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HUIYIN HOUSEHOLD APPLIANCES (HOLDINGS) CO., LTD.

汇银家电(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1280)

PROFIT WARNING

The announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board of the Company wishes to inform the Shareholders and potential investors that the Group is expected to record a loss for the year ended 31 December 2012 as compared to the net profit for the last year.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

The announcement is made by Huiyin Household Appliances (Holdings) Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on preliminary assessment of the unaudited consolidated management accounts of the Group, the Group is expected to record a loss for the year ended 31 December 2012 as compared to the net profit for the last year. The change is mainly attributable to the following reasons:

- i. the provisions made by the Group, if any, in respect of the amounts due from suppliers after taking into account of increased operation pressure in the upstream industry;

- ii. the increasing cost pressure in the home appliances industry and the declining home appliances' demand in our market due to the government's macro policy;
- iii. the impairment loss against intangible assets, if any, because of the fact that the performance of the acquired business, which primarily sells home appliances under brands in Japan, did not meet the expectation after the earthquake in Japan last year and the macro economic crisis in the whole world as well as the political negative impact from Diaoyu Island during the year; and
- iv. the direct and indirect loss due to the store of the Group in Yangzhou, which is located at Ruifeng Building, No. 248 Wenchang Zhong Road, Yangzhou City, Jiangsu Province, the People's Republic of China, and comprises four storeys with an aggregate floor area of 4,100 square meters, being burnt in a fire which broke out on 25 October 2012.

As the Company is still in the process of preparing its audited consolidated annual results for the year ended 31 December 2012, the information contained in this announcement can only be treated as a preliminary assessment by the Board based on the unaudited consolidated management accounts of the Group. The information contained in this announcement is not based on any figures or information that has been audited or reviewed by the auditor of the Company. The annual results announcement of the Company for the year ended 31 December 2012 have not be finalized as at the date of this announcement and is expected to be released by the end of March 2013.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Huiyin Household Appliances (Holdings) Co., Ltd.
Cao Kuanping
Chairman

Yangzhou, PRC
18 January 2013

As at the date of this announcement, the Board of Directors of the Company comprises five executive Directors, namely Mr. Cao Kuanping, Mr. Mo Chihe, Mr. Mao Shanxin, Mr. Wang Zhijin, and Mr. Lu Chaolin, and three independent non-executive Directors, namely Mr. Zhou Shuiwen, Mr. Tam Chun Chung and Mr. Tan Bien Kiat.