed by Jilin Rongyu to Ground Investment Holding as at the date hereof, which shall be novated to, and borne by, the Company upon the Debt Reorganisation becoming effective
“Loan Capitalisation”	the allotment and issue of the Capitalisation Shares at the Capitalisation Price of HK\$0.05 per Capitalisation Share to the Subscriber by capitalising the Loan pursuant to the Loan Capitalisation Agreement
“Loan Capitalisation Agreement”	the loan capitalisation agreement dated 25 April 2024 entered into between the Company and the Subscriber in relation to the Loan Capitalisation
“Mr. Cui”	Mr. Cui Mindong, the non-executive Director and the father of Ms. Cui
“Ms. Chai”	Ms. Chai Xiu, the spouse of Mr. Cui and the mother of Ms. Cui
“Ms. Cui”	Ms. Cui Xintong, the executive Director and the chairperson of the Board and the daughter of Mr. Cui and Ms. Chai
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Loan Capitalisation Agreement, the Specific Mandate, the Whitewash Waiver and the transactions respectively contemplated thereunder
“Share(s)”	the ordinary share of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares

“Specific Mandate”	the specific mandate to be sought from the Shareholders for the allotment and issue of the Capitalisation Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ground Investment Holding Group (Hong Kong) Co., Limited (廣澤投資控股集團(香港)有限公司), a private company limited by shares and a wholly-owned subsidiary of Ground Investment Holding
“Substantial Shareholder”	shall have the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Whitewash Waiver”	a waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Subscriber to make a general offer for all the issued Shares not already owned or agreed to be acquired by the Subscriber which may otherwise arise as a result of the subscription of the Capitalisation Shares by the Subscriber pursuant to the Loan Capitalisation Agreement
“%”	per cent.

** for identification purposes only*

In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1.00 = HK\$1.10. The conversion rate of RMB into HK\$ or vice versa in this announcement is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

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

Hong Kong, 14 May 2024

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 Director is Mr. Cui Mindong; and the independent non-executive Directors are Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Mr. Wang Xueguang.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.