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HUIYIN SMART COMMUNITY CO., LTD.

汇银智慧社区有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1280)

CONTINUING CONNECTED TRANSACTION IN RELATION TO FINANCIAL ASSISTANCE PROVIDED BY CONNECTED PERSONS

Reference is made to the announcement of the Company dated 2 December 2016 in respect of the discloseable and connected transaction in relation to the formation of joint venture under the Co-operative Agreement.

FINANCIAL ASSISTANCE PROVIDED BY CONNECTED PERSONS

Pursuant to the Co-operative Agreement, among other things, Jiangsu Ruihua agreed to provide a guarantee in favour of the bank or financial institution in connection with a loan amounting to RMB200 million which may be borrowed by the Group from such bank or financial institution, and in consideration of the above guarantee to be provided by Jiangsu Ruihua, the Company agreed to provide counter guarantee to Jiangsu Ruihua against its liability under the said guarantee accordingly.

Nanjing Huiyin Lehu, a non-wholly owned subsidiary of the Company, applied a Loan of RMB100 million as borrower from Bank of Jiangsu as lender, and Jiangsu Ruihua signed a Guarantee Agreement to provide the Guarantee in favour of Bank of Jiangsu in connection with the Loan.

In consideration of the Guarantee, on 9 December 2016 (after trading hours of the Stock Exchange), Jiangsu Ruihua, the Company and its two subsidiaries, namely Nanjing Huiyin Lehu and Yangzhou Huiyin Technology, and Mr. Cao (being the Chairman of the Board, an executive Director and a substantial shareholder of the Company) entered into a Counter Guarantee Agreement, pursuant to which (1) the Company, Yangzhou Huiyin Technology and Mr. Cao agreed to jointly and severally counter-guarantee Jiangsu Ruihua against all liabilities and expenses which may be borne by Jiangsu Ruihua under the Guarantee, and (2) Yangzhou Huiyin Technology agreed to pledge its 49% equity interest in Nanjing Ruihu E-Commerce to Jiangsu Ruihua.

LISTING RULES IMPLICATIONS

Suzhou Ruihua, which is controlled by Jiangsu Ruihua, is a substantial shareholder of a non-wholly owned subsidiary of the Company, namely Huiyin E-commerce. In addition, Jiangsu Ruihua will be interested in 51% of the total equity interests of Nanjing Ruihu E-Commerce, an indirect non-wholly owned subsidiary of the Company to be established under the Co-operative Agreement. Accordingly, Jiangsu Ruihua is an associate of Suzhou Ruihua, and a connected person of the Company at the subsidiary level.

The Guarantee provided by Jiangsu Ruihua constitutes financial assistance to the Group and a continuing connected transaction between the Group and a connected person at the subsidiary level. The Board has approved the Guarantee Agreement and the Counter Guarantee Agreement and the transactions contemplated thereunder; and the Directors (including independent non-executive Directors) have confirmed that the terms of the Guarantee Agreement and the Counter Guarantee Agreement and the transactions contemplated thereunder are fair and reasonable, the Guarantee Agreement and the Counter Guarantee Agreement and the transactions (including the pledge of the 49% equity interest in Nanjing Ruihu E-Commerce) contemplated thereunder are on normal commercial terms, and in the interests of the Company and its Shareholders as a whole. The Guarantee Agreement and the Counter Guarantee Agreement and the transactions contemplated thereunder are thus exempt from the circular, independent financial advice and shareholders' approval requirement under Rule 14A.101 of the Listing Rules.

Mr. Cao is the Chairman of the Board, an executive Director and a substantial shareholder of the Company, and thus a connected person at the issuer level. The counter guarantee provided by Mr. Cao under the Counter Guarantee Agreement constitutes financial assistance to the Group and a continuing connected transaction. As the counter guarantee provided by Mr. Cao in favour of Jiangsu Ruihua is conducted on normal commercial terms or better and it is not secured by the assets of the Group, the counter guarantee provided by Mr. Cao is thus fully exempt from shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

Reference is made to the announcement of the Company dated 2 December 2016 in respect of the discloseable and connected transaction in relation to the formation of joint venture under the Co-operative Agreement.

FINANCIAL ASSISTANCE PROVIDED BY CONNECTED PERSON

Pursuant to the Co-operative Agreement, among other things, Jiangsu Ruihua agreed to provide a guarantee in favour of the bank or financial institution in connection with a loan amounting to RMB200 million which may be borrowed by the Group from such bank or financial institution, and in consideration of the above guarantee to be provided by Jiangsu Ruihua, the Company agreed to provide counter guarantee to Jiangsu Ruihua against its liability under the said guarantee accordingly.

Nanjing Huiyin Lehu applied a Loan of RMB100 million as borrower from Bank of Jiangsu as lender, and Jiangsu Ruihua executed a Guarantee Agreement to provide the Guarantee in favour of Bank of Jiangsu in connection with the Loan.

In consideration of the Guarantee, on 9 December 2016 (after trading hours of the Stock Exchange), Jiangsu Ruihua, the Company and its two subsidiaries, namely Nanjing Huiyin Lehu, Yangzhou Huiyin Technology, and Mr. Cao (being the Chairman of the Board, an executive Director and a substantial shareholder of the Company) entered into a Counter Guarantee Agreement, pursuant to which:

- i. the Company, Yangzhou Huiyin Technology and Mr. Cao agreed to jointly and severally counter-guarantee Jiangsu Ruihua against all liabilities and expenses which may be borne by Jiangsu Ruihua under the Guarantee; and
- ii. Yangzhou Huiyin Technology agreed to pledge its 49% equity interest in Nanjing Ruihu E-Commerce to Jiangsu Ruihua.

REASONS FOR PROVIDING FINANCIAL ASSISTANCE

In view of the increasing demand of consumer goods in the PRC, the Group has actively explored investment and business opportunities to broaden its assets and revenue base.

The Directors consider that the provision of financial assistance by Jiangsu Ruihua to Nanjing Huiyin Lehu pursuant to the Guarantee Agreement would enable the Group to obtain external financing for the growth of its e-commerce business in the PRC and in turn, further broaden the Group's revenue base to enhance its profitability and achieve better return of the Shareholders of the Company.

The Directors (including independent non-executive Directors) have confirmed that the terms of the Guarantee Agreement and the Counter Guarantee Agreement and the transactions contemplated thereunder are fair and reasonable, the Guarantee Agreement and the Counter Guarantee Agreement and the transactions contemplated thereunder are on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

Mr. Cao is a party to the Counter Guarantee, and is thus regarded as materially interested in the Guarantee Agreement and the Counter Guarantee Agreement. Mr. Cao and his associate, namely Mr. Mao Shanxin, being an executive Director and the brother-in-law of Mr. Cao, have abstained from voting on the resolutions at the Board meeting where the Guarantee Agreement and the Counter Guarantee Agreement and the transactions contemplated thereunder were considered and approved.

GENERAL

Since its establishment, the Group gradually became a leader in the third and fourth-tier home appliance markets in the PRC. With the development and expansion of the business scope, the Group has transformed to a household appliances, internet+ and community e-commerce operator, and is striving to be a leading imported goods direct selling operator in the PRC.

Nanjing Huiyin Lehu is a limited liability company established in the PRC and engaged in e-commerce in the PRC. It is a wholly owned subsidiary of Huiyin E-commerce. Huiyin E-commerce is owned by an indirect wholly owned subsidiary of the Company, namely Jiangsu Huiyin Electronics Chain-Stores Co., Ltd. (江蘇滙銀電器連鎖有限公司), as to 75%, an Independent Third Party as to 15%, and Suzhou Ruihua as to 10%, respectively.

Yangzhou Huiyin Technology is a limited liability company established in the PRC and engaged in e-commerce in the PRC. It is a wholly owned subsidiary of the Company.

Jiangsu Ruihua is a limited liability company established under the laws of the PRC and its principal business is investment, consulting and asset management. It has rich financial resources in Jiangsu Province.

Mr. Cao Kuanping, is an executive Director, the Chairman and a substantial shareholder of the Company which indirectly holds approximately 19.73% of the issued capital of the Company.

LISTING RULES IMPLICATIONS

Suzhou Ruihua, which is controlled by Jiangsu Ruihua, is a substantial shareholder of a non-wholly owned subsidiary of the Company, namely Huiyin E-commerce. In addition, Jiangsu Ruihua will be interested in 51% of total equity interests of Nanjing Ruihu E-Commerce, an indirect non-wholly owned subsidiary of the Company to be established under the Co-operative Agreement. Accordingly, Jiangsu Ruihua is an associate of Suzhou Ruihua, and a connected person of the Company at the subsidiary level.

The Guarantee provided by Jiangsu Ruihua constitutes financial assistance to the Group and a continuing connected transaction between the Group and a connected person at the subsidiary level. The Board has approved the Guarantee Agreement and the Counter Guarantee Agreement and the transactions (including the pledge of the 49% equity interest in Nanjing Ruihu E-Commerce) contemplated thereunder; and the Directors (including independent non-executive Directors) have confirmed that the terms of the Guarantee Agreement and the Counter Guarantee Agreement and the transactions contemplated thereunder are fair and reasonable, the Guarantee Agreement and the Counter Guarantee Agreement and the transactions contemplated thereunder are on normal commercial terms, and in the interests of the Company and its Shareholders as a whole. The Guarantee Agreement and the Counter Guarantee Agreement and the transactions contemplated thereunder are thus exempt from the circular, independent financial advice and shareholders' approval requirement under Rule 14A.101 of the Listing Rules.

Mr. Cao is the Chairman of the Board, an executive Director and a substantial shareholder of the Company, and thus a connected person at the issuer level. The counter guarantee provided by Mr. Cao under the Counter Guarantee Agreement constitutes financial assistance to the Group and a continuing connected transaction. As the counter guarantee provided by Mr. Cao in favour of Jiangsu Ruihua is

conducted on normal commercial terms or better and it is not secured by the assets of the Group, the counter guarantee provided by Mr. Cao is thus fully exempt from shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Bank of Jiangsu”	江蘇銀行股份有限公司 (Bank of Jiangsu Company Limited*), a company listed on Shanghai Stock Exchange (stock code: 600919)
“Board”	the board of Directors
“Company”	Huiyin Smart Community Co., Ltd., a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Co-operative Agreement”	the strategic co-operative Agreement dated 2 December 2016 entered into by the Company and Jiangsu Ruihua, in respect of, among other things, the formation of a joint venture
“Counter Guarantee Agreement”	the counter guarantee agreement dated 9 December 2016 entered into by Jiangsu Ruihua, the Company, Nanjing Huiyin Lehu, Yangzhou Huiyin Technology and Mr. Cao
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee given by the Guarantor in favour of Bank of Jiangsu in connection with the Loan
“Guarantee Agreement”	the guarantee agreement signed by Jiangsu Ruihua in favour of Bank of Jiangsu in connection with the Loan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Huiyin E-commerce”	江蘇滙銀電子商務有限公司(Jiangsu Huiyin Electronic Commerce Co., Ltd.*), a company established in the PRC and a non-wholly owned subsidiary of the Company
“Independent Third Party(ies)”	a party which/who is not a connected person of the Company and is independent of the Company and its connected persons
“Jiangsu Ruihua”	江蘇瑞華投資控股集團有限公司 (Jiangsu Ruihua Investment Holding Group Company Limited*), a limited liability company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan amounting to RMB100 million to be provided by Bank of Jiangsu to Nanjing Huiyin Lehu
“Mr. Cao”	Mr. Cao Kuanping, an executive Director, the Chairman and a substantial shareholder of the Company which indirectly holds approximately 19.73% of the issued capital of the Company
“Nanjing Huiyin Lehu”	南京滙銀樂虎電子商務有限公司 (Nanjing Huiyin Lehu E-Commerce Company Limited*), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company
“Nanjing Ruihu E-Commerce”	the joint venture company to be established in the PRC pursuant to the Co-operative Agreement and proposed to be named 南京瑞虎電子商務有限公司 (Nanjing Ruihu E-Commerce Company Limited*)
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“Suzhou Ruihua”	蘇州瑞華投資合夥企業 (Suzhou Ruihua Investment Partnership Enterprise*), a limited liability partnership established in the PRC and a substantial shareholder of Huiyin E-commerce
“Yangzhou Huiyin Technology”	揚州滙銀科技集團有限公司 (Yangzhou Huiyin Technology Group Limited*), a wholly owned subsidiary of the Company
“%”	per cent.

** The translated English names of the PRC entities are translation of their Chinese names and are for identification purpose only. If there are any inconsistency, the Chinese name prevails.*

By order of the Board
Huiyin Smart Community Co., Ltd.
Cao Kuanping
Chairman

Yangzhou, PRC
9 December 2016

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