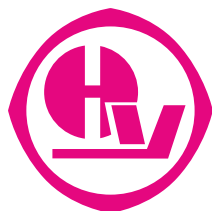


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HUIYIN SMART COMMUNITY CO., LTD.

汇银智慧社区有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1280)

**ANNOUNCEMENT IN RESPECT OF PUBLICATION OF
UNAUDITED MANAGEMENT ACCOUNTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

Reference is made to the announcements (the “**Announcements**”) made by the board (the “**Board**”) of directors (the “**Directors**”) of Huiyin Smart Community Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 26 March, 2 April, 6 April, 12 April, 26 April, 4 May and 16 May and 17 May 2018, relating to, among others, the delay in the publication of the 2017 Annual Results and the dispatch of the 2017 Annual Report, and the publication of unaudited management accounts for the year ended 31 December 2017. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

In order to keep the shareholders of the Company (the “**Shareholders**”) and the public informed of the Group’s operating results and financial position, the Board wishes to set forth below the preliminary unaudited financial information of the Group for the six months ended 30 June 2018, together with the comparative figures for the corresponding period in 2017. The Directors confirm that the following unaudited financial information is prepared on the same basis as used in the unaudited financial information of the Group for the year ended and as of 31 December 2017 as disclosed in the announcement of the Company dated 17 May 2018. The Company wishes to emphasise that this announcement does not intend to substitute the interim results as required under Rule 13.49(7) of the Listing Rules and the Company expects to announce the interim results in full compliance with Rule 13.49(7) of the Listing Rules within approximately one month from the publication of the 2017 Annual Results.

CONSOLIDATED BALANCE SHEET

As at 30 June 2018

| | As at 30 June 2018 RMB'000 | As at 31 December 2017 RMB'000 |
|---|----------------------------------|---|
| ASSETS | | |
| Non-current assets | | |
| Land use rights | 38,984 | 38,984 |
| Property, plant and equipment | 212,788 | 216,478 |
| Investment properties | 5,235 | 5,235 |
| Intangible assets | 4,384 | 6,107 |
| Investment in a joint venture | 6,000 | 6,000 |
| Investment in an associate | 847 | 847 |
| Deferred income tax assets | 16,285 | 16,285 |
| | <u>284,523</u> | <u>289,936</u> |
| Current assets | | |
| Inventories | 205,613 | 244,152 |
| Trade and bills receivables | 39,468 | 51,460 |
| Prepayments, deposits and other receivables | 425,855 | 411,635 |
| Restricted bank deposits | 129,724 | 278,350 |
| Cash and cash equivalents | 110,643 | 56,504 |
| | <u>911,303</u> | <u>1,042,101</u> |
| Total assets | <u><u>1,195,826</u></u> | <u><u>1,332,037</u></u> |
| EQUITY | | |
| Capital and reserves attributable to equity holders of the Company | | |
| Share capital | 16,766 | 13,739 |
| Reserves | (46,394) | (158,625) |
| | (29,628) | (144,886) |
| Non-controlling interests in equity | 78,480 | 81,524 |
| Total equity | <u><u>48,852</u></u> | <u><u>(63,362)</u></u> |

| | As at 30 June 2018 RMB'000 | As at 31 December 2017 RMB'000 |
|-------------------------------------|----------------------------------|--------------------------------------|
| LIABILITIES | | |
| Non-current liabilities | | |
| Borrowings | 6,722 | 7,061 |
| Deferred income tax liabilities | 211 | 211 |
| Deferred government grants | 2,643 | 2,643 |
| | <u>9,576</u> | <u>9,915</u> |
| Current liabilities | | |
| Trade and bills payables | 346,483 | 655,584 |
| Accruals and other payables | 625,115 | 468,643 |
| Borrowings | 98,728 | 194,842 |
| Current income tax liabilities | 13,512 | 12,855 |
| Other current liabilities | 53,560 | 53,560 |
| | <u>1,137,398</u> | <u>1,385,484</u> |
| Total liabilities | <u>1,146,974</u> | <u>1,395,399</u> |
| Total equity and liabilities | <u><u>1,195,826</u></u> | <u><u>1,332,037</u></u> |

Note: As compared with the unaudited management accounts as of 31 December 2017, which were published by the Company on 17 May 2018, the balance of certain items (such as Investment in a joint venture, Prepayments, deposits and other receivables, as well as Reserves) as at 31 December 2017 in the balance sheet of the Company have been adjusted to reflect the current situation and information available to the Group. The adjustments have not been reviewed or approved by the auditor of the Company. If there is any further adjustments to be made, the Company will further disclose in the announcement of the audited results of the Company for the year ended and as of 31 December 2017.

CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2018

| | For the period ended | |
|--|-----------------------------|----------------------|
| | 30 June | 30 June |
| | 2018 | 2017 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | 534,489 | 681,862 |
| Cost of sales | <u>(491,302)</u> | <u>(571,632)</u> |
| Gross profit | <u>43,187</u> | <u>110,230</u> |
| Other income | 7,000 | 17,600 |
| Other losses— net | (518) | (49) |
| Selling and marketing expenses | (77,073) | (89,325) |
| Administrative expenses | <u>(50,278)</u> | <u>9,481</u> |
| Operating (loss)/profit | <u>(77,682)</u> | <u>47,937</u> |
| Finance income | 589 | 4,168 |
| Finance costs | <u>(4,110)</u> | <u>(20,358)</u> |
| Finance costs — net | <u>(3,521)</u> | <u>(16,190)</u> |
| Share of a loss of a joint venture | — | (1,603) |
| Share of loss of an associate | <u>—</u> | <u>(11)</u> |
| (Loss)/profit before income tax | <u>(81,203)</u> | <u>30,133</u> |
| Income tax expense | <u>(142)</u> | <u>(14,086)</u> |
| (Loss)/profit for the period | <u><u>(81,345)</u></u> | <u><u>16,047</u></u> |

The Board wishes to emphasise that the unaudited financial information set out above is only based on the preliminary assessment by the Board on the unaudited management accounts of the Group for the six months ended 30 June 2018, and has not been reviewed, audited or approved by the Auditor, and therefore is subject to, among others, further review by the Company and any potential adjustments that might be proposed by the Auditor. The Board cannot guarantee the unaudited financial information set out above truly reflects the financial performance and condition of the Group and such information might be misleading if any potential adjustments have been taken into account.

Shareholders and potential investors should exercise extreme caution when considering the unaudited financial information disclosed above and when dealing in the shares of the Company.

CONTINUED SUSPENSION OF TRADING

Trading of the Shares will remain suspended until further notice.

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

By order of the Board
Huiyin Smart Community Co., Ltd.
Yuan Li
Chairman

Yangzhou, PRC, 30 August 2018

As at the date of this announcement, the Board of Directors of the Company comprises five executive Directors, namely Mr. Yuan Li, Mr. Xin Kexia, Mr. Cao Kuanping (suspended), Mr. Xu Xinying and Ms. Liu Simei, one non-executive Director, namely Mr. Wang Cai, and three independent non-executive Directors, namely Mr. Tam Chun Chung, Mr. Zhao Jinyong and Mr. Chen Rui.