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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

HIGHLIGHTS

1. Revenue for 2013 was RMB2,849.1 million, an increase of 15.9% compared with 2012.
2. Gross profit margin for 2013 was 10.8%, while that of 2012 was 12.6%.
3. Operating loss for 2013 and 2012 was approximately RMB123.2 million and RMB224.6 million respectively.
4. Loss for the year for 2013 and 2012 was approximately RMB143.4 million and RMB227.0 million respectively.
5. As at 31 December 2013, the Group had a total of 44 self-operated stores, a decrease of 18.5% from 54 stores at the end of 2012. Retail revenue represented 29.0% of the total revenue of the Group for 2013 (33.6% for 2012).

The board (the "Board") of directors (the "Directors") of Huiyin Household Appliances (Holdings) Co., Ltd. (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group" or "Huiyin") for the year ended 31 December 2013 together with the comparative figures for 2012.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

		Year ended 31 December	
	Note	**2013**	2012
		RMB'000	RMB'000
Revenue	7	**2,849,142**	2,457,541
Cost of sales		**(2,540,338)**	(2,147,102)
Gross profit		**308,804**	310,439
Other income		**17,479**	15,199
Other gains/(losses) – net		**2,488**	(10,646)
Selling and marketing expenses		**(159,949)**	(165,596)
Administrative expenses		**(291,974)**	(373,954)
Operating loss		**(123,152)**	(224,558)
Finance income		**34,574**	16,904
Finance costs		**(62,669)**	(63,682)
Finance costs – net		**(28,095)**	(46,778)
Loss before income tax		**(151,247)**	(271,336)
Income tax credit	8	**7,890**	44,337
Loss for the year		**(143,357)**	(226,999)
Attributable to:			
– Equity holders of the Company		**(149,755)**	(226,687)
– Non-controlling interests		**6,398**	(312)
		(143,357)	(226,999)
Loss per share for loss attributable to equity holders of the Company (expressed in RMB cents per share)			
– Basic	9	**(14.28)**	(21.62)
– Diluted	9	**(11.63)**	(19.25)
Dividends	10	**–**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Loss for the year	**(143,357)**	(226,999)
Other comprehensive income or loss	**—**	—
Total comprehensive loss for the year	**(143,357)**	(226,999)
Attributable to:		
– Equity holders of the Company	**(149,755)**	(226,687)
– Non-controlling interests	**6,398**	(312)
	(143,357)	(226,999)

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Land use rights		**22,887**	17,355
Prepayments for land use rights		**—**	125,047
Property, plant and equipment		**186,803**	192,771
Investment properties		**5,915**	6,085
Intangible assets		**38,001**	39,363
Deferred income tax assets		**145,610**	92,288
Receivables		**2,910**	—
		402,126	472,909
Current assets			
Inventories		**678,345**	387,160
Trade and bills receivables	5	**131,809**	437,130
Prepayments, deposits and other receivables		**958,133**	911,088
Restricted bank deposits		**965,265**	805,847
Cash and cash equivalents		**152,235**	75,198
		2,885,787	2,616,423
Total assets		**3,287,913**	3,089,332
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**7,162**	7,162
Reserves		**684,472**	835,853
		691,634	843,015
Non-controlling interests in equity		**35,852**	40,326
Total equity		**727,486**	883,341
LIABILITIES			
Non-current liabilities			
Borrowings		**608,158**	479,078
Deferred income tax liabilities		**211**	211
Deferred government grants		**2,876**	—
		611,245	479,289
Current liabilities			
Trade and bills payables	6	**936,564**	570,410
Accruals and other payables		**319,735**	213,261
Borrowings		**541,774**	826,886
Derivative financial instruments		**—**	1,007
Current income tax liabilities		**97,549**	63,479
Other current liabilities		**53,560**	51,659
		1,949,182	1,726,702
Total liabilities		**2,560,427**	2,205,991
Total equity and liabilities		**3,287,913**	3,089,332
Net current assets		**936,605**	889,721
Total assets less current liabilities		**1,338,731**	1,362,630

NOTES:

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 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 consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

The Reorganisation as described in Note 1 above has been accounted for as a reverse acquisition under HKFRS 3 "Business Combinations" since the completion of the Reorganisation on 3 April 2008 resulted in the Company becoming the holding company of Yangzhou Huiyin, through its wholly owned subsidiary, China Yinrui (HK) Investment Holding Company Limited ("China Yinrui HK"). For accounting purposes, in preparing the financial statements, Yangzhou Huiyin is treated as the acquirer while the Company and China Yinrui HK were deemed to have been acquired by Yangzhou Huiyin. The financial statements of the Group have been prepared as a continuation of the consolidated financial statements of Yangzhou Huiyin and of the Group.

3 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements have been consistently applied to both years presented, unless otherwise stated.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

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.

- 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 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 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 requirement, 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.

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 year ended 31 December 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 ended on 31 December 2013. The Group is in the process of making an assessment on the impact of these standards, amendments and interpretations which are relevant to the Group's operations and does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position.

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 segment results for the year ended 31 December 2013 are as follows:

Segment results	**Retail RMB'000**	**Bulk distribution RMB'000**	**All other segments RMB'000**	**Unallocated* RMB'000**	**Group RMB'000**
Segment revenue	**825,520**	**3,004,488**	**12,598**	**–**	**3,842,606**
Inter-segment revenue	**–**	**(993,464)**	**–**	**–**	**(993,464)**
Revenue from external customers	**825,520**	**2,011,024**	**12,598**	**–**	**2,849,142**
Operating loss	**(15,308)**	**(98,391)**	**(620)**	**(8,833)**	**(123,152)**
Finance costs - net					**(28,095)**
Loss before income tax					**(151,247)**
Income tax credit					**7,890**
Loss for the year					**(143,357)**
Other segment items are as follows:					
Capital expenditure	**12,481**	**18,707**	**–**	**–**	**31,188**
Depreciation charge	**11,388**	**17,789**	**480**	**–**	**29,657**
Amortisation charge	**762**	**1,142**	**–**	**–**	**1,904**

The segment results for the year ended 31 December 2012 are as follows:

Segment results	Retail RMB'000	Bulk distribution RMB'000	All other segments RMB'000	Unallocated* RMB'000	Group RMB'000
Segment revenue	825,845	2,185,960	12,449	–	3,024,254
Inter-segment revenue	–	(566,713)	–	–	(566,713)
Revenue from external customers	825,845	1,619,247	12,449	–	2,457,541
Operating profit/(loss)	(37,177)	(181,586)	4,440	(10,235)	(224,558)
Finance costs - net					(46,778)
Loss before income tax					(271,336)
Income tax credit					44,337
Loss for the year					(226,999)
Other segment items are as follows:					
Capital expenditure	6,364	5,977	–	–	12,341
Depreciation charge	9,081	10,950	59	–	20,090
Amortisation charge	2,635	1,789	–	–	4,424

* 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.

Segment assets and liabilities as at 31 December 2013 are as follows:

Segment assets and liabilities	**Retail** **RMB'000**	**Bulk distribution** **RMB'000**	**All other segments** **RMB'000**	**Group** **RMB'000**
Segment assets	**428,400**	**1,902,848**	**264,008**	**2,595,256**
Unallocated assets				**692,657**
Total assets				**3,287,913**
Segment liabilities	**162,595**	**1,112,048**	**21,254**	**1,295,897**
Unallocated liabilities				**1,264,530**
Total liabilities				**2,560,427**

Segment assets and liabilities as at 31 December 2012 are as follows:

Segment assets and liabilities	Retail RMB'000	Bulk distribution RMB'000	All other segments RMB'000	Group RMB'000
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 Starting from 31 December 2013, the restricted bank deposits pledged for borrowings are also excluded.

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 31 December	
	2013	2012
	RMB'000	RMB'000
Trade receivables	**72,676**	120,715
Less: Provision for impairment	**(3,951)**	(2,126)
Trade receivables, net	**68,725**	118,589
Bills receivable	**63,084**	318,541
Trade and bills receivables, net	**131,809**	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 31 December	
	2013	2012
	RMB'000	RMB'000
0 – 30 days	**35,158**	54,569
31 – 90 days	**19,522**	51,749
91 – 365 days	**12,173**	11,175
1 year – 2 years	**4,638**	2,643
2 years – 3 years	**1,139**	579
Over 3 years	**46**	—
Total	**72,676**	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 31 December 2013, trade receivables of RMB 3,951,000 (2012: RMB 2,126,000) were past due, impaired and provided for. The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
1 year – 2 years	**3,434**	1,547
2 years – 3 years	**471**	579
Over 3 years	**46**	—
Total	**3,951**	2,126

As at 31 December 2013, trade receivables of RMB 24,718,000 (2012: RMB 15,046,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
31 – 90 days	**14,630**	2,775
91 – 365 days	**8,216**	11,175
1 year – 2 years	**1,204**	1,096
2 years – 3 years	**668**	—
Total	**24,718**	15,046

Movements on the Group's provision for impairment of trade receivables are as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
At beginning of the year	**2,126**	871
Accrual of provision for receivable impairment	**1,825**	1,255
At end of the year	**3,951**	2,126

Bills receivable do not contain impaired assets.

As at 31 December 2013, bills receivable with a carrying amount of RMB 6,700,000 (2012: RMB 2,800,000) had been pledged as collateral for the Group's bank acceptance bills of RMB 6,700,000 (2012: RMB 2,800,000) (Note 6).

As at 31 December 2013, no bills receivable were discounted to the bank with recourse. As at 31 December 2012, bills receivable with a carrying amount of RMB222,240,000 were discounted to the bank with recourse, the proceeds of RMB218,728,000 received from the bank were recorded as "borrowings" as at 31 December 2012 accordingly.

6 TRADE AND BILLS PAYABLES

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Trade payables	**62,730**	49,601
Bills payable	**873,834**	520,809
	936,564	570,410

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

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

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
0 – 30 days	**32,761**	25,996
31 – 90 days	**17,931**	13,375
91 – 365 days	**6,932**	6,837
1 year – 2 years	**2,106**	2,716
2 years – 3 years	**2,323**	677
Over 3 years	**677**	—
	62,730	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 31 December 2013, restricted bank deposits of RMB 421,265,000 (2012: RMB 223,244,000) had been pledged as collateral for the Group's bank acceptance bills of RMB 546,134,000 (2012: RMB 508,009,000).

As at 31 December 2013, bills receivable with a carrying amount of RMB 6,700,000 (2012: RMB 2,800,000) had been pledged as collateral for the Group's bank acceptance bills of RMB 6,700,000 (2012: RMB 2,800,000) (Note 5).

As at 31 December 2012, restricted bank deposits of RMB 3,000,000, together with certain land use rights and buildings with a total net book amount of RMB 135,724,000 had been pledged as collateral for the Group's bank acceptance bills of RMB 10,000,000 and bank borrowings of RMB 38,000,000.

7 REVENUE

Turnover of the Group comprises revenues recognised during the year as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Sales of goods		
– Retail	**825,520**	825,845
– Bulk distribution	**2,011,024**	1,619,247
including:		
Sales to franchisees	**412,792**	539,447
Sales to other retailers and distributors	**1,598,232**	1,079,800
	2,836,544	2,445,092
Rendering of services		
– Maintenance service	**3,381**	1,251
– Installation service	**9,217**	11,198
	12,598	12,449
Total revenue	**2,849,142**	2,457,541

8 INCOME TAX CREDIT

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
PRC enterprise and withholding income taxes		
– Current income tax	**(45,432)**	(22,949)
– Deferred income tax	**53,322**	67,286
	7,890	44,337

The taxation on the Group's loss before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to (losses)/profits in the respective regions as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Loss before income tax	**(151,247)**	(271,336)
Tax calculated at domestic tax rates applicable to (losses)/profits in the respective regions	**(35,918)**	(63,886)
Tax effects of :		
Income not subject to tax	**(1,602)**	(33)
Expenses not deductible for tax purpose	**2,373**	6,917
Tax losses for which no deferred income tax asset was recognised	**27,257**	12,677
Utilisation of previously unrecognised deferred tax asset	**—**	(12)
Income tax credit	**(7,890)**	(44,337)

The weighted average applicable tax rate was 24% (2012: 24%).

(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 year (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 year ended 31 December 2013 as its PRC subsidiaries did not earn any net profit available for distribution during the year (2012: Nil).

9 LOSS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2013	2012
Loss attributable to equity holders of the Company (RMB'000)	**(149,755)**	(226,687)
Weighted average number of ordinary shares in issue (thousand)	**1,048,342**	1,048,342
Basic loss per share (RMB cents)	**(14.28)**	(21.62)

(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.

	Year ended 31 December	
	2013	2012
Loss attributable to equity holders of the Company (RMB'000)	**(149,755)**	(226,687)
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)	**238,988**	129,081
Weighted average number of ordinary shares for diluted loss per share (thousand)	**1,287,330**	1,177,423
Diluted loss per share (RMB cents)	**(11.63)**	(19.25)

For the years ended 31 December 2013 and 2012, as the average market price of the ordinary shares during the year was lower than the subscription price, the impact of exercise of the share options granted under the Pre-IPO Option Scheme on loss per share is anti-dilutive.

10 DIVIDENDS

No interim dividend was declared during the year (2012: Nil) and the board of directors of the Company does not recommend the payment of any final dividend for the year ended 31 December 2013 (2012: Nil).

11 SUBSEQUENT EVENTS

In January 2014, Yangzhou Huyin and Yangzhou Huiyin Real Estate Co., Ltd. ("Huiyin Real Estate") entered into a cooperation agreement with Shanghai Coastal Weiying Equity Investment Fund Management Co., Ltd. (上海沿海威盈股權投資基金管理有限公司), a third party fund company (the "Fund"). Pursuant to the agreement, the contracting parties conditionally agreed to co-operate to develop a Land Parcel (the "Project").

Since Huiyin Real Estate holds the Land Parcel and the consideration and related expenses totalling RMB245 million for the acquisition of the Land Parcel had been fully paid by it, the Fund will bear and contribute from time to time all the development and construction costs for the Project.The estimated costs of development and construction is approximately RMB250 million. Yangzhou Huiyin and the Fund will be entitled to share 52% and 48% of the sales revenue of the Project respectively.

Although the Fund will contribute cash to Huiyin Real Estate in the form of working capital rather than paid-in capital, under the cooperation agreement, Yangzhou Huiyin and the Fund will jointly control the legal and financial operations as well as other key relevant activities (such as those activities in relation to construction and sales) of Huiyin Real Estate. Accordingly, Huiyin Real Estate will become a joint venture and its assets, liabilities and financial results will cease to be consolidated in the accounts of the Group from 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Taking advantage of its famous brandname "Huiyin" and "Huiyin e-commerce platform", the Group further enhanced the recognition of the "Huiyin" brand in the target markets and reinforced its leading market position.

BUSINESS REVIEW

An integrated business model

The Group has been striving to become a leader in the third and fourth-tier household appliance markets in China. Facing the rapid progress of urbanization, the Group actively captured opportunities and fully leveraged its sales network and resources in the third and fourth-tier markets during the year. The Group continued to pursue its integrated business model, integrating retail sales, bulk distribution (including sales to franchised stores) and client services. Taking advantage of its famous brandname "Huiyin" and "Huiyin e-commerce platform", the Group further enhanced the recognition of the "Huiyin" brand in the target markets and reinforced its leading market position.

The Group actively expanded its business segments and provided support to its existing retail business through its self-operated stores and extensive franchise network. During the year, the Group further standardized its internal operation and communication, and provided extensive after-sales and logistic services to clients with supply chain management and client management as the core. Such efforts were well received and recognized by the consumers.

During the year, China's consumption structure continued to evolve as a result of the ongoing urbanization. Therefore, the home appliance market kept the great potential of growth. For the year ended 31 December 2013, revenue of the Group was RMB2,849.1 million, up 15.9% as compared with RMB2,457.5 million of last year. Loss of the Group for the year was approximately RMB143.4 million, down 36.8% as compared with RMB227.0 million of last year, which was mainly attributable to direct and indirect losses incurred in 2012 by the Group's flagship store in Yangzhou where a fire had occurred in a neighbouring store, and the underperforming businesses (which were mainly engaged in sale of a Japan branded household appliances) acquired by the Group due to the earthquake in Japan in 2011 and the global financial crisis as well as political negative impact during 2012. Gross profit margin decreased to 10.8%, representing a year-on-year decrease of 1.8 percentage point. Such decrease was attributable to increasing operating cost pressure in the household appliance industry and fierce competing environment.

Retail business

Self-operated stores

The Group's self-operated stores provide a variety of products and famous brands. The Group operated 44 self-operated stores, mainly located in Yangzhou, Taizhou, Huai'an and Yancheng in Jiangsu Province. During the year, the Group actively optimized its product structure and flexibly adjusted product varieties in response to market demand. Benefiting from the rapid development of the internet and mobile application technologies, demand for mobile devices such as smartphones and notebooks grew ever greater. Meanwhile, with more extensive application of environmental, intelligent and cloud technologies, household appliances become more functionalized, intelligent and personalized. The Group launched several health-care products during the year following the public concern over the environment pollution, such as air purifier and water cleaner, to improve profitability of its business and be attractive for the products in the stores.

While optimizing its product mix, the Group also enhanced client relations management and resource integration. In 2013, the Group continued to focus on establishing and organizing client relations. Efforts included identifying new clients, establishing and maintaining good relationship with clients, emphasizing interaction and promoting service-oriented marketing, etc. The Group aimed to enhance competitiveness and operational performance of self-operated stores among other stores in the market through various reforms such as resource integration, improvement of staff skills, supply chain management and corporate advertisement during the year.

As at 31 December 2013, the Group had a total of 44 self-operated general stores, including 5 operating as shop-in-shops located in department stores mainly offering high-end household appliances and consumer electronic products and 3 stand-alone retail stores selling brand products. During the year ended 31 December 2013, revenue of the self-operated stores of the Group accounted for 29.0% of the total sales revenue of the Group, amounting to RMB825.5 million.

Franchised stores

Most of the franchised stores of the Group were operated under the registered brand of "Huiyin". As at 31 December 2013, there were 49 franchised stores under the Group. During the year, the Group enhanced the overall operating and management standards of existing franchised stores to optimize its franchise network and enhance its service quality. Meanwhile, the Group also increased its training efforts to staff of franchised stores, including professional training on product knowledge, sales skills, and planning and promotion, etc., which significantly improved the operating efficiency of our franchised stores.

During the year, the Group continued to expand the connection of "Huiyin e-commerce platform" to its existing network, enhancing synergy and interaction of online and offline sales. In addition, the Group also cooperated with franchised stores to carry out sales activities by the franchised stores to their customers in target markets by enhancing the interaction between the headquarters and franchised stores. The Group also adjusted part of the franchised stores out of the e-commerce platform to third-party distributors, which was the main reason of the decrease of the store number during the year. Income derived by the Group from sales to franchised stores amounted to approximately RMB412.8 million for the year ended 31 December 2013, down 23.5% from the previous year, and accounted for approximately 14.5% of the total sales revenue of the Group.

Store network

To increase the Group's market share in target markets and strengthen its leading position in the highly fragmented third and fourth-tier markets, the expansion strategy adopted by the Group in respect of its store network was to expand self-operated stores and franchised stores simultaneously. As at 31 December 2013, the Group had an integrated retail network with 93 stores in 18 cities/districts of Jiangsu and Anhui Provinces, of which 44 and 49 were self-operated stores and franchised stores respectively, and the total number of stores in Jiangsu and Anhui Provinces was 78 and 15, respectively.

Bulk distribution business

The Group as a supplier distributes products to its franchised stores as well as to other independent third parties, mainly including household electronic product retailers and corporate customers. The Group well understands consumers' preferences and demand in third and fourth-tier markets in the PRC and owns an established and extensive sales network in those markets. Leveraging its deep understanding of consumption patterns in the target markets, the Group continued to adopt the model of combining the bulk distribution business with retail business during the year to provide one-stop services integrating delivery, warehousing, account management and distribution logistics to its suppliers.

In response to the challenging market conditions, the Group launched flexible and diversified promotion activities such as group purchase of brand products and warehouse marketing to target customers in 2013. Currently, the Group is a bulk distributor of products for more than 20 international and domestic renowned brands, and remains a long-standing bulk distributor for a number of well-known household appliances and consumer electronic brands in target markets. Leveraging its long-term and close relationship with suppliers, the Group's market position in distribution of brand products was strengthened.

Client services: after-sales and logistics management

Offering of after-sales services is an important contributor to the continued expansion of the Group's retail and bulk distribution businesses. The Group offers a broad range of installation and maintenance services for the products purchased from the Group or from other third party vendors and suppliers, and has been providing satisfactory services and technical support for the Group's retail and bulk distribution businesses. As at 31 December 2013, the Group operated and managed a total of 54 service centers, including 3 self-operated service centers and 51 authorized service centers, which provided thoughtful and diversified after-sales warranty services for consumers across a broad geographical areas.

The Group endeavours to improve logistics management of its existing logistics network, warehouses and distribution centers in order to support its growing business operations. During the year, the Group enhanced information management and implemented real-time monitoring systems relating to its security system, inventory and employee performance.

The Group has integrated after-sales and logistics into one centralized platform to improve efficiency and effectiveness of client service management.

Accurate marketing and promotion strategies

In 2013, the Group upgraded and renovated a number of stores, optimized the store distribution in various regions and made improvements in sales, management and services.

In respect of customer base expansion, the Group further segmented its customers and actively identified new target consumer groups, including newly-married couples, new property owners as well as corporate customers. Furthermore, the Group launched a loyal customer membership program during the year and achieved an electronic customer information management. This program has enabled the Group to formulate more accurate marketing approaches for loyal customers and improve its marketing and brand promotion strategies.

In respect of brand marketing, "Huiyin e-commerce platform" achieved significant progress during the year. By building an on-line platform and recruiting additional e-commerce professionals, the Group realized the goal of a year-on-year growth in sales through the "Huiyin e-commerce platform" in 2013. Our brand marketing network covered Jiangsu and Anhui Provinces and some surrounding regions. In addition, the Group increased the brand awareness of its "Huiyin" brand throughout the country by cooperating with multi-media channels including TV, radio and internet during the year.

Management information system integration and upgrade

The Group strives to integrate and innovate its existing management information system, so as to support its growing business operations. In 2013, the Group implemented "Huiyin e-commerce platform" to manage the inventory and logistic system of the third party network. Moreover, the Group rolled out automatic connection to third party e-commerce platform to effectively manage the e-business. During the year, the Group started to promote through mobile devices by setting up store platform to improve the interaction with members of Huiyin.

Human resources management

As at 31 December 2013, the number of the Group's employees was 914. In 2013, the Group organized over 190 training sessions of different topics covering staff induction training, product knowledge, sales skills, leadership skills and corporate culture to meet the needs of employees at different levels, with total attendances reaching about 3,600.

During the year, the Group continued to fulfill its corporate social responsibility, and actively participated in community welfare undertakings to the society. In 2013, the Group was honoured with various awards, including "National Commercial Quality and Performance Enterprise (全國商業質量效益型先進企業)" by China General Chamber of Commerce (中國商業聯合會) and "CCFA member (中國連鎖經營協會理事單位)" by China Chain Store & Franchise Association (中國連鎖經營協會), which highlighted the Group's brand creditworthiness and recognition.

FINANCIAL REVIEW

Revenue

During the year, 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, the Group's revenue was approximately RMB2,849.1 million, representing an increase of 15.9% from approximately RMB2,457.5 million in 2012.

Turnover of the Group comprises revenues by operation as follows:

	2013		2012	
	RMB'000		RMB'000	
Retail	**825,520**	**29.0%**	825,845	33.6%
Bulk distribution				
– Sales to franchisees	**412,792**	**14.5%**	539,447	22.0%
– Sales to other retailers and distributors	**1,598,232**	**56.1%**	1,079,800	43.9%
Rendering of services	**12,598**	**0.4%**	12,449	0.5%
Total revenue	**2,849,142**	**100.0%**	2,457,541	100.0%

The increase in retail sales, sales to other retailers and distributors and rendering of services was mainly attributable to the business development, the recovery in the household appliances consumer market and accelerated urbanization of rural area, while sales to franchisees decreased because the Group adjusted part of the franchised stores out of the e-commerce platform to third-party distributors. During the year, 41 self-operated stores of the Group which already operated in 2012 accounted for 93.2% of the total number of the self-operated stores in the year.

The following table sets out the Group's revenue derived from sales of merchandise through its retail and bulk distribution operations by product categories during the year:

	2013		2012	
	RMB'000		RMB'000	
Air-conditioners	**2,068,563**	**72.9%**	1,462,463	59.8%
TV sets	**446,203**	**15.7%**	549,335	22.5%
Refrigerators	**139,890**	**4.9%**	174,248	7.1%
Washing machines	**83,694**	**3.0%**	112,805	4.6%
Others	**98,194**	**3.5%**	146,241	6.0%
Total revenue	**2,836,544**	**100.0%**	2,445,092	100.0%

The percentage of air-conditioner sales increased in 2013, which was mainly attributable to the expansion of distribution network for such products. The percentage of TV sets sales decreased, which was mainly attributable to a decline in TV market demand.

Cost of sales

Cost of sales increased by approximately 18.3% from RMB2,147.1 million for 2012 to RMB2,540.3 million for 2013, primarily due to an increase in sales volume. The rate of increase in cost of sales was higher than that of our revenue principally because of the increasing pricing pressure in the household appliance industry and fierce competing environment.

Gross profit

As a result of the above principal factors, the Group's gross profit decreased slightly by approximately 0.5% from RMB310.4 million for 2012 to RMB308.8 million for 2013.

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

	2013	2012
Retail	**14.5%**	18.5%
Bulk distribution	**9.2%**	9.4%
Rendering of services	**39.9%**	43.6%
Overall	**10.8%**	12.6%

During the year, the gross profit margin of our retail operation decreased, mainly due to the increasing competition faced by the overall household appliances industry which led to great pressure on product selling price.

Gross profit margin of the Group by product categories is as follows:

	2013	2012
Air-conditioners	**11.5%**	9.4%
TV sets	**9.5%**	13.9%
Refrigerators	**10.1%**	15.5%
Washing machines	**9.2%**	14.8%
Others	**6.8%**	32.9%
Overall	**10.5%**	12.5%

The gross profit margin of TV sets, refrigerators, washing machines and other products decreased, because these product categories are mainly sold through retail operation, and our retail operation offered more discount to customers through promotion campaigns due to fierce competing environment during this year.

Other income

During the year, the Group's other income amounted to approximately RMB17.5 million, representing a slight increase from approximately RMB15.2 million for 2012.

Other gains/(losses)

During the year, the Group recorded other gains of approximately RMB2.5 million, while other losses of approximately RMB10.6 million was recorded in 2012. The gains mainly included the receipt of insurance proceeds amounting to RMB6.4 million arising from the fire which broke out on 25 October 2012.

Selling and marketing expenses

During the year, the Group's total selling and marketing expenses amounted to approximately RMB159.9 million, representing a decrease from approximately RMB165.6 million for 2012, which was in line with the decrease of store number.

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

As a percentage of revenue	**2013**	2012
Employee benefit expenses	**1.14%**	1.20%
Service charges	**0.16%**	0.19%
Operating lease expenses in respect of buildings and warehouses	**1.78%**	2.38%
Promotion and advertising expenses	**0.71%**	1.11%
Depreciation of property, plant and equipment	**0.79%**	0.72%
Utilities and telephone expenses	**0.28%**	0.38%
Transportation expenses	**0.55%**	0.45%
Travelling expenses	**0.07%**	0.09%
Others	**0.15%**	0.22%
Total selling and marketing expenses	**5.63%**	6.74%

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 year, the Group's total administrative expenses amounted to approximately RMB292.0 million, decreasing from RMB374.0 million for 2012, which was mainly due to the decrease of impairment loss against goodwill and intangible assets, provision for impairment on receivables, as well as employee benefit expenses.

The following table sets out a summary for administrative expenses:

	2013	2012
	RMB'000	RMB'000
Employee benefit expenses	**40,077**	46,370
Pre-IPO share option expenses	**602**	4,488
Operating lease expenses in respect of buildings	**3,575**	6,988
Amortization and depreciation	**9,373**	6,832
Utilities and telephone expenses	**1,862**	2,583
Travelling expenses	**1,817**	2,412
Auditors' remuneration	**3,050**	3,092
Consulting expenses	**1,189**	1,888
Provision for impairment on receivables	**191,265**	236,247
Impairment loss against goodwill and intangible assets	**—**	30,005
Others	**39,164**	33,049
Total administrative expenses	**291,974**	373,954

The impairment loss against goodwill and intangible asset incurred in 2012 was due to the performance of the acquired business, which primarily sells a Japan branded household appliances, did not meet the expectation after the earthquake in Japan in 2011 and the macro economic crisis in the whole world as well as the political negative impact from Diaoyu Island during last year.

The 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 since the second half year of 2012. The slow settlement of rebates receivable had led to a worsen ageing and a higher provision for impairment accordingly.

Finance costs – net

During the year, the Group's net finance costs was approximately RMB28.1 million, compared to approximately RMB46.8 million of net finance costs for 2012, which was mainly due to the fact that more interest income earned from the higher restricted bank deposits in 2013 compared with 2012.

Loss before income tax

During the year, the loss before income tax of the Group was approximately RMB151.2 million, decreased by approximately 44.3% from RMB271.3 million for 2012.

Loss attributable to equity holders of the Company

The loss attributable to equity holders of the Group for 2013 was approximately RMB149.8 million, representing a decrease from approximately RMB226.7 million for 2012.

Cash and cash equivalents

As at 31 December 2013, the Group's cash and cash equivalents were approximately RMB152.2 million, representing an increase of 102.4% from approximately RMB75.2 million as at 31 December 2012.

Inventories

As at 31 December 2013, the Group's inventories amounted to approximately RMB678.3 million, representing an increase from approximately RMB387.2 million as at 31 December 2012, which was mainly due to the addition of the cost of a land parcel amounting to RMB 244.6 million acquired from Yanzhou Municipal Land Bureau.

Prepayments, deposits and other receivables

As at 31 December 2013, prepayments, deposits and other receivables of the Group amounted to approximately RMB958.1 million, increasing from approximately RMB911.1 million as at 31 December 2012.

Trade and bills receivables

As at 31 December 2013, trade and bills receivables of the Group amounted to approximately RMB131.8 million, representing a decrease from approximately RMB437.1 million as at 31 December 2012, which was mainly due to the decrease of bills receivable.

Trade and bills payables

As at 31 December 2013, trade and bills payables of the Group amounted to approximately RMB936.6 million, representing an increase from approximately RMB570.4 million as at 31 December 2012, which was mainly due to the increase of bills payable.

Gearing ratio and the basis of calculation

As at 31 December 2013, gearing ratio of the Group was 61.3%, representing a slight increase from 59.7% as at 31 December 2012. The gearing ratio is equal to total borrowings divided by the sum of total equity and total borrowings.

Capital expenditure

During the year, capital expenditure of the Group amounted to approximately RMB31.2 million, representing an increase from approximately RMB12.3 million in 2012.

Cash flows

During the year, net cash outflow from operating activities of the Group amounted to approximately RMB135.6 million, as compared to RMB353.6 million in 2012, which was mainly due to the impact of decrease in trade and bills receivable as well as increase in trade and bills payables.

Net cash outflow from investing activities amounted to approximately RMB3.8 million, as compared to approximately RMB0.5 million in 2012.

Net cash inflow from financing activities amounted to approximately RMB202.3 million, as compared to RMB305.6 million in 2012, which was mainly due to the increase of repayments of bank borrowings.

Capital structure

As at 31 December 2013, the Group's cash and bank balances were mainly held in Renminbi, and the Group's borrowings were denominated in Renminbi and in US dollar with floating or fixed interest rate.

As at 31 December 2013, equity attributable to shareholders of the Company amounted to approximately RMB691.6 million, compared to approximately RMB843.0 million as at 31 December 2012.

Liquidity and financial resources

During the year, the Group's working capital, capital expenditure and cash for investments were funded from cash on hand, bank borrowings, Medium-Term Notes and IPO proceeds. As at 31 December 2013, the interest-bearing borrowings of the Group amounted to RMB1,470.9 million, representing an increase from RMB1,306.0 million as at 31 December 2012.

Pledging of assets

As at 31 December 2013, the Group's pledged bank deposits amounted to RMB965.3 million, representing an increase from RMB805.8 million as at 31 December 2012. Certain land use rights, buildings, investment properties and property under development-leasehold land to be developed with a total net book value of RMB381.2 million and bills receivable of RMB6.7 million had been pledged.

Contingent liabilities

As at 31 December 2013, the Group had no contingent liabilities which have not been properly accrued for except for certain unfounded legal claims which the Group does not expect that it will incur any loss.

Capital commitments

As at 31 December 2013, the Group had no capital commitments.

Foreign currencies and treasury policy

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

Final dividend

The Board of the Company does not recommend the payment of any final dividend for the year ended 31 December 2013 (2012: Nil).

USE OF FUNDS RAISED FROM INITIAL PUBLIC OFEERING

On 25 March 2010, the shares of our Company were successfully listed on the Main Board of 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 the 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 intended 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 household 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 31 December 2013, our use of net proceeds raised from IPO was as follows:

	Net proceeds from IPO	
	Available to utilise (RMB million)	**Utilised (up to 31 December 2013) (RMB million)**
Expansion of retail network	137.9	137.9
Acquisitions of household 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	3.1
General working capital	34.5	34.5
	403.5	292.2

EMPLOYMENT AND REMUNERATION POLICY

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to our staff 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 31 December 2013, the Group had 914 employees, down 8.3% from 997 at the end of 2012.

OUTLOOK

In 2014, the global economy will continue to be challenging. The household appliance industry and related businesses will continue to face significant operational pressure and the domestic household appliance industry will face the change in growth pattern and structural integration. The Group is constantly reinforcing its own advantages and taking the opportunities arising from industry consolidation, and is strategically poised to realize future growth. Overall, China's household electronic appliance manufacturing industry has completed its technical innovation as well as industry layout and the development of new technology will further drive the demand for new household electronic appliances. Benefiting from the implementation of the urbanization policy and the increasing per capita disposable income of rural residents, the demand in the third and fourth-tier household appliance markets significantly outgrows the first and second-tier markets in China and the overall household appliance market in the PRC still have great room for future development. The Company will continue its strategic positioning of becoming a leading enterprise in the third and fourth-tier household appliance markets in China, and will take advantage of its established network and supply chain to pursue greater business growth. Due to the new urbanization construction policy, consumers demand for household appliances will hopefully maintain its growth momentum.

In 2014, the Group will take innovative measures in three aspects — store distribution, brand building and human resources. In view of the urbanization, the Group will implement a strategy of "urbanize chain store development", which will enable the Group to expand its sales network in target markets to increase sales revenue, and to further increase its market share and solidify its market position through upgrading and integration of existing network in the third and fourth-tier markets. Meanwhile, the Group will actively implement its brand marketing strategy, enhance its brand image (including further optimization of the Group's integrated e-commerce platform covering various aspects such as procurement, sales and customer services) and improve the Group's overall asset management efficiency, so as to deepen the Group's relationship with suppliers and customers. In addition, the Group plans to strengthen corporate culture, internal management and upgrade the development of "Huiyin Business School" in order to train more retail talents and provide customers with professional services.

Looking ahead to the coming year, the Group will deploy its network according to the "chain store" expansion plan and to develop a strategic alliance with its suppliers, to maintain the Group's leading position in the target markets. The Group will further reinforce the awareness of the "Huiyin" brand in domestic household appliance market through retailing, agency sales, franchise and after-sales services combined with the development of e-commerce platform. Through these strategies, the Directors believe that the Group can achieve sustainable business expansion and fully improve its operational efficiency and profitability, thus creating better returns for its shareholders and investors.

CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2013, except for the deviation as explained below:-

Under code provision A.2.1 of the CG 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 CG Code. However, the Board considers 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.

AUDIT COMMITTEE

The Audit Committee of the Group was established in 2010. Currently, it comprises three members, all of whom are independent non-executive Directors, namely Mr. Tam Chun Chung, who possesses professional accounting qualifications, Mr. Lo Kwong Shun Wilson and Mr. Zhou Shuiwen. Mr. Tam Chun Chung is the Chairman of the Audit Committee. The Audit Committee has adopted the terms of reference in line with the CG Code issued by the Stock Exchange. The principal duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. 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 audited consolidated financial statements of the Group for the year ended 31 December 2013 and the auditor's report thereon.

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

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16 June 2014 to Wednesday, 18 June 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (which address will be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) for registration not later than 4:30 p.m. on Friday, 13 June 2014.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Wednesday, 18 June 2014, the notice of which will be published and dispatched to shareholders as soon as practicable in accordance with the Company's Articles of Association and the Listing Rules.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The 2013 Annual 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, 21 March 2014

As at the date of this announcement, the executive Directors are Mr. Cao Kuanping, Mr. Mo Chihe, Mr. Mao Shanxin, Mr. Wang Zhijin and Mr. Lu Chaolin, and the independent non-executive Directors are Mr. Zhou Shuiwen, Mr. Tam Chun Chung and Mr. Lo Kwong Shun Wilson.