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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)**

## **SUPPLEMENTAL AGREEMENT IN RELATION TO CONNECTED TRANSACTION — PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

References are made to the announcements (the “**Announcements**”) of Hua Yin International Holdings Limited (the “**Company**”) dated 7 September 2021 and 18 October 2021, respectively, and the circular (the “**Circular**”) of the Company dated 30 September 2021 in relation to, among other matters, the proposed issue of the Convertible Bonds by the Company to the Subscriber under the Specific Mandate. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements and the Circular.

### **THE SUPPLEMENTAL AGREEMENT**

As disclosed in the Announcements and the Circular, on 7 September 2021, the Company and the Subscriber entered into the Subscription Agreement pursuant to which, subject to the fulfilment of the conditions precedent, the Subscriber agreed to subscribe for and the Company agreed to issue the Convertible Bonds in an aggregate principal amount of HK\$103,076,730.

As further disclosed in the announcement of the Company dated 18 October 2021, the Company and the Subscriber would revisit certain terms and conditions of the Convertible Bonds. Following the re-negotiation between the Company and the Subscriber, on 22 October 2021 (after trading hours), the Company and the Subscriber entered into the Supplemental Agreement to the Subscription Agreement, pursuant to which the parties have agreed to amend the terms in relation to the maturity and redemption of the Convertible Bonds as further detailed below.

Maturity date : The date falling on the end of a period of eighteen months from the date of issue of the Convertible Bonds (the “**Maturity Date**”), which may, subject to the Bondholder’s written consent which shall not be unreasonably withheld, be extended for another eighteen months by notice issued by the Company at any time during the three months prior to the Maturity Date by serving at least thirty days’ prior written notice (the “**Extension Notice**”) on the Bondholder(s) in accordance with the terms of the Instrument that the Maturity Date shall be extended for another eighteen months to the third anniversary of the date of issue of the Convertible Bonds (the “**Extended Maturity Date**”), in the event the Board is of the reasonable opinion that the redemption of the Convertible Bonds on the Maturity Date will result in the Company and its subsidiaries (taking as a whole) not having sufficient working capital for the operation for the next twelve months, pursuant to

the terms of the Instrument, and the Bondholder must provide its written consent to the extension, or a clear indication in writing that the consent would not be given, within ten days from the date of issue of the Extension Notice.

Save and except for the above changes and other consequential change(s), all other terms and provisions of the Subscription Agreement and the terms and conditions of the Convertible Bonds as set out in the Circular shall remain the same and unchanged and the Subscription Agreement shall remain in full force and effect.

As disclosed in the Announcements and the Circular, the initial Conversion Price is HK\$0.39 per Conversion Share (subject to adjustments) which represents:

- (i) no variance to the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on the date of the Supplemental Agreement;
- (ii) a discount of approximately 2.74% to the average closing prices of HK\$0.401 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Supplemental Agreement; and
- (iii) a discount of approximately 3.23% to the average closing prices of HK\$0.403 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Supplemental Agreement.

## **REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT**

On or about 18 October 2021, the Company had been notified by the Subscriber that one of the conditions precedents of the Subscription Agreement, namely, the obtaining of the necessary consent required to be obtained on the part of the Subscriber in respect of the Subscription and the transactions contemplated thereunder, cannot be fulfilled based on the original proposed terms and conditions of the Convertible Bonds. The Board (excluding Ms. Cui Xintong and the independent non-executive Directors) considers that the revised terms and conditions of the Convertible Bonds regarding the maturity date of the Convertible Bonds remain to be fair and reasonable, and is beneficial to the Company and its Shareholders, as it continues to represent a mean to defer the potential cash outflow in respect of the repayment of the Shareholder's Loan (which is repayable on demand) beyond one year, and the Company shall have an option to extend the maturity date for another 18 months subject to the consent of the Bondholder which shall not be unreasonably withheld. In light of the reasons and benefits for the Subscription as detailed in the Announcement and the Circular, the Board (except Ms. Cui Xintong and the independent non-executive Directors who will form their view after the advice of the Independent Financial Adviser) is of the view that it would be in the interests of the Company and its Shareholders as a whole to continue with the transactions under the Subscription. As such, the Company had re-negotiated with the Subscriber the terms and conditions of the Convertible Bonds.

The Directors (excluding the members of the Independent Board Committee who will form their view after the advice of the Independent Financial Adviser, and Ms. Cui Xintong, who is the ultimate beneficial owner of the Subscriber and is deemed to have a material interest in the Supplemental Agreement and the transactions contemplated thereunder and has abstained from voting on the relevant resolution at the Board meeting) consider that the terms of the Supplemental Agreement, which were arrived at after arm's length negotiations between the Company and the Subscriber, are on normal commercial terms and are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

As disclosed in the announcement of the Company dated 19 October 2021 in relation to, among others, the poll results of the SGM, the SGM has been adjourned (the “**Adjourned SGM**”) to a date, time and venue to be determined by the Board in due course. The Adjourned SGM will be held for the Independent Shareholders to consider and approve, among other things, the Subscription Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder (including the grant of the Specific Mandate).

A supplemental circular containing, among other things, (i) further details of the Subscription Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder (including the grant of the Specific Mandate); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder (including the grant of the Specific Mandate); (iv) a notice convening the Adjourned SGM; and (v) other information as required under the Listing Rules, will be despatched to the Shareholders as soon as possible on or around 5 November 2021.

**Completion of the Subscription Agreement (as amended by the Supplemental Agreement) is subject to the satisfaction of the conditions precedent set out in the paragraph headed “Conditions precedent” in the Circular. Accordingly, the Subscription Agreement (as amended by the Supplemental Agreement) may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

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

Hong Kong, 22 October 2021

*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 and the independent non-executive directors of the Company are Mr. Tsang Hung Kei, Mr. Zhu Zuoan and Mr. Wang Xiaochu.*