
DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Administrative Measures"	外商投資商業領域管理辦法 (Administrative Measures on Foreign Investments in Commercial Sectors*) promulgated on 16 April 2004 and becoming effective on 1 June 2004
"AIM"	the AIM market of the London Stock Exchange
"Anti-Monopoly Law"	中華人民共和國反壟斷法 (Anti-Monopoly Law of the People's Republic of China*) promulgated on 30 August 2007 and becoming effective on 1 August 2008
"ARC"	ARC Capital Holdings Limited, a limited liability company incorporated on 27 July 2005 under the laws of Cayman Islands and a Substantial Shareholder
"ARC Huiyin"	ARC Huiyin Holdings Limited, a limited liability company incorporated on 7 May 2008 under the laws of BVI and wholly owned by ARC and a Substantial Shareholder
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on 5 March 2010, a summary of which is set forth in Appendix IV to this document
"associates"	has the meaning ascribed to it under the Listing Rules
"Authorised Service Centres"	after-sales service centres providing installation, repair and maintenance services for home appliances and consumer electronic products which are operated and managed by our authorised service providers pursuant to the relevant authorisation arrangements
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Change of the Old for New Program"	以舊換新, a program launched by the State Council in June 2009 and is expected to continue until 31 May 2010. Pursuant to this program, a 10% rebate or a fixed amount of subsidy, subject to cap, on the retail price will be granted to qualified consumers who replace their selected old home appliances for new ones
"Changzhou Keyi"	常州可意空調銷售有限公司 (Changzhou Keyi Air-Conditioner Sales Co., Ltd.*), a limited liability company established in the PRC on 26 August 2003 and a 90% indirectly-owned subsidiary of our Company

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“chief executive”	the chief executive (as defined in the SFO) of our Company
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this document, Hong Kong, the Macau Special Administrative Region of China and Taiwan
“China Fund”	means The China Fund, Inc., a corporation incorporated on 28 April 1992 under the laws of the State of Maryland in the United States and a Substantial Shareholder
“China Houde”	China Houde Investment Co., Ltd., a limited liability company incorporated under the laws of BVI
“China Huiyin”	China Huiyin Group Pte. Ltd, a limited liability company incorporated in the Republic of Singapore on 6 December 2005 and dissolved on 20 October 2009 and which was wholly owned by Mr. Cao before the dissolution
“China Ruike”	China Ruike Investment & Development Co., Ltd. (中華瑞科投資發展有限公司), a limited liability company incorporated on 21 April 2008 under the laws of BVI and wholly owned by Mr. Cao, and a Substantial Shareholder
“COFTEC”	中華人民共和國的對外貿易經濟合作廳 (Commission for Foreign Trade and Economic Cooperation of the People’s Republic of China*) at provincial level
“Companies Law”	the Companies Law (2009 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Huiyin Household Appliances (Holdings) Co., Ltd. (匯銀家電(控股)有限公司) (previously known as China Yinrui Investment Holding Co., Ltd. (中華銀瑞投資控股有限公司*) prior to 8 December 2009), a limited liability company incorporated in the Cayman Islands on 5 February 2008
“Competition Law”	中華人民共和國反不當競爭法 (Law Against Improper Competition of the People’s Republic of China*) promulgated and becoming effect on 2 September 1993
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules

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“Consumer Protection Law”	中華人民共和國消費者權益保護法 (Law on Protection of Consumer Rights of the People’s Republic of China*) promulgated on 31 October 1993 and becoming effective on 1 January 1994
“Dalton”	Dalton Greater China (Master) Fund, a limited liability company incorporated on [18 November 2004 under the laws of the Cayman Islands]
“Director(s)”	the directors of our Company
“E2-Capital”	E2-Capital International Limited, an Independent Third Party
“Franchised Stores”	retail stores of home appliances and consumer electronic products which are operated and managed by our franchisees pursuant to the relevant franchise arrangements
“Franchising Operations Regulations”	商業特許經營管理條例 (Regulations for the Administration of Commercial Franchising Operations*) promulgated on 6 February 2007 and becoming effective on 1 May 2007
“Group” or “our Group” or “We”	our Company and its subsidiaries and, in respect of the period before our Company became the holding company of such subsidiaries, the entities which carried on the business of the present Group at the relevant time
“Hengxin Air-Conditioner”	揚州恒信空調銷售有限公司 (Yangzhou Hengxin Air-conditioner Sales Co., Ltd.*), a limited liability company established in the PRC on 27 August 2004 and a 99% owned subsidiary of our Company
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Huaian Huiyin”	淮安匯銀家電有限公司 (Huaian Huiyin Household Appliances Co., Ltd.*), a limited liability company established in the PRC on [2 March] 2009 and a wholly-owned subsidiary of our Company
“HKFRSs”	Hong Kong Financial Reporting Standards
“Huide Electronics”	揚州匯德電器營銷有限公司 (Yangzhou Huide Electronics Distribution Co., Ltd.*), a limited liability company established in the PRC on 23 October 2006 and a 99% owned subsidiary of our Company

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“Independent Third Parties”	persons or companies which are independent of and not connected with any of our Directors, chief executive of our Company, our Substantial Shareholders and the directors and shareholders of any other member of our Group and our respective associates, and “Independent Third Party” means any of them
“Jiangsu Gree”	江蘇格力中央空調工程有限公司 (Jiangsu Gree Central Air-Conditioner Engineering Co., Ltd.*), a limited liability company established in the PRC on 22 June 2007
“Jiangsu Huadong Huiyin”	江蘇華東匯銀家電有限公司 (Jiangsu Huadong Huiyin Household Appliance Co., Ltd.*), a limited liability company established in the PRC on 1 November 2009 and a wholly-owned subsidiary of our Company
“Jiangsu Huiyin”	江蘇滙銀電器連鎖有限公司 (Jiangsu Huiyin Electronics Chain-Stores Co. Ltd.*) (previously known as 揚州匯澤電器營銷有限公司 (Yangzhou Huize Sales Co., Ltd.*) from July 2006 to August 2006 and 揚州美德電器營銷有限公司 (Yangzhou Meide Electronics Sales Co., Ltd.*) from its establishment to July 2006), a limited liability company established in the PRC on 15 May 2006 and a wholly-owned subsidiary of our Company
“Jiangsu Kuanrui”	江蘇寬瑞物流貿易發展有限公司 (Jiangsu Kuanrui Logistics Trade Development Limited*), a wholly foreign invested enterprise established in the PRC
“Latest Practicable Date”	[4 March] 2010, being the latest practicable date for the inclusion of information in this document prior to the printing of this document
“Law of Foreign-invested Enterprises”	中華人民共和國外資企業法 (Law of the Peoples’ Republic of China on Foreign-invested Enterprises*), promulgated on 12 April 1986 and amended on 31 October 2000
“LIM Asia”	LIM Asia Arbitrage Fund Inc., an Independent Third Party
“L.K. Ang”	L.K. Ang Corporate Pte Ltd., an Independent Third Party
“M&A Rules”	關於外國投資者併購境內企業的規定 (Rules on Acquisition of Domestic Enterprises by Foreign Investors in the PRC*) promulgated on 8 August 2006 and becoming effective on 8 September 2006, and which was amended on 22 June 2009

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“Main Board”	the stock exchange (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“MCP International”	MCP International Limited, an Independent Third Party
[“Ministry of Commerce” or “MOFCOM”]	中華人民共和國商務部 (Ministry of Commerce of the PRC*)
“Mr. Cao”	Mr. Cao Kuanping (曹寬平先生), a Substantial Shareholder and our Chairman and an executive Director
“Nanjing Huize”	南京匯澤電器銷售有限公司 (Nanjing Huize Electronics Sales Co., Ltd.*), a limited liability company established in the PRC on 24 July 2006 and a wholly-owned subsidiary of our Company
“New Asia”	New Asia Partners Investment Holdings Limited, an Independent Third Party
“New Dame”	New Dame Limited, a limited liability company incorporated in Hong Kong on 24 October 2007
“New Fellow”	New Fellow Holdings Limited, a limited liability company incorporated in Hong Kong on 24 October 2007
“Ningguo Huiyin”	寧國滙銀家電銷售有限公司 (Ningguo Huiyin Household Appliance Sales Co., Ltd.*), a limited liability company established in the PRC on 23 September 2009 and a wholly-owned subsidiary of our Company
“Original Investment Agreement”	the investment agreement entered into among China Huiyin, Mr. Cao, Mr. Mao Shanxin, Pope, E2-Capital and L.K. Ang on 20 December 2005
“Paradigm”	Paradigm Capital Limited, [an Independent Third Party]
“PBOC”	中國人民銀行 (the People’s Bank of China), the central bank of the PRC
“Pope”	Pope Investments LLC, a limited liability company incorporated on 15 December 2005 under the laws of State of Delaware of the United States, and a Substantial Shareholder

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“Pope Asset Management”	Pope Asset Management, LLC, a limited liability company incorporated on [28 September 2001] under the laws of the State of [Tennessee] of the United States, and a Substantial Shareholder
“PRC Company Law”	中華人民共和國公司法 (Company Law of the People’s Republic of China*)
“PRC Government” or “State”	the central government of the PRC including all government subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“PRC Legal Advisers”	Beijing Zhonglun Law Firm, our legal advisers as to PRC law
“PRC GAAP”	generally accepted accounting principles in the PRC
“Pre-[●] Option Scheme”	the pre-[●] option scheme conditionally adopted by our Company on [5 March] 2010, a summary of its principal terms is set forth in the paragraph headed “Pre-[●] Option Scheme” in Appendix V to this document
“Pre-[●] Options”	the options granted under the Pre-[●] Option Scheme
“Pricing Law”	中華人民共和國價格法 (Pricing Law of the People’s Republic of China*) promulgated on 29 December 1997 and becoming effective on 1 May 1998
“Product Quality Law”	中華人民共和國產品質量法 (Law on Product Quality of the People’s Republic of China*) promulgated on 22 February 1993 and becoming effective on 1 September 1993 and which was subsequently amended on 8 July 2000
“Queenbury”	Queenbury Investments Limited, a limited liability company incorporated under the laws of BVI on [18 October 2007]
“Reorganisation”	the corporate reorganisation of our Group as set forth in the section headed “History and business development — Reorganisation” in this document
“Restated Investment Agreement”	the restated investment agreement entered into among Mr. Cao, Mr. Mao Shanxin, China Huiyin, Pope, L.K. Ang, MCP International, New Asia on 26 September 2006
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

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“Repurchase Mandate”	the general unconditional mandate granted to our Directors by our Shareholders in relation to the repurchase of our Shares, further information on which is set forth in the paragraphs under “Further information about our Company — (C) Written resolutions passed by our Shareholders” in Appendix V to this document
“Rural Appliance Rebate Program”	家電下鄉 (Home Appliances Go Rural*), a program launched by the Ministry of Finance and the Ministry of Commerce in December 2007, and implemented across the entire country for a period of four years since 1 February 2009 aiming at boosting rural consumption on home appliances and consumer electronic products and narrowing the gap between the rural areas and the cities in terms of home electronics generalisation
“SAFE”	中華人民共和國國家外匯管理局 (State Administration of Foreign Exchange of the People’s Republic of China*), the PRC governmental agency responsible for matters relating to foreign exchange administration
“SAFE Circular No. 75”	國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知 (The SAFE’s Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment through Overseas Special Purpose Vehicles) promulgated on 21 October 2005 and becoming effective on 1 November 2005
“SBI E2-Capital”	SBI E2-Capital (HK) Limited, an Independent Third Party
“Second Investment Agreement”	the investment agreement entered into among China Huiyin, Mr. Cao, Mr. Mao Shanxin, Pope, Dalton and LIM Asia on 21 March 2007
“Self-operated Service Centres”	after-sales service centres providing installation, repair and maintenance for home appliances and consumer electronic products which are operated by us
“Self-operated Stores”	retail stores selling home appliances and consumer electronic products which are operated by us, which expression shall include any points of sale in department store chains
“Service Centres”	Self-operated Service Centres and Authorised Service Centres
“SFC”	the Securities and Futures Commission of Hong Kong

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares of our Company with a nominal value of US\$0.001 each
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on [5 March] 2010, a summary of its principal terms is set forth in the paragraphs under “Share Option Scheme” in Appendix V to this document
“Shareholder(s)”	holder(s) of Shares
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stores”	Self-operated Stores and Franchised Stores
“subsidiary(ies)”	has the meaning ascribed to it under section 2 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholders”	Mr. Cao, China Ruike, Pope, Pope Asset Management, Mr. William P. Wells, ARC, ARC Huiyin and China Fund
“Supplemental Investment Agreement”	the supplemental investment agreement to the Original Investment Agreement entered into among China Huiyin, Mr. Cao, Mr. Mao Shanxin, Pope, E2-Capital, L.K. Ang, MCP International, SBI E2-Capital and Paradigm on 30 December 2005
“S\$”	Singapore Dollar, the lawful currency of Singapore
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Tianchang Huiyin”	天長市匯銀家電有限公司 (Tianchang Huiyin Household Appliance Co., Ltd.*), a limited liability company established in the PRC on 6 April 2006 and a wholly-owned subsidiary of our Company
“Track Record Period”	the period comprising the three financial years ended 31 December 2007, 2008 and 2009
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

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“USD” or “U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Warrants”	the warrants issued by our Company to Pope and Dalton respectively on 8 July 2008, further information of which is set forth in the paragraph headed “Convertible loans, options and warrants — 2008 release of obligations — Warrants” under the section headed “History and Business Development” in this document
“WTO”	World Trade Organisation
“Wuhu Yinrui”	蕪湖市銀瑞家電銷售有限公司 (Wuhu Yinrui Household Appliance Sales Co., Ltd.*), a limited liability company established in the PRC on 11 March 2009 and a wholly-owned subsidiary of our Company
“Xinghua Huiyin”	興化市匯銀家電有限公司 (Xinghua Huiyin Household Appliance Co., Ltd.*), a limited liability company established in the PRC on 13 August 2007 and a wholly-owned subsidiary of our Company
“Yangzhou Hanshang Huiyin”	揚州邗上匯銀家電有限公司 (Yangzhou Hanshang Huiyin Household Appliance Co., Ltd.*), a limited liability company established in the PRC on 22 June 2009 and a wholly-owned subsidiary of our Company
“Yangzhou Huihou”	揚州匯厚電器銷售有限公司 (Yangzhou Huihou Electronics Sales Co., Ltd.*) (previously known as 揚州匯銀時代家電有限公司 (Yangzhou Huiyin Shidai Household Appliances Co., Ltd.*) prior to 17 June 2009), a limited liability company established in the PRC on 23 August 2004 and a wholly-owned subsidiary of our Company
“Yangzhou Huiyin”	揚州匯銀家電有限公司 (Yangzhou Huiyin Household Appliance Co., Ltd.*) (previously known as 揚州匯銀對外貿易有限公司 (Yangzhou Huiyin Foreign Trade Company*) prior to June 2003), a wholly-foreign owned enterprise established in the PRC with limited liability on 27 May 2002 and a wholly-owned subsidiary of our Company

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"Yangzhou Huiyin Yuankun"	揚州匯銀元坤專業電器銷售有限公司 (Yangzhou Huiyin Yuankun Professional Electronics Sales Co., Ltd.*), a limited liability company established in the PRC on 8 January 2008 and a wholly-owned subsidiary of our Company
"Yangzhou Jiaojiadian"	揚州市廣陵區滙銀交家電批發站 (Yangzhou Huiyin Guangling District Jiaojiadian Wholesale Station*), an enterprise established under the PRC law on 28 May 1999
"Yinrui HK"	China Yinrui (HK) Investment Holding Company Limited, a limited liability company incorporated in Hong Kong on 14 March 2008 and a wholly-owned subsidiary of our Company
"Zhenjiang Huize"	鎮江匯澤電器銷售有限公司 (Zhenjiang Huize Household Appliance Sales Co., Ltd*), a limited liability company established in the PRC on 26 December 2006 and a wholly-owned subsidiary of our Company
"2005 Equity Transfer Agreement"	the equity transfer agreement entered into between Mr. Cao, Mr. Mao Shanxin and China Huiyin on 28 December 2005 pursuant to which Mr. Cao and Mr. Mao Shanxin transferred all of their equity interests in Yangzhou Huiyin to China Huiyin
"2006 Deed of Release"	a deed of release, substitution and amendment entered into among China Huiyin, Pope, E2-Capital, L.K. Ang, SBI E2-Capital, MCP International, Paradigm, Yangzhou Huiyin, Mr. Ong Tiang Lock, Mr. Cao and Mr. Mao Shanxin on 29 September 2006 pursuant to which, among others, the then existing parties to the Original Investment Agreement and the Supplemental Investment Agreement were released and discharged from all and any duties, obligations and liabilities under or in connection with the Original Investment Agreement (as supplemented by the Supplemental Investment Agreement) and the related ancillary documents (except the confidentiality obligation)
"2007 Equity Transfer Agreement"	the equity transfer agreement entered into between China Huiyin and China Houde on 9 October 2007 pursuant to which China Huiyin transferred all of its equity interest in Yangzhou Huiyin to China Houde

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"2007 Subscription Agreement"	the subscription agreement entered into among China Houde, New Fellow and New Dame on 16 November 2007 pursuant to which New Dame and New Fellow injected US\$10,374,000 and US\$11,688,000, respectively, and China Houde contributed an additional US\$15,938,000 (US\$14,355,000 of which was China Houde's contribution to the increased amount of the registered capital of Yangzhou Huiyin and the remaining US\$1,583,000 of which was the balance amount required to be contributed by China Houde to the required capital of Yangzhou Huiyin before such capital increase) to the registered capital of Yangzhou Huiyin
"2008 Deed of Release"	a deed of release and termination entered into among, among others, China Huiyin, Pope, L.K. Ang, Dalton, LIM Asia, MCP International, New Asia, Yangzhou Huiyin, Mr. Cao and Mr. Mao Shanxin on 30 June 2008 pursuant to which the rights, claims, duties, liabilities, obligations, undertakings, indemnities and breaches of the relevant parties under the Original Investment Agreement, the Supplemental Investment Agreement, the Restated Investment Agreement, the Second Investment Agreement and the related ancillary documents were discharged
"2008 Equity Transfer Agreement"	the equity transfer agreement entered into among Yinrui HK, China Houde, New Fellow and New Dame on 3 April 2008 pursuant to which Yinrui HK acquired the entire equity interests in Yangzhou Huiyin from each of China Houde, New Fellow and New Dame
"2008 Subscription Agreement"	the subscription agreement entered into among our Company, Yinrui HK, China Houde, New Fellow and New Dame on 3 April 2008 pursuant to which each of China Houde, New Fellow and New Dame subscribed for 10,493,999 Shares, 5,036,000 Shares and 4,470,000 Shares, respectively, representing 52.47%, 25.18% and 22.35% of the then issued shares of our Company
"%"	per cent.

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The English names of the PRC entities mentioned in this document marked "" are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.*

For the purpose of illustration only and unless otherwise specified in this document, amounts denominated in RMB and USD have been translated into HK\$ at the rate of RMB[1.0] = HK\$[1.135] and USD[1.0] = HK\$[7.8]. No representation is made that the RMB and USD amounts could have been, or could be, converted into HK\$ at such rates or at any other rate on such date or on any other date.

Unless otherwise specified, all references to any of our shareholdings assume no exercise of the [●] Option.