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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)

PROFIT WARNING

This announcement is made by Hua Yin International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

References are made to the announcements of the Company dated 14 May 2024 and 16 May 2024, respectively, in relation to, among others, (i) a connected transaction of the Company in relation to loan capitalisation involving subscription of shares of the Company under specific mandate; and (ii) an application for whitewash waiver (together, the “**Transactions**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 March 2024 (the “**Management Accounts**”) and the information currently available to the Board, it is anticipated that the Group will record a net loss of not less than RMB180.0 million for the year ended 31 March 2024 (the “**Current Financial Year**”) as compared with the net profit of approximately RMB366.0 million for the last financial year ended 31 March 2023 (the “**Corresponding Financial Year**”).

In the Corresponding Financial Year, the Group completed and delivered two property projects, namely Guangze Jiuxi Red House – Phase I and Guangze China House – Phase IA. However, no new property projects were completed and delivered during the Current Financial Year. As a result, the revenue from sales of properties for the Current Financial Year was mainly derived from the sale of remaining residential and commercial units of the property projects completed in the previous years. In addition, the Group recorded a write-down of its completed properties held for sale of approximately RMB25.5 million for the Current Financial Year due to the sluggish property market in the northeast China. Accordingly, for the Current Financial Year, the overall revenue and gross profit are expected to decrease by approximately RMB278.0 million and RMB48.1 million, respectively, compared to the Corresponding Financial Year.

In addition to the above, the Group's anticipated net loss for the Current Financial Year was primarily attributable to (i) an increase in fair value loss of the derivative component (i.e. early redemption feature) of the convertible bonds of approximately RMB27.8 million for the Current Financial Year (Corresponding Financial Year: approximately RMB8.2 million), due to a decrease in the Company's share price over the year; (ii) a reversal of write-down of properties under development (net of deferred tax) of approximately RMB451.2 million in the Corresponding Financial Year for its cultural tourism project, namely Ground Pine Township International Resort, whilst there was a write-down of approximately RMB45.2 million during the Current Financial Year amidst unfavourable market sentiment in the PRC property market; (iii) a further decrease in the fair value of the Group's investment properties located in Baishan City, Jilin Province of approximately RMB61.9 million as a result of decrease in market rent in the surrounding areas; (iv) an increase in finance costs of the Group during the Current Financial Year resulting from (a) the issuance of the convertible bonds with the principal amount of HK\$60 million; and (b) a reversal of over-provision of interest on bank and other borrowings in the Corresponding Financial Year of approximately RMB43.9 million due to the finalisation of the re-financing arrangements with lenders. There was no such reversal during the Current Financial Year; and (v) an increase in administrative expenses for the Current Financial Year as the Group set up offices for the ginseng and mineral spring water businesses.

The information contained in this announcement is only based on the Board's preliminary assessment of the information currently available to the Board as at the date hereof, including the Management Accounts which have not been audited by the Group's auditor or reviewed by the audit committee of the Company and may be subject to changes and adjustments. The results of the Group for the year ended 31 March 2024 have not yet been finalised. Details of the financial performance of the Group will be disclosed in the Company's annual results announcement for the year ended 31 March 2024, which is expected to be published by the end of June 2024.

Pursuant to Rule 10 and Practice Note 2 of The Code on Takeovers and Mergers issued by the Securities and Futures Commission (the "**Takeovers Code**"), this profit warning constitutes a profit forecast and is required to be reported on by the Company's financial adviser and its auditor or accountant in accordance with Rule 10.4 of the Takeovers Code. However, in view of the time constraints faced by the Company when issuing this announcement, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code.

Under Rule 10.4 of the Takeovers Code, if a profit forecast is published first in an announcement, it must be repeated in full, together with the reports from the Company's financial adviser and auditor on the said profit forecast, in the next document to be sent to the Shareholders by the Company (the "Shareholders' Document"). However, as the annual results of the Group for the year ended 31 March 2024 (to which this profit warning relates) are expected to be published prior to the issue of the Shareholders' Document; and the Company will include such annual results together with the notes to the financial statements by reference in the Shareholders' Document, the Company will no longer be required under the Takeovers Code to include such report by its financial adviser and its auditor or accountant in the Shareholders' Document. However, if the Shareholders' Document is despatched to the Shareholders before the annual results announcement of the Company for the year ended 31 March 2024 is published, this profit warning will be reported on in the Shareholders' Document (i.e. the whitewash circular) in accordance with Rule 10 of the Takeovers Code.

WARNING: Shareholders and potential investors of the Company should note that this profit warning has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code and does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution when placing reliance on this profit warning in assessing the merits and demerits of the Transactions and when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

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

Hong Kong, 13 June 2024

As at the date of this announcement, the Executive Directors of the Company are Ms. Cui Xintong, Mr. Li Junjie, Mr. Cong Peifeng and Mr. Xu Yingchuan; the Non-executive Director of the Company is Mr. Cui Mindong; and the Independent Non-executive Directors of the Company 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.