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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

HIGHLIGHTS

1. Revenue was approximately RMB1,316.2 million, representing an increase of 13.1% from approximately RMB1,164.0 million for the first half of 2012.

2. Gross profit decreased by approximately 0.9% from RMB182.2 million to RMB180.5 million.

3. Gross profit margin in the first half of 2013 was 13.7% (15.7% for the same period in 2012).

4. Loss of the Group for the first half of 2013 was approximately RMB104.4 million, while there was profit of approximately RMB4.7 million for the same period in 2012.

   If the impact of provision for impairment on receivables and impairment loss against goodwill is excluded, the Group would record a profit of approximately RMB26.2 million for the period under review, and profit for the same period in 2012 would be approximately RMB21.4 million.

5. As at 30 June 2013, the Group had a total of 46 self-operated stores, versus 59 stores at the end of the corresponding period of 2012. Retail revenue represented 35.2% of the total revenue of the Group for the first half of 2013 (34.7% for the same period in 2012).

6. If the remaining payment of RMB118.1 million related to the acquisition of a land parcel intended to be developed into properties for sale is excluded, net cash inflow from operating activities of the Group would be approximately RMB1.1 million, as compared to approximately RMB200.9 million of net cash outflow for the same period in 2012.

The board (the "Board") of directors (the "Directors") of Huiyin Household Appliances (Holdings) Co., Ltd. (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013 together with the comparative figures for the corresponding period in 2012. These condensed consolidated interim financial information have been reviewed by the audit committee of the Board of the Company.

The condensed consolidated income statement and the condensed consolidated statement of comprehensive income for the six months ended 30 June 2013 and the condensed consolidated balance sheet as at 30 June 2013 of the Group together with the accompanying notes 1 to 10 as set out below are extracted from the condensed consolidated interim financial statements of the Group for the six months ended 30 June 2013 which have not been audited, but have been reviewed by the Company's independent auditor PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30 June	
	Note	**2013 RMB'000**	2012 RMB'000
Revenue	7	**1,316,196**	1,163,958
Cost of sales		**(1,135,720)**	(981,755)
Gross profit		**180,476**	182,203
Other income		**7,185**	6,857
Other gains/(losses) - net		**3,123**	(938)
Selling and marketing expenses		**(81,884)**	(85,629)
Administrative expenses		**(221,085)**	(71,448)
Operating (loss)/profit		**(112,185)**	31,045
Finance income		**24,780**	7,706
Finance costs		**(38,503)**	(24,321)
Finance costs - net		**(13,723)**	(16,615)
(Loss)/profit before income tax		**(125,908)**	14,430
Income tax credit/(expense)	8	**21,473**	(9,696)
(Loss)/profit for the period		**(104,435)**	4,734
Attributable to:			
– Equity holders of the Company		**(103,987)**	2,565
– Non-controlling interests		**(448)**	2,169
		(104,435)	4,734
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company (expressed in RMB cents per share)			
– Basic	9	**(9.92)**	0.24
– Diluted	9	**(8.62)**	0.23
Dividends	10	**—**	—

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
(Loss)/profit for the period	**(104,435)**	4,734
Other comprehensive income or loss	**—**	—
Total comprehensive (loss)/income for the period	**(104,435)**	4,734
Attributable to:		
– Equity holders of the Company	**(103,987)**	2,565
– Non-controlling interests	**(448)**	2,169
	(104,435)	4,734

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
ASSETS			
Non-current assets			
Land use rights		**23,165**	17,355
Prepayments for land use rights		**—**	125,047
Property, plant and equipment		**197,118**	192,771
Investment properties		**6,000**	6,085
Intangible assets		**38,659**	39,363
Deferred income tax assets		**135,481**	92,288
Receivables		**2,910**	—
		403,333	472,909
Current assets			
Inventories		**547,794**	387,160
Trade and bills receivables	5	**623,525**	437,130
Prepayments, deposits and other receivables		**711,690**	911,088
Restricted bank deposits		**955,769**	805,847
Cash and cash equivalents		**123,803**	75,198
		2,962,581	2,616,423
Total assets		**3,365,914**	3,089,332

CONDENSED CONSOLIDATED BALANCE SHEET *(continued)*

	Note	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**7,162**	7,162
Reserves		**730,240**	835,853
		737,402	843,015
Non-controlling interests in equity		**27,006**	40,326
Total equity		**764,408**	883,341
LIABILITIES			
Non-current liabilities			
Borrowings		**541,138**	479,078
Deferred income tax liabilities		**211**	211
Deferred government grants		**2,900**	—
		544,249	479,289
Current liabilities			
Trade and bills payables	6	**659,356**	570,410
Accruals and other payables		**207,941**	213,261
Borrowings		**1,052,515**	826,886
Derivative financial instruments		**—**	1,007
Current income tax liabilities		**84,685**	63,479
Other current liabilities		**52,760**	51,659
		2,057,257	1,726,702
Total liabilities		**2,601,506**	2,205,991
Total equity and liabilities		**3,365,914**	3,089,332
Net current assets		**905,324**	889,721
Total assets less current liabilities		**1,308,657**	1,362,630

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 February 2008 as an exempted company with limited liability under the Companies Law (2009 Revision as amended, supplemented or otherwise modified) of the Cayman Islands. The address of its registered office is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands. The Company changed its name from China Yinrui Investment Holding Co., Ltd. to Huiyin Household Appliances (Holdings) Co., Ltd. on 8 December 2009.

The Company is principally engaged in investment holding. The principal activities of the Company and its subsidiaries (together, the "Group") are engaged in the retail and bulk distribution sales of household appliances, franchise operations and provision of maintenance and installation services for household appliances in the People's Republic of China (the "PRC").

The Group's businesses were primarily carried out by Yangzhou Huiyin Household Appliance (Group) Co., Ltd. ("Yangzhou Huiyin", formerly known as "Yangzhou Huiyin Household Appliance Co., Ltd.") and its subsidiaries. In preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), certain reorganisation steps (the "Reorganisation") were carried out in 2008. After the completion of the Reorganisation on 3 April 2008, the Company became the holding company of the subsidiaries comprising the Group. The Reorganisation has been accounted for as a reverse acquisition.

The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 25 March 2010.

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2013 are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

These condensed consolidated interim financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated and were approved by the Company's board of directors on 22 August 2013.

These condensed consolidated interim financial statements have not been audited.

3 ACCOUNTING POLICIES

Except as stated below for new account items or which is specific for the interim period, the accounting policies applied are consistent with those used for and described in the annual consolidated financial statements of the Company for the year ended 31 December 2012.

(a) Land use rights acquired for property development for sale

Such land use rights are included in current assets as inventories and are measured at the lower of cost and net realisable value unless they fall out of the normal operating cycle in which case they are classified as non-current assets. Construction and other costs for the property development including any capitalised borrowing costs incurred during the development period are also recorded as part of the inventory cost.

(b) Government grants

Government grants relating to non-current assets are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

(c) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

New/revised standards, amendments and interpretations to existing standards mandatory for the financial year beginning on 1 January 2013 that are relevant to the Group's operations

- Amendment has been made to HKAS 1 'Presentation of Financial Statements' regarding other comprehensive income. The main change resulting from the amendment is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI. Amendment to HKAS 1 is effective for annual periods beginning on or after 1 July 2012.

- HKFRS 10 'Consolidated Financial Statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. HKFRS 10 is effective for annual periods beginning on or after 1 January 2013.

- HKFRS 12 'Disclosures of Interests in Other Entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. HKFRS 12 is effective for annual periods beginning on or after 1 January 2013.

- HKFRS 13 'Fair Value Measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. HKFRS 13 is effective for annual periods beginning on or after 1 January 2013.

3 ACCOUNTING POLICIES *(continued)*

The adoption of the above new standards and amendment starting from 1 January 2013 did not give rise to any significant impact on the Group's results of operations and financial position for the six months ended 30 June 2013.

The Group has not early adopted any new accounting and financial reporting standards, amendments and interpretations to existing standards which have been issued but are not yet effective for the financial year ending on 31 December 2013.

4 SEGMENT INFORMATION

The chief operating decision-maker ("CODM"), being the chairman and executive directors of the Company, reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on the reports reviewed by the chairman and executive directors that are used to make strategic decisions.

Geographical segment is not presented as 100% of the Group's sales and business activities are conducted in the PRC.

The principal operation of the Group is organised into two main operating segments:

- Retail sales operation
- Bulk distribution sales operation which includes sales to franchisees and other retailers and distributors

Other operations of the Group mainly comprise provision of maintenance and installation services to customers, and real estate business.

The unaudited segment results for the six months ended 30 June 2013 are as follows:

	Retail RMB'000	Bulk distribution RMB'000	All other segments RMB'000	Unallocated* RMB'000	Group RMB'000
Segment revenue	462,923	1,282,255	4,868	–	1,750,046
Inter-segment revenue	–	(433,850)	–	–	(433,850)
Revenue from external customers	462,923	848,405	4,868	–	1,316,196
Operating profit/(loss)	(34,928)	(76,027)	1,686	(2,916)	(112,185)
Finance costs - net					(13,723)
Loss before income tax					(125,908)
Income tax credit					21,473
Loss for the period					(104,435)
Other segment items are as follows:					
Capital expenditure	11,556	10,665	–	–	22,221
Depreciation charge	7,790	3,775	35	–	11,600
Amortisation charge	59	874	–	–	943

4 SEGMENT INFORMATION *(continued)*

The unaudited segment results for the six months ended 30 June 2012 are as follows:

	Retail RMB'000	Bulk distribution RMB'000	All other segments RMB'000	Unallocated* RMB'000	Group RMB'000
Segment revenue	403,703	993,524	5,573	—	1,402,800
Inter-segment revenue	—	(238,842)	—	—	(238,842)
Revenue from external customers	403,703	754,682	5,573	—	1,163,958
Operating profit/(loss)	8,511	25,426	988	(3,880)	31,045
Finance costs - net					(16,615)
Profit before income tax					14,430
Income tax expense					(9,696)
Profit for the period					4,734
Other segment items are as follows:					
Capital expenditure	6,154	4,301	—	—	10,455
Depreciation charge	6,914	6,058	37	—	13,009
Amortisation charge	741	1,614	—	—	2,355

* Unallocated mainly represented the expenses incurred by the Company, such as Pre-IPO Option Scheme expenses, certain key management compensation and exchange gains/(losses) arising from the bank deposits denominated in foreign currencies.

4 SEGMENT INFORMATION *(continued)*

Unaudited segment assets and liabilities as at 30 June 2013 are as follows:

	Retail RMB'000	**Bulk distribution RMB'000**	**All other segments RMB'000**	**Group RMB'000**
2013				
Segment assets	**307,461**	**2,667,706**	**251,774**	**3,226,941**
Unallocated assets				**138,973**
Total assets				**3,365,914**
Segment liabilities	**150,046**	**760,385**	**8,013**	**918,444**
Unallocated liabilities				**1,683,062**
Total liabilities				**2,601,506**

The audited segment assets and liabilities as at 31 December 2012 are as follows:

	Retail RMB'000	Bulk distribution RMB'000	All other segments RMB'000	Group RMB'000
2012				
Segment assets	308,612	2,542,757	139,818	2,991,187
Unallocated assets				98,145
Total assets				3,089,332
Segment liabilities	164,492	666,992	2,836	834,320
Unallocated liabilities				1,371,671
Total liabilities				2,205,991

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, intangible assets, inventories, trade and bills receivables, prepayments, deposits and other receivables and operating cash and mainly exclude deferred tax assets and corporate assets.

Segment liabilities comprise operating liabilities and exclude items such as deferred income tax liabilities, current income tax liabilities, borrowings and corporate liabilities.

Capital expenditure comprises additions to property, plant and equipment, investment properties, land use rights and intangible assets, including additions resulting from acquisitions through business combinations.

5 TRADE AND BILLS RECEIVABLES

	As at	
	30 June 2013	31 December 2012
	RMB'000	RMB'000
Trade receivables	**154,894**	120,715
Less: Provision for impairment	**(1,756)**	(2,126)
Trade receivables, net	**153,138**	118,589
Bills receivable	**470,387**	318,541
Trade and bills receivables, net	**623,525**	437,130

The credit term granted to customers by the Group ranges from 30 days to 90 days. The maturity of bills receivable ranges from 3 months to 6 months.

The ageing analysis of trade receivables, before provision for impairment, as at the balance sheet date is as follows:

	As at	
	30 June 2013	31 December 2012
	RMB'000	RMB'000
0 - 30 days	**48,065**	54,569
31 - 90 days	**87,050**	51,749
91 - 365 days	**16,408**	11,175
1 year - 2 years	**2,775**	2,643
2 years - 3 years	**596**	579
Total	**154,894**	120,715

All trade and bills receivables are denominated in RMB and their carrying amounts approximate their fair values as at the balance sheet date.

The maximum exposures of the Group to credit risk from trade and bills receivables as at the balance sheet date were the carrying value of trade and bills receivables mentioned above. The Group does not hold any collateral as security.

As at 30 June 2013, bills receivable with a carrying amount of RMB4,303,000 (31 December 2012: RMB2,800,000) had been pledged as collateral for the Group's bank acceptance bills of RMB4,303,000 (31 December 2012: RMB2,800,000) (Note 6).

As at 30 June 2013, bills receivable with a carrying amount of RMB325,500,000 (31 December 2012: RMB222,240,000) were discounted to the bank with recourse, the proceeds of RMB323,029,000 (31 December 2012: RMB218,728,000) received from the bank were recorded as "borrowings" as at 30 June 2013 accordingly.

6 TRADE AND BILLS PAYABLES

	As at	
	30 June 2013	31 December 2012
	RMB'000	RMB'000
Trade payables	**53,143**	49,601
Bills payable	**606,213**	520,809
Total	**659,356**	570,410

Most of the principal suppliers require prepayment for goods purchase. The credit period granted by the Group's principal suppliers range from 15 to 60 days.

Ageing analysis of trade payables as at the balance sheet date is as follows:

	As at	
	30 June 2013	31 December 2012
	RMB'000	RMB'000
0 - 30 days	**21,849**	25,996
31 - 90 days	**18,872**	13,375
91 - 365 days	**8,200**	6,837
1 year - 2 years	**2,368**	2,716
2 years - 3 years	**1,854**	677
	53,143	49,601

The trade and bills payables are denominated in RMB and their carrying amounts approximate their fair values as at the balance sheet date.

As at 30 June 2013, restricted bank deposits of RMB289,805,000 (31 December 2012: RMB223,244,000) had been pledged as collateral for the Group's bank acceptance bills of RMB589,710,000 (31 December 2012: RMB508,009,000).

As at 30 June 2013, restricted bank deposits of RMB3,660,000 (31 December 2012: RMB3,000,000), together with certain land use rights and buildings with a total net book amount of RMB137,158,000 (31 December 2012: RMB135,724,000) had been pledged as collateral for the Group's bank acceptance bills of RMB12,200,000 (31 December 2012: RMB10,000,000) and bank borrowings of RMB38,000,000 (31 December 2012: RMB38,000,000).

As at 30 June 2013, bills receivable with a carrying amount of RMB4,303,000 (31 December 2012: RMB2,800,000) (Note 5) had been pledged as collateral for the Group's bank acceptance bills of RMB4,303,000 (31 December 2012: RMB2,800,000).

7 REVENUE

Turnover of the Group comprises revenues recognised as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Sales of goods		
– Retail	**462,923**	403,703
– Bulk distribution	**848,405**	754,682
including:		
Sales to franchisees	**253,103**	216,086
Sales to other retailers and distributors	**595,302**	538,596
	1,311,328	1,158,385
Rendering of services		
– Maintenance service	**2,988**	295
– Installation service	**1,880**	5,278
	4,868	5,573
Total revenue	**1,316,196**	1,163,958

8 INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
PRC enterprise and withholding income taxes		
– Current income tax	**21,719**	14,848
– Deferred income tax	**(43,192)**	(5,152)
	(21,473)	9,696

(a) Hong Kong profits tax

The Group is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong during the six months ended 30 June 2013 (30 June 2012: Nil).

(b) PRC enterprise income tax

In accordance with the Corporate Income Tax Law of the PRC (the "new CIT law") which became effective on 1 January 2008, PRC enterprise income tax is provided for at 25% of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC enterprise income tax purpose.

(c) PRC withholding income tax

According to the new CIT law, starting from 1 January 2008, a 10% withholding tax is levied on the immediate holding companies established outside the PRC when their PRC subsidiaries declare dividends out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. Such withholding income tax is included in deferred income tax. The Group has not accrued for any PRC withholding income tax for the six months ended 30 June 2013 as its PRC subsidiaries did not earn any profit during the period (30 June 2012: 10%).

9 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the (loss)/profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2013	2012
(Loss) /profit attributable to equity holders of the Company (RMB'000)	**(103,987)**	2,565
Weighted average number of ordinary shares in issue (thousand)	**1,048,342**	1,048,342
Basic (loss)/earnings per share (RMB cents)	**(9.92)**	0.24

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue for the potential dilutive effect caused by the settlement in ordinary shares for contingent consideration arising from business combination assuming it was settled by issuance of ordinary shares.

	Six months ended 30 June	
	2013	2012
(Loss) /profit attributable to equity holders of the Company (RMB'000)	**(103,987)**	2,565
Weighted average number of ordinary shares in issue (thousand)	**1,048,342**	1,048,342
Adjustment for:		
– Settlement in ordinary shares for the contingent consideration arising from business combination (thousand)	**157,653**	88,340
Weighted average number of ordinary shares for diluted (loss)/earnings per share (thousand)	**1,205,995**	1,136,682
Diluted (loss)/earnings per share (RMB cents)	**(8.62)**	0.23

10 DIVIDENDS

The board of directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2013 (30 June 2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2013, the Chinese economy remained stable under the ever-changing market circumstances. According to the statistics of the National Bureau of Statistics of China, the GDP growth rate for the first half of 2013 reached 7.6%. With the increasing income of urban and rural residents, the growth rate of consumption in Mainland China picked up. Both the rapid development of the high-end home appliances market and the demand of customers for product replacements and upgrades brought new growth momentum for the household appliances industry. On the other hand, the household appliances industry faced uncertainties as well as opportunities and challenges for its development after the withdrawal of policies such as the "Rural Appliance Rebate Program", the "Old for New Program" and the energy saving subsidy policy.

According to the statistics published by the National Bureau of Statistics of China, the total retail sales of consumer goods in the country for the first half of 2013 was RMB11,076.4 billion, representing a year-on-year growth of 12.7% and a decrease of 1.7 percentage points as compared with the growth rate for the same period of last year. Retail sales of consumer goods in urban areas was approximately RMB9,578.9 billion, representing a year-on-year growth of 12.5%, while those in rural areas was approximately RMB1,497.5 billion, representing a year-on-year growth of 14.3%. Sales of household appliances and AV equipment reached approximately RMB326.9 billion, representing an increase of 15.3% over the same period of last year.

In terms of residents' income growth, the third and fourth-tier household appliances market in China still has room for development. Rural residents' income continue to grow faster than that of urban residents during the period under review. According to the data from the National Bureau of Statistics of China, for the first half of 2013, the disposable income per capita of urban residents was RMB13,649, representing an actual year-on-year growth of 6.5%; while the cash income per capita of rural residents was RMB4,817, representing an actual year-on-year growth of 9.2%. As the income gap between urban and rural residents gradually narrows down, the consumption potential of rural residents is huge and the demand of rural residents for high-quality household appliances will increase substantially.

Benefiting from the energy conservation subsidy policy, the PRC household appliances industry achieved stable development during the period under review. According to the statistics of the Ministry of Finance, as at 31 May 2013 when the energy saving subsidy policy was withdrawn, monthly sales amount of energy-saving household appliances increased from over 1.6 million units in last June when the policy was launched to about 7 million units now. Since the implementation of the promotion policy, more than 65 million units of energy-saving household appliances under five categories have been promoted, driving consumption needs by more than RMB250 billion. It can be seen that the household appliances policy play an active role in driving domestic demand and promoting industry upgrade.

BUSINESS REVIEW

An integrated three-pronged operation model

Since our establishment, the Group has been adhering to its integrated business model comprising of retail sales, bulk distribution (including sales to franchised stores) and after-sales services. By making full use of its extensive sales network and resources in the third and fourth-tier markets and capturing premium market opportunities, the Group gradually became a leader in the third and fourth-tier home appliance markets in China. During the period under review, the Group actively expanded and deepened its network of self-operated stores and franchised stores and took advantage of its "Huiyin" brand, thereby further enhancing the recognition of the Group in targeted markets and strengthening its leading market position.

Supported by its existing retail business, the Group actively expanded all business segments through self-operated stores and its extensive franchise network. During the period under review, the Group continued to focus on customer relations management and strengthen its internal operation management, and enhanced customer loyalty while optimizing operation efficiency.

For the six months ended 30 June 2013, total revenue of the Group was approximately RMB1,316.2 million, representing an increase of 13.1% as compared with approximately RMB1,164.0 million for the same period in 2012. Loss of the Group for the period was approximately RMB104.4 million, while profit for the same period in 2012 was approximately RMB4.7 million. Gross profit margin decreased to 13.7%, representing a year-on-year decrease of 2.0 percentage points. The decrease in gross profit margin and the losses recorded for the period were attributable to the slow recovery of domestic demand for household appliances, the increasing competition faced by the overall household appliances industry which led to great pressure on product selling price, and provisions made by the Group in respect of the amounts due from suppliers after taking into account of the increased operating pressure in the upstream industry.

Retail business

Self-operated stores

The Group has placed its business focus on high-growth markets in third and fourth-tier cities in Jiangsu and Anhui Provinces, and sold a variety of products and brands through its self-operated stores.

During the period under review, the Group continued to optimize its store management program and made appropriate adjustments according to sales of the respective stores. As at 30 June 2013, the Group had 46 self-operated stores, including 39 general stores, 5 shop-in-shops located in department stores and 2 brand retail stores. During the period, the Group's revenue from self-operated stores increased by 14.7% to RMB462.9 million, accounting for approximately 35.2% of the Group's total sales revenue.

During the period under review, the Group continued to optimize its product structure and flexibly adjusted product portfolio.

In respect of client management, the Group continued to implement its business strategies focusing on establishing client relationship, whereby sorting out client information and establishing client database by means of alliance across different industries and group purchases, established and maintained good relationship with customers and gradually improved customer loyalty. Through the implementation of various optimization strategies, the Group improved its overall competitiveness and operation efficiency significantly during the period under review.

Franchised stores

Most of the franchised stores of the Group were operated under the registered brand of "Huiyin". During the period under review, the Group continued to enhance the management of its franchised stores by upgrading and integrating original franchised stores, optimizing store layout and expanding its sales network in target areas in order to expand its sales revenue, thereby increasing its market share. As of 30 June 2013, the Group had a total of 87 franchised stores. Revenue derived from sales to franchised stores increased by 17.1% to RMB253.1 million, accounting for approximately 19.2% of the Group's total sales revenue.

During the period under review, the Group continued to increase its training efforts to staff of franchised stores, including the provision of periodic multi-facet and multi-level training sessions covering business-related merchandize knowledge and product sales skills, which resulted in a substantial improvement in the operational efficiency of our franchised stores. On the other hand, the Group also actively contacted upstream factories, carried out normalized management of the interaction between upstream factories and franchised stores, provided more resources for franchised stores, and enhanced the sales confidence and operational quality of franchised stores through a diversity of promotional methods.

Store network

The Group adopted a strategy of expanding its store network of self-operated stores and franchised stores simultaneously, whereby the Group increased its market share in targeted markets and gradually strengthened its leading position in the highly-fragmented third and fourth-tier markets. As of 30 June 2013, the Group had an integrated retail network with 133 stores in 26 cities or districts of Jiangsu and Anhui Provinces, of which 46 and 87 were self-operated stores and franchised stores, and the total number of stores in Jiangsu and Anhui Provinces was 118 and 15 respectively.

Bulk distribution business

The Group distributes as a supplier to our franchised stores as well as other independent third parties. Bulk distribution business and retail business of the Group are complementary to each other, which provided stable supply for our self-operated stores and franchised stores. Meanwhile, backed by ownership of an established and extensive sales network in the third and fourth-tier markets, the Group well understands consumers' demand and preferences in target market, enabling it to better meet the market demand and consolidate its market position.

During the period under review, the Group continued to launch flexible and diversified promotion activities such as group purchase of brand products and warehouse marketing, and planned promotion activities of four events for each month in association with upstream suppliers, resulting in the increase in market share and enhancement of industrial recognition.

After-sales services

After-sales services is important to the continued expansion of the Group's retail and bulk distribution business and also the competitive advantage of the Group. Operating through authorised arrangements with independent third party operators allowed the Group to extend the geographic coverage of its after-sales customer service with less capital and operational risks. As at 30 June 2013, the Group operated and managed a total of 54 service centers, of which 3 were self-operated service centers and 51 were authorized service centers, providing quality services for customers across a broad geographical area.

During the period under review, the Group continued to promote its commitment to diversified after-sales services to enhance service quality, which in turn increased customer loyalty and significantly enhanced brand awareness and recognition. During the period under review, the Group continued to promote the extended warranty plan ("匯金保"延保計劃), under which consumers may choose to extend their warranty period by paying a minimal one-off extended warranty fee to enjoy quality maintenance and repair services. The plan provides customized extended warranty solutions in accordance with various consumer needs and offers diversified after-sales service choices to consumers, hence being widely welcomed and recognized by consumers.

Diversified marketing strategies

In order to meet the market demand of consumers in different regions, the Group has adopted diversified marketing and brand promotion strategies and has flexibly established strategic store locations in different areas. During the period under review, the Group continued to upgrade and renovate stores, optimized store distribution and product structure and made improvements in sales, management and services.

During the period under review, the Group launched diversified promotion activities, including "Huiyin Home Appliance Cleaning Festival (匯銀家電清洗節)", "May 1st Golden Week Huiyin Best Value Group Purchase (五一黃金周匯銀聚劃算團購會)", "Huiyin Home Appliance Refrigeration Festival (匯銀家電製冷節)" and "Horizontal Alliance Special Promotion (異業聯盟專場促銷)", which offered more concessions to consumers and contributed to the Group's sales revenue.

In respect of e-commerce services, various marketing modes developed by www.Leehuu.com (Huiyin Lehu Mall) of the Group, such as B2C, sales at point of delivery, community purchase and direct operated premium stores, have effectively combined physical stores with online shops, hence promoting the advancement of the Group's e-commerce business. In the first half of 2013, the Group achieved rapid delivery of orders through establishment of multi-channel marketing arrangement, comprehensive building of various online shops enabled the Group to unify its treatment of orders, and online to offline business integration allowed centralized management of its downstream business.

Information technology system construction and information monitoring

The Group is committed to integrating and reforming its existing information management system to cope with its business growth and to obtain sufficient information for use by the Group and its franchised stores and in turn optimize its operations and management. During the period under review, the Group further improved its ERP system. The use of the JL system (金力系統) had enabled the Group to further regulate the process of its procurement and sales, better monitor the performance of its staff and facilitate the information management of its franchised stores. With such system, its franchised stores do not need inventories, which has eased the Group's inventory pressure and significantly optimized the sales model of its warehouses.

Information-based human resources management

As at 30 June 2013, the Group had 906 employees. During the period under review, the Group continued to optimize its human resources management structure and improve the skills of its employees. Through participating in diversified training sessions, the staff has developed their skills while gaining expertise. Meanwhile, the Group communicated with its employees regarding career planning and occupational health through "enterprise culture building", and provided them with new insights in terms of career development. During the period under review, the Group organized over 29 training sessions in various aspects, with a total of approximately 1,300 participating employees.

Outlook

In the second half of 2013, challenges will remain for the global economy, retail business such as the home appliances industry will continue to face huge pressure. The growing size of cities with the progress of China's urbanization, the increase in residential income in third and fourth-tier cities and the improvement in housing conditions will support the growth of demand for home appliances and become new growth drivers for the market. Other than the steady demand from first-time buyers, China's consumption of household appliances now mainly derives from the need for replacement and upgrade. According to a statistics, the demand arising from the need to replace and upgrade home appliances will exceed RMB10 trillion in the next eight years.

In the second half of 2013, the Group will continue to implement its strategy to focus on third and fourth-tier cities. By leveraging its supply chain advantage in the PRC third and fourth-tier markets, the Group will continue to consolidate its leading position in these markets and seek stronger growth drivers through retailing, agency sales, franchise, after-sales services, development of e-commerce combined with the full upgrade of logistics system.

2013 is a year of transformation for Huiyin. It will strive to improve the competitiveness and recognition of its e-commerce segment through combining online sales and sales at its physical stores. In the second half of the year, it will focus on developing Huiyin Lehu Mall and collaborating with major websites to introduce a shopping experience combining online and offline sales by allowing customers to purchase online and receive delivery from its physical stores. By way of combining the traditional home appliances sales model and innovative media as well as realising thorough communication and interaction with its customers, the Group will continue to transform and upgrade.

Looking ahead to the coming year, Huiyin will deploy its network according to the self-operated store expansion plan and the franchised store development plan. Besides, it will occupy high-quality commercial network on the basis of optimizing and transforming its existing stores so that the Group can maintain its leading position in the target markets. Being one of the leading enterprises in the PRC third and fourth-tier home appliances markets, the Group has laid a solid foundation for long-term growth in the future. We believe through the above strategies, the Group can achieve sustainable business expansion, thus generating better returns for our shareholders and investors.

FINANCIAL REVIEW

Revenue

During the period under review, due to the business development, the recovery in the household appliances consumer market and accelerated urbanization of rural area despite impact of macro-economic slowdown and expiration of the subsidies for energy-efficient household appliances at the end of the period, the Group's revenue was approximately RMB1,316.2 million, representing an increase of 13.1% from approximately RMB1,164.0 million for the same period of 2012.

Turnover of the Group comprises revenues by operation as follows:

	Six months ended 30 June			
	2013		2012	
	RMB'000		RMB'000	
Retail	**462,923**	**35.2%**	403,703	34.7%
Bulk distribution				
– Sales to franchisees	**253,103**	**19.2%**	216,086	18.5%
– Sales to other retailers and distributors	**595,302**	**45.2%**	538,596	46.3%
Rendering of services	**4,868**	**0.4%**	5,573	0.5%
Total revenue	**1,316,196**	**100. 0%**	1,163,958	100.0%

The increase in sales of retail and bulk distribution was mainly attributable to the business development, the recovery in the household appliances consumer market and accelerated urbanization of rural area in the first half of 2013.

The following table sets out the Group's revenue derived from sales of merchandise through our retail and bulk distribution operations by products categories during the period under review:

	Six months ended 30 June			
	2013		2012	
	RMB'000		RMB'000	
Air-conditioners	**819,372**	**62.5%**	674,378	58.2%
TV sets	**291,190**	**22.2%**	233,867	20.2%
Refrigerators	**90,282**	**6.9%**	95,155	8.2%
Washing machines	**49,230**	**3.8%**	59,606	5.2%
Others	**61,254**	**4.6%**	95,379	8.2%
Total revenue	**1,311,328**	**100.0%**	1,158,385	100.0%

The percentage of air-conditioner sales increased in the first half of 2013, which was mainly attributable to the expansion of distribution network for such products. The percentage of TV sets sales increased, which was mainly attributable to increase in sales of new products, such as smart TVs and 3D TVs. The drive of replacement and upgrade stimulated demand and increased the capacity of such a portion of TV market.

Cost of sales

Cost of sales increased by approximately 15.7% from RMB981.8 million for the six months ended 30 June 2012 to RMB1,135.7 million for the six months ended 30 June 2013, primarily due to an increase in sales volume.

Gross profit

Our gross profit decreased by approximately 0.9% from RMB182.2 million for the six months ended 30 June 2012 to RMB180.5 million for the six months ended 30 June 2013.

Gross profit margin of the Group by operation is as follows:

	Six months ended 30 June	
	2013	2012
Retail	**18.6%**	20.0%
Bulk distribution	**10.8%**	13.2%
Rendering of services	**65.7%**	27.8%
Overall	**13.7%**	15.7%

The decrease in gross profit margin of our retail and bulk distribution operations was due to the increasing competition faced by the overall household appliances industry which led to great pressure on product selling price.

The gross profit margin of our rendering of services increased from the same period of 2012, which was primarily due to the higher gross margin for the services provided under the warranty plan.

Other income

During the period under review, the Group recorded other income of approximately RMB7.2 million, representing a slight increase from approximately RMB6.9 million for the same period in 2012.

Other gains/(losses)

During the period under review, the Group recorded other gains of approximately RMB3.1 million, while other losses of approximately RMB0.9 million was recorded in the same period in 2012. The gains mainly included the receipt of insurance claim income amounting to RMB6.4 million arising from the fire which broke out last year on 25 October 2012.

Selling and marketing expenses

During the period under review, the Group's total selling and marketing expenses amounted to approximately RMB81.9 million, representing a decrease from approximately RMB85.6 million for the same period in 2012, which was in line with the decrease of store number.

The following table sets out a summary for selling and marketing expenses as a percentage of total revenue:

	Six months ended 30 June	
	2013	2012
Employee benefit expenses	**1.23%**	1.31%
Service charges	**0.20%**	0.27%
Operating lease expenses in respect of buildings and warehouses	**2.18%**	2.45%
Promotion and advertising expenses	**0.72%**	1.24%
Depreciation of property, plant and equipment	**0.81%**	1.00%
Utilities and telephone expenses	**0.22%**	0.40%
Transportation expenses	**0.52%**	0.39%
Travelling expenses	**0.07%**	0.10%
Others	**0.27%**	0.20%
Total selling and marketing expenses	**6.22%**	7.36%

The decrease of percentage of selling and marketing expenses was mainly due to the increase of sales and decrease of store number.

Administrative expenses

During the period under review, the Group's total administrative expenses amounted to approximately RMB221.1 million, representing an increase from approximately RMB71.4 million for the same period of 2012, which was mainly due to the increase of provision for impairment on receivables.

If the impact of provision for impairment on receivables and impairment loss against goodwill is excluded, the total administrative expenses would be approximately RMB46.9 million for the period under review, and the total administrative expenses would be RMB52.5 million for the same period in 2012.

The following table sets out a summary for administrative expenses:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Employee benefit expenses	**18,866**	22,696
Pre-IPO share option expenses	**602**	2,682
Operating lease expenses in respect of buildings	**2,735**	3,798
Utilities and telephone expenses	**1,121**	1,447
Travelling expenses	**720**	1,042
Auditors' remuneration	**1,525**	1,655
Consulting expenses	**830**	890
Amortisation of intangible assets	**1,807**	2,016
Provision for impairment on receivables	**174,171**	8,905
Impairment loss against goodwill	**—**	10,000
Others	**18,708**	16,317
Total administrative expenses	**221,085**	71,448

The increase of provision for impairment on receivables was mainly due to making of certain provision for receivables from suppliers after taking into account of increased operating pressure of upstream companies in the industry in the first half of 2013. The slow settlement of rebates receivable had led to a worsen ageing and a higher provision for impairment accordingly.

Operating (loss)/profit

Loss from operations was approximately RMB112.2 million for the six months ended 30 June 2013, while there was profit from operations of approximately RMB31.0 million for the same period in 2012. The loss was mainly due to the combining effect of the decrease in the gross profit and the increase in provision for impairment on rebates receivable.

Finance income and costs

During the period under review, the Group's net finance costs was approximately RMB13.7 million, representing a slight decrease from approximately RMB16.6 million for the six months ended 30 June 2012.

(Loss)/profit before income tax

During the period under review, the loss before income tax was approximately RMB125.9 million, while there was profit before income tax of approximately RMB14.4 million for the same period of 2012.

Income tax

During the period under review, the Group's income tax credit was approximately RMB21.5 million, representing 17.1% of the loss before income tax, while there was tax expense of approximately RMB9.7 million, representing 67.2% of the profit before income tax for the same period of 2012.

(Loss)/profit attributable to equity holders of the Company

The Group's loss attributable to equity holders for the period under review was approximately RMB104.0 million, while there was profit attributable to equity holders of approximately RMB2.6 million for the same period in 2012.

Cash and cash equivalents

As at 30 June 2013, the Group's cash and cash equivalents were approximately RMB123.8 million, representing an increase of 64.6% from approximately RMB75.2 million at the end of 2012.

Inventories

As at 30 June 2013, the Group's inventories amounted to approximately RMB547.8 million, representing an increase from RMB387.2 million at the end of 2012, which was mainly due to the addition of the cost of a land parcel amounting to RMB243.1 million acquired from Yangzhou Municipal Land Bureau.

Prepayments, deposits and other receivables

As at 30 June 2013, prepayments, deposits and other receivables of the Group amounted to approximately RMB711.7 million, representing a significant decrease from approximately RMB911.1 million at the end of 2012, which was mainly due to the provision for impairment on receivables of RMB174.2 million in the first half of 2013.

Trade and bills receivables

As at 30 June 2013, trade and bills receivables of the Group amounted to approximately RMB623.5 million, representing an increase from approximately RMB437.1 million at the end of 2012, which was mainly due to the increase of bills receivable.

Trade and bills payables

As at 30 June 2013, trade and bills payables of the Group amounted to approximately RMB659.4 million, representing an increase from approximately RMB570.4 million at the end of 2012.

Gearing ratio and the basis of calculation

The Group's gearing ratio as at 30 June 2013 and 31 December 2012 was 67.6% and 59.7% respectively. The increase was mainly due to the increase of borrowing balance. The gearing ratio is equal to total borrowings divided by total balances of equity and borrowings.

Capital expenditure

During the period under review, capital expenditure of the Group amounted to approximately RMB22.2 million, representing an increase from approximately RMB10.5 million for the same period in 2012.

Cash flows

During the period under review, net cash outflow from operating activities of the Group amounting to approximately RMB117.0 million as compared to approximately RMB200.9 million for the same period in 2012. The lower net cash outflow was mainly due to the better control in the working capital compared with the same period in 2012. If the remaining payment of RMB118.1 million related to the acquisition of a land parcel intended to be developed into properties for sale is excluded, there would be net cash inflow from operating activities of approximately RMB1.1 million.

Net cash outflow from investing activities amounted to approximately RMB39.2 million as compared to approximately RMB5.9 million for the same period in 2012, which was mainly due to acquisition of additional interest in a subsidiary, amounting to approximately RMB15.0 million and the increase in the purchase of property, plant and equipment compared with the same period in 2012.

Net cash inflow from financing activities amounted to approximately RMB206.4 million, while the net cash inflow from financing activities amounted to approximately RMB356.9 million for the same period in 2012. The lower net cash inflow was mainly due to the increase of repayments of bank borrowings.

Liquidity and financial resources

During the period under review, the Group's working capital, capital expenditure and cash for investment were funded from cash on hand, bank borrowings, medium-term notes and IPO proceeds. As at 30 June 2013, the interest-bearing bank borrowings of the Group amounted to RMB1,593.7 million, representing an increase from RMB1,306.0 million as at 31 December 2012.

Pledging of assets

As at 30 June 2013, the Group's pledged bank deposits and bills receivable amounted to RMB955.8 million and RMB329.8 million respectively. Certain land use rights, buildings and investment properties with a total net book amount of RMB420.7 million had been pledged.

Contingent liabilities

As at 30 June 2013, the Group had no contingent liabilities which have not been properly accrued for.

Foreign currencies and treasury policy

All the Group's income and the majority of its expenses were denominated in Renminbi.

USE OF FUNDS RAISED FROM INITIAL PUBLIC OFFERING

On 25 March 2010, the shares of our Company were successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Our initial public offering ("IPO") was well received by investors in both the international offering and the Hong Kong public offering. Net proceeds raised from our initial public offering ("IPO") were approximately HK$458.9 million (equivalent to approximately RMB403.5 million).

As stated in the prospectus of the Company dated 12 March 2010, we intend to use approximately HK$156.5 million (equivalent to approximately RMB137.9 million) for expansion of our retail network, approximately HK$203.2 million (equivalent to approximately RMB178.3 million) for potential acquisitions of home appliances and electronics retail enterprises in eastern China which target at the third and fourth-tier markets, approximately HK$55.0 million (equivalent to approximately RMB48.4 million) for expansion of our existing distribution and logistics centers in Jiangsu Province, approximately HK$5.0 million (equivalent to approximately RMB4.4 million) for improving our existing information and management systems, and approximately HK$39.2 million (equivalent to approximately RMB34.5 million) as our general working capital.

As at 30 June 2013, our use of net proceeds raised from IPO was as follows:

	Net proceeds from IPO	
	Available to utilise (RMB million)	**Utilised (up to 30 June 2013)** (RMB million)
Expansion of retail network	137.9	137.9
Acquisitions of home appliances and electronics retail enterprises	178.3	68.3
Expansion of distribution and logistics centers in Jiangsu Province	48.4	48.4
Improving information and management systems	4.4	2.7
General working capital	34.5	34.5
	403.5	291.8

The remaining net proceeds were held by us in short-term deposits with licensed banks and authorised financial institutions in Hong Kong and /or the PRC. The remaining net proceeds will be applied in the manner as stated in the prospectus of the Company dated 12 March 2010.

EMPLOYMENT AND REMUNERATION POLICY

We adopt remuneration policies similar to our peers in the industry. The remuneration payable to our employees is fixed by reference to the prevailing market rates in the region. Our management receive a fixed sum of basic salary and a discretionary performance bonus after annual/monthly/quarterly assessments. The remuneration of our other employees comprises basic salary and an attractive sum of monthly performance bonuses. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, our Group participates in different social welfare plans for our employees.

HUMAN RESOURCES

As at 30 June 2013, the Group had 906 employees, down 9.1% from 997 at the end of 2012.

INTERIM DIVIDEND

The Board of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to enhancing the corporate governance of the Group, and the Board reviews and updates all necessary measures in order to promote good corporate governance.

The Company has complied with the applicable code provisions in the Corporate Governance Code (the "Code"), as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2013 except with the following deviations.

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

Since the establishment of the Company, Mr. Cao Kuanping has been the Chairman and Chief Executive Officer of the Company and that the functions of the Chairman and Chief Executive Officer in the Company's strategic planning and development process overlap. This constitutes a deviation from code provision A.2.1 of the Code. However, the Board considered that the Group has been operating well under the current arrangement, and thus it might not be beneficial to the Company and its shareholders as a whole to change the current arrangement and have separate individuals occupying the offices of Chairman and Chief Executive Officer given the current operating scale of the Group.

Mr. Zhou Shuiwen, independent non-executive director, was unable to attend the 2013 annual general meeting held on 7 June 2013 as provided for in code provision A.6.7 due to other business engagement.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three members, all of whom are independent non-executive Directors, namely Mr. Tam Chun Chung, who possesses professional accounting qualifications, Mr. Zhou Shuiwen and Mr. Lo Kwong Shun Wilson. Mr. Tam Chun Chung is the Chairman of the Audit Committee. The Audit Committee has adopted the terms of reference in line with the Corporate Governance Code issued by the Stock Exchange. The Audit Committee of the Company has in conjunction with management reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim report for the six months ended 30 June 2013. In addition, the Company's auditor PricewaterhouseCoopers has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2013.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The 2013 Interim Report of the Company will be dispatched to shareholders and published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.hyjd.com in due course. This announcement can also be accessed on these websites.

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

Hong Kong, 22 August 2013

As at the date of this announcement, the Board 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. Lo Kwong Shun Wilson.