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RUIXIN INTERNATIONAL HOLDINGS LIMITED
瑞鑫國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the "Board") of directors (the "Director(s)") of Ruixin International Holdings Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016.

RESULTS OVERVIEW

For the year ended 31 December 2016 (the "Reporting Period"), the Group reported revenue of approximately HK$478.8 million, representing a decrease of 12.2% as compared with approximately HK$545.1 million for the year ended 31 December 2015 (the "Corresponding Period").

Loss for the Reporting Period increased to approximately HK$66.7 million from approximately HK$23.2 million for the Corresponding Period. Loss attributable to owners of the Company was approximately HK$66.7 million for the Reporting Period as compared with approximately HK$23.2 million for the Corresponding Period. The increase in loss for the Reporting Period was mainly due to, among others, (i) the gain on modification of terms of convertible notes in the Corresponding Period but not in the Reporting Period; (ii) the recognition of tax expenses in relation to the Hong Kong Inland Revenue Department (the "IRD") enquiries of the Hong Kong Profits Tax of a subsidiary of the Company in respect of the years of assessment 2006/07 to 2014/15 in the Reporting Period; and (iii) the increased operating loss. The increase in operating loss was mainly due to the expansion of loss from the electronic products business as a result of, among others, the drop in revenue and the increase in the cost of raw materials. The Group's loss for the Reporting Period, however, was partly offset by the recovery of partial amounts due from former subsidiaries and the write-back of amounts due to former subsidiaries as a result of the completion of the winding-up of CITIC Logistics (International) Company Limited ("CLI") and certain of its subsidiaries subsequent to the Reporting Period.

The gain on modification of terms of convertible notes and the imputed interest expenses on convertible notes (collectively, the "Non-cash Items") arose as a result of accounting treatment under the provisions of the applicable accounting standards and were of non-cash nature. Before the Non-cash Items, the Group made a loss of approximately HK$54.3 million for the Reporting Period, as compared with a loss of approximately HK$38.7 million for the Corresponding Period.

FINANCIAL HIGHLIGHTS

	2016	2015
	HK$'000	*HK$'000*
Revenue	**478,845**	545,055
Gross profit	**20,976**	32,620
Loss for the year	**(66,703)**	(23,211)
Gain on modification of terms of convertible notes	**–**	27,821
Imputed interest expenses on convertible notes	**(12,422)**	(12,287)
Loss for the year before gain on modification of terms of convertible notes and imputed interest expenses on convertible notes	**(54,281)**	(38,745)

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the Reporting Period (2015: nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	3	**478,845**	545,055
Cost of sales		**(457,869)**	(512,435)
Gross profit		**20,976**	32,620
Other income		**14,447**	192
Gain on modification of terms of convertible notes		**–**	27,821
Distribution costs		**(20,938)**	(20,375)
Administrative expenses		**(50,356)**	(50,079)
Share of results of joint ventures		**(1,712)**	(678)
Other expenses		**(6)**	(424)
Finance costs	4	**(12,422)**	(12,288)
Loss before taxation		**(50,011)**	(23,211)
Taxation	5	**(16,692)**	–
Loss for the year attributable to owners of the Company	6	**(66,703)**	(23,211)
Loss per share	8		
Basic and diluted *(HK cents)*		**(0.48)**	(0.18)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	HK$'000	*HK$'000*
Loss for the year	**(66,703)**	(23,211)
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**548**	264
Total comprehensive expenses for the year attributable to owners of the Company	**(66,155)**	(22,947)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**15,407**	25,248
Interests in joint ventures		**2,594**	4,306
		18,001	29,554
Current assets			
Inventories		**80,847**	86,098
Trade and bills receivables	*9*	**167,682**	212,304
Prepayments, deposits and other receivables		**3,385**	2,975
Tax recoverable		**–**	10,127
Amounts due from former subsidiaries		**–**	–
Deposits in other financial institutions		**446**	446
Bank balances and cash		**64,387**	66,813
		316,747	378,763
Current liabilities			
Trade and bills payables	*10*	**46,664**	60,144
Other payables and accruals		**10,414**	12,342
Amount due to a joint venture		**2,495**	2,519
Amounts due to former subsidiaries		**–**	4,417
Convertible notes	*11*	**260,400**	247,978
		319,973	327,400
Net current (liabilities) assets		**(3,226)**	51,363
Total assets less current liabilities		**14,775**	80,917

	Note	**2016**	2015
		HK$'000	*HK$'000*
Non-current liability			
Employee benefits		**157**	144
Net assets		**14,618**	80,773
Capital and reserves			
Share capital	*12*	**138,892**	138,892
Reserves		**(124,274)**	(58,119)
Total equity		**14,618**	80,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs"), amendments and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated and have been approved for issue by the Board on 24 March 2017.

Going concern basis

In preparing the consolidated financial statements, the Directors have given consideration to the future liquidity of the Group.

The Group incurred a loss attributable to the owners of the Company of approximately HK$66,703,000 for the year ended 31 December 2016. In addition, the convertible notes with outstanding principal amount of HK$260,400,000 were matured on 31 December 2016, resulting in net current liabilities of approximately HK$3,226,000 as at 31 December 2016.

Subsequent to the year ended 31 December 2016, the maturity date of the abovementioned convertible notes was extended to 31 January 2019 pursuant to the relevant ordinary resolution duly passed on 16 January 2017 at a special general meeting of the Company. Details of the alternation of terms of convertible notes are set out in the announcements of the Company dated 14 December 2016 and 16 January 2017, and the circular of the Company dated 29 December 2016. The Directors consider that the Group will be able to finance its future working capital and to fulfill its financial obligations when they fall due.

The Directors are of the opinion that it is still appropriate to prepare the consolidated financial statements for the year ended 31 December 2016 on a going concern basis by taking into consideration of the above. The consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. Principal accounting policies

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

In the current year, the Group has applied for the first time the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Instruments Contracts[2]

[1] *Effective for annual periods beginning on or after 1 January 2017.*
[2] *Effective for annual periods beginning on or after 1 January 2018.*
[3] *Effective for annual periods beginning on or after 1 January 2019.*
[4] *Effective date not yet been determined.*

The Directors anticipate that, except as described below, the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Directors do not anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related interpretations when it becomes effective. HKFRS 16 replaces all existing lease accounting requirements and represents a significant change in the accounting and reporting of leases, with more assets and liabilities to be reported on the consolidated statement of financial position and a different recognition of lease costs.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of approximately HK$25,343,000. HKAS 17 does not required the recognition of any right-of-use asset or liability for further payments for these leases. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amount recognised in the Group's consolidated financial statements and the Directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

3. Revenue and segment information

Information reported to the Directors, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered. The Group is principally engaged in the manufacturing and trading of electronic and electrical parts and components. The Group's operation is attributable to a single reportable and operating segment under HKFRS 8 and no segment information is presented. No operating segments have been aggregated in arriving at the reportable segment of the Group.

Revenue represents revenue arising on manufacturing and trading of electronic and electrical parts and components.

(a) Geographical information

The Group's operation is mainly located in Hong Kong and the People's Republic of China (the "PRC" or "China"). However, the external customers of the Group are located world-wide, such as Hong Kong, the PRC and Asia Pacific etc.

Information about the Group's revenue from external customers is presented based on the location of customers and information about its non-current assets is presented based on the location of assets as detailed below:

	Revenue from external customers		**Non-current assets**	
	Year ended 31 December 2016	Year ended 31 December 2015	**As at 31 December 2016**	As at 31 December 2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**159,290**	156,993	**2,971**	4,926
Elsewhere in the PRC	**243,027**	311,109	**15,030**	24,628
Asia Pacific	**60,439**	62,556	**–**	–
Others	**16,089**	14,397	**–**	–
Total	**478,845**	545,055	**18,001**	29,554

(b) Information about major customers

During the year ended 31 December 2016, there was a Group's individual customer contributed revenue of approximately HK$76,040,000 (2015: HK$55,866,000), which accounted for more than 10% to the total revenue of the Group.

4. Finance costs

	2016	2015
	HK$'000	*HK$'000*
Borrowing costs on obligations under finance leases	**–**	1
Imputed interest expenses on convertible notes *(note 11)*	**12,422**	12,287
	12,422	12,288

5. Taxation

	2016	2015
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Under-provision in prior years	**16,692**	–

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2016 and 2015 as the Group has no assessable profits arising in Hong Kong for both reporting periods. The tax rate of Hong Kong Profits Tax is 16.5% (2015: 16.5%).

The IRD enquired the Hong Kong Profits Tax of a subsidiary of the Company in respect of the years of assessment 2006/07 to 2014/15 (the "Tax Enquiries"). As the assessment would be statutorily time-barred within 7 years from the beginning of the year of assessment which the assessment was related, a protective assessment of approximately HK$1,555,000, HK$2,395,000 and HK$5,217,000, in respect of years of assessment 2006/07, 2007/08 and 2008/09, were raised by the IRD on 7 March 2013, 18 March 2014 and 18 March 2015 respectively. The subsidiary lodged objections against the assessment and the IRD held over the payment of the profits tax and an equal amount of tax reserve certificates were purchased and recorded as tax recoverable as at 31 December 2015 and 2014.

During the year ended 31 December 2016, in respect of the Tax Enquiries, as the assessment for the year of assessment 2009/10 would be statutorily time-barred by 31 March 2016, a protective assessment of approximately HK$1,488,000 was raised by the IRD on 15 March 2016. The subsidiary lodged an objection against the assessment and the IRD held over the payment of the profits tax and an equal amount of tax reserve certificates were purchased.

In avoiding further lengthy objection process regarding the dispute with the IRD, the subsidiary has withdrawn the objections in July 2016 and compromised with the IRD on the Tax Enquiries. The IRD has issued final tax assessments in respect of the Tax Enquiries in aggregate of approximately HK$16,692,000 (the "Assessed Amount"). The Assessed Amount was recognised as tax expenses in the Consolidated Statement of Profit or Loss for the year ended 31 December 2016. The Assessed Amount was settled by the tax reserve certificates purchased in an aggregate of approximately HK$10,655,000 and the remaining amount of approximately HK$6,037,000 was settled during the year ended 31 December 2016 by the subsidiary.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiary registered in the PRC is 25% from 1 January 2008 onwards. No provision for the Enterprise Income Tax have been made for the years ended 31 December 2016 and 2015 as the subsidiary of the Company has no assessable profits for both reporting periods.

6. Loss for the year

Loss for the year has been arrived at after charging:

	2016	2015
	HK$'000	*HK$'000*
Cost of inventories recognised as expenses	**457,869**	512,435
Staff costs	**28,490**	27,449
Depreciation of property, plant and equipment		
– owned assets	**9,863**	13,308
– assets held under finance leases	**–**	4
Auditor's remuneration	**736**	695
Write-offs of property, plant and equipment (included in other expenses)	**6**	2
Net exchange loss	**3,881**	4,285
Net loss on disposals of property, plant and equipment (included in other expenses)	**–**	198
Impairment loss on property, plant and equipment (included in other expenses)	**–**	224
Impairment loss on trade receivables (included in administrative expenses)	**–**	1,385

7. Dividends

No dividend was paid or proposed for the year ended 31 December 2016, nor has any dividend been proposed since the end of the year ended 31 December 2016 (2015: nil).

8. Loss per share

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$66,703,000 (2015: HK$23,211,000) and the weighted average number of approximately 13,889,199,000 (2015: 12,765,308,000) ordinary shares in issue during the year ended 31 December 2016.

For the years ended 31 December 2016 and 2015, the diluted loss per share is the same as the basic loss per share.

The computation of diluted loss per share for the years ended 31 December 2016 and 2015 did not assume the exercise of the Company's share options as the exercise prices of the share options were higher than the average market price for shares. The computation of diluted loss per share for the years ended 31 December 2016 and 2015 did not assume the conversion of the Company's outstanding convertible notes as the conversion of convertible notes would result in a decrease in loss per share.

9. Trade and bills receivables

The Group allows an average credit period of 30 to 120 days (2015: 30 to 120 days) to its trade customers.

The following is an ageing analysis of trade and bills receivables, net of impairment, presented based on the due date at the end of the reporting periods:

	2016	2015
	HK$'000	*HK$'000*
Current	**149,986**	172,076
Overdue:		
– within 3 months	**14,110**	34,654
– 4 – 6 months	**3,402**	4,406
– 7 – 12 months	**184**	1,114
– over 12 months	**–**	54
	17,696	40,228
	167,682	212,304

10. Trade and bills payables

The following is an ageing analysis of trade and bills payables presented based on the due date at the end of the reporting periods:

	2016	2015
	HK$'000	*HK$'000*
Current	**46,306**	55,259
Overdue:		
– within 3 months	**347**	3,801
– 4 – 6 months	**11**	979
– 7 – 12 months	**–**	4
– over 12 months	**–**	101
	46,664	60,144

11. Convertible notes

On 19 November 2009, the Company issued unsecured convertible notes for the partial settlement of the consideration for the acquisition of CLI. Details of the transaction are set out in the Company's circular dated 16 October 2009. The sole holder of the convertible notes, Mr. Li Weimin ("Mr. Li"), a substantial shareholder of the Company, was appointed as an executive Director on 1 December 2015 and resigned subsequently on 26 February 2016.

Details of the Group's convertible notes outstanding as at 31 December 2016 and 2015 are set out below:

Date of issue	:	19 November 2009
Date of modification	:	9 January 2015
Principal amount	:	HK$950,400,000
Coupon rate	:	Nil
Conversion price	:	HK$0.035 per share
Conversion period	:	The period commencing from the date of modification of the convertible notes and ending on the maturity date
Collaterals	:	Nil
Maturity date	:	31 December 2016

Subject to the occurrence of an event of default (as defined in the terms and conditions of the convertible notes), the convertible notes may be redeemed in amounts of HK$100,000 or integral multiples thereof at the option and in the absolute discretion of the Company on any business day prior to the maturity date by giving not less than seven days notice to the holder of the convertible notes.

The convertible notes contain two components, liability and equity components. The equity component is presented in equity under the heading of convertible notes reserve. The effective interest rate of the liability component of the convertible notes is 5.00% per annum. The liability and equity components of the convertible notes were measured at fair values at the date of modification and the valuation was determined by an independent valuer.

On 14 November 2014, the Company and Mr. Li entered into a deed of variation, pursuant to which it was agreed that, subject to the fulfillment of conditions precedent (i) the maturity date of the outstanding convertible notes with an aggregate principal amount of HK$302,400,000 would be extended from 15 November 2014 to 31 December 2016; and (ii) the original conversion price of HK$0.12 per share would be adjusted to the conversion price of HK$0.035 per share. Save for the above alterations, all other terms and conditions of the outstanding convertible notes remained unchanged. On 9 January 2015, the relevant ordinary resolution was duly passed at the special general meeting and the extension of the maturity date and the adjustment of conversion price of the outstanding convertible notes became effective. For details, please refer to the announcements of the Company dated 14 November 2014, 17 November 2014 and 9 January 2015, as well as the circular of the Company dated 19 December 2014.

The extension of the maturity date and the adjustment of the conversion price resulted in the extinguishment of the financial liability of the convertible notes and the recognition of new financial liability and equity components. On 9 January 2015, the carrying values of liability component and equity component of the convertible notes immediately before the modification were approximately HK$302,400,000 and HK$92,707,000 respectively. According to a valuation report issued by an independent professional valuer not connected with the Group, the fair value of the new liability component and equity component immediately following the modification are approximately HK$274,579,000 and HK$57,442,000 respectively. These caused a recognition of gain of approximately HK$27,821,000 credited to profit or loss and a transfer of a net amount of approximately HK$35,265,000 from the convertible notes reserve to accumulated losses for the year ended 31 December 2015.

Convertible notes of the Company with an aggregate principal amount of HK$42,000,000 were converted into 1,199,999,998 ordinary shares of HK$0.01 each at a conversion price of HK$0.035 per share on 4 June 2015.

Movements of the liability and equity components of the convertible notes for the years ended 31 December 2016 and 2015 are set out below:

	Liability component HK$'000	Equity component HK$'000	Total HK$'000
At 1 January 2015	302,400	92,707	395,107
Derecognition of original liability/equity component upon modification of terms of convertible notes	(302,400)	(92,707)	(395,107)
Recognition of new liability/equity component upon modification of terms of convertible notes	274,579	57,442	332,021
Conversion into shares of the Company *(note 12(a))*	(38,888)	(7,978)	(46,866)
Imputed interest charged to the consolidated statement of profit or loss *(note 4)*	12,287	–	12,287
At 31 December 2015 and 1 January 2016	247,978	49,464	297,442
Imputed interest charged to the consolidated statement of profit or loss *(note 4)*	12,422	–	12,422
At 31 December 2016	260,400	49,464	309,864

As at 31 December 2016, the principal amount of convertible notes remained outstanding is HK$260,400,000 (2015: HK$260,400,000).

On 14 December 2016, the Company and Mr. Li entered into a deed of further variation, pursuant to which it was agreed that, subject to the fulfillment of conditions precedent, the maturity date of the outstanding convertible notes with an aggregate principal amount of HK$260,400,000 would be extended from 31 December 2016 to 31 January 2019. Save for the above alteration, all other terms and conditions of the outstanding convertible notes remained unchanged. Details are disclosed in note 14 to the consolidated financial statements in this announcement.

12. Share capital

	Number of shares '000	HK$'000
Authorised ordinary shares of HK$0.01 each:		
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	30,000,000	300,000
Issued and fully paid ordinary shares of HK$0.01 each:		
At 1 January 2015	11,966,699	119,667
Issue of new shares upon conversion of convertible notes *(note a)*	1,200,000	12,000
Issue of new shares on subscriptions *(note b)*	722,500	7,225
At 31 December 2015, 1 January 2016 and 31 December 2016	13,889,199	138,892

Notes:

(a) On 4 June 2015, convertible notes of the Company with an aggregate principal amount of HK$42,000,000 were converted into 1,199,999,998 new ordinary shares of HK$0.01 each at a conversion price of HK$0.035 per share. These new shares issued ranked pari passu with other shares then in issue in all aspects. Details of the convertible notes are set out in note 11 to the consolidated financial statements in this announcement.

(b) On 27 October 2015, the Company entered into two subscription agreements with two independent third parties for subscription of an aggregate of 722,500,000 new ordinary shares at a subscription price of HK$0.047 per share. The issue and allotment of subscription shares were completed on 9 November 2015. These new shares issued ranked pari passu with other shares then in issue in all aspects. Details of the subscription for new ordinary shares are set out in the announcements of the Company dated 27 October 2015 and 9 November 2015.

13. Contingent liabilities

On 15 July 2009, one of the subsidiaries of Classic Line International Limited ("Classic Line"), a former subsidiary of the Company, has been and is the subject of a judgement (in the amount of US$13.5 million) obtained in a United States court in an action in respect of damages allegedly arising out of use of fire lighters sold by the subsidiary of Classic Line. The Company is one of the co-defendants in the case. On 28 September 2009, the Company entered into an agreement to dispose of the entire equity interest in Classic Line and the disposal was completed on 31 October 2009.

Based on the legal advice received by the Company, the Directors considered that the Company has valid grounds in opposing the enforcement of any judgement of the said case against the Company, if obtained, in Hong Kong and Bermuda. Accordingly, no provision has been made in the consolidated financial statements.

14. Event after the reporting period

As at 31 December 2016, the principal amount of convertible notes that remained outstanding was HK$260,400,000. The Company and the convertible notes holder, a substantial shareholder of the Company, entered into a deed of further variation dated 14 December 2016, pursuant to which it was agreed that, subject to the fulfillment of conditions precedent, the maturity date of the outstanding convertible notes in the principal amount of HK$260,400,000 would be extended from 31 December 2016 to 31 January 2019. On 16 January 2017, the relevant ordinary resolution was duly passed at the special general meeting and the extension of the maturity date of the outstanding convertible notes became effective. Details are set out in the announcements of the Company dated 14 December 2016 and 16 January 2017, and the circular of the Company dated 29 December 2016. The extension of the maturity date will result in the extinguishment of the financial liability of the convertible notes and related equity component and the recognition of new financial liability and equity components.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

The electronic products business reported a drop of approximately 12.2% in revenue from approximately HK$545.1 million for the Corresponding Period to approximately HK$478.8 million for the Reporting Period. As indicated in the Company's annual report for the year ended 31 December 2015, the global economy was expected to be weakened in the Reporting Period, competition was keen together with the shrink in demand, and the electronic products business was struggling in a very tough business environment. The gross profit for the electronic products business for the Reporting Period was approximately HK$21.0 million, a decrease of approximately 35.6% as compared with the Corresponding Period, while the gross profit margin was approximately 4.4%, a drop from approximately 6.0% for the Corresponding Period. Along with the decreased revenue, the gross profit for the Reporting Period was eroded significantly by the increase in the cost of raw materials.

In respect of the Tax Enquiries for the years of assessment 2006/07 to 2014/15, as disclosed in the Company's interim report for the six months ended 30 June 2016 and set out in note 5 to the consolidated financial statements in this announcement, in avoiding further lengthy objection process regarding the dispute with the IRD, during the Reporting Period, the subsidiary has withdrawn the objections in July 2016 and compromised with the IRD on the Tax Enquiries. The IRD has issued final tax assessments in respect of the Tax Enquiries in aggregate of approximately HK$16.7 million. The Assessed Amount was recognised as tax expenses for the Reporting Period.

As at 31 December 2016 and the date of this announcement, the principal amount of the convertible notes remained outstanding was HK$260.4 million with a conversion price of HK$0.035 per share. The Company and the holder of the outstanding convertible notes entered into the deed of further variation on 14 December 2016, pursuant to which it is agreed that, subject to the fulfilment of conditions precedent, the maturity date of the outstanding convertible notes in the principal amount of HK$260.4 million will be extended from 31 December 2016 to 31 January 2019. On 16 January 2017, the ordinary resolution of the special general meeting was duly passed and the extension of the maturity date of the outstanding convertible notes became effective. For details, please refer to the announcements of the Company dated 14 December 2016 and 16 January 2017 and the circular of the Company dated 29 December 2016. Accordingly, the consolidated financial statements for the Reporting Period have been prepared on a going concern basis, as set out in notes 1 and 14 to the consolidated financial statements in this announcement. The Company is considering various alternatives to more permanently improve the Group's financial position.

During the Reporting Period, the Group has recovered partial amounts due from former subsidiaries of approximately HK$9.2 million from the liquidators of CLI and its subsidiaries. Subsequent to the Reporting Period, the winding-up of CLI and certain of its subsidiaries was completed, according to the liquidators of CLI. As a result, amounts due to former subsidiaries of approximately HK$4.4 million were written back as other income for the Reporting Period.

The Group is seeking and exploring business opportunities in Vietnam including infrastructure projects to improve the prospect of the Group. As at the date of this announcement, the Company is in the process of setting up an indirect wholly-owned subsidiary in Vietnam and is in an early stage of studying a potential investment opportunity for the development of an expressway project in Vietnam (the "Potential Investment"). The Company wishes to highlight that no binding agreement in relation to the Potential Investment has been entered into as at the date of this announcement. For details, please refer to the announcements of the Company dated 12 January 2017 and 21 March 2017.

Liquidity, Financial Resources and Capital Structure

The Group mainly finances its business operations with internally generated cash flows and general banking facilities.

As at 31 December 2016, the Group had bank balances and cash of approximately HK$64.4 million (2015: HK$66.8 million). The Group's current ratio (measured as total current assets to total current liabilities) was 1.0 time (2015: 1.2 times).

As at 31 December 2016, the Company had outstanding zero coupon convertible notes due on 31 December 2016 with an aggregate principal amount of HK$260.4 million (2015: HK$260.4 million) and a conversion price of HK$0.035 per share. Subsequent to the Reporting Period, the maturity date of the convertible notes was extended to 31 January 2019. Details are set out in notes 1 and 14 to the consolidated financial statements in this announcement and the paragraphs headed "Business and Financial Review" in the Management Discussion and Analysis on page 19 of this announcement.

As at 31 December 2016, the Group had no outstanding bank borrowings (2015: nil). The gearing ratio, which is calculated by total interest bearing borrowings to total equity, was nil as at 31 December 2016 and 2015.

As at 31 December 2016, the Group had no capital expenditure commitments (2015: nil).

Significant Investments

The Group did not have any significant investments during the Reporting Period.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

The Group did not have any material acquisitions or disposals of subsidiaries and associated companies during the Reporting Period.

Charge on Group's Assets

As at 31 December 2016, the Group did not have any assets pledged (2015: nil).

Foreign Exchange Exposures

The Group mainly earns revenue and incurs costs in Hong Kong dollars, U.S. dollars and Renminbi ("RMB"). The management is aware of the possible exchange rate exposure resulted from the fluctuation of RMB against the Hong Kong dollars and will closely monitor its impact on the performance of the Group to determine if any hedging policy is necessary. With regard to the U.S. dollars, foreign exchange exposure would be minimal so long as the Hong Kong SAR Government's policy to peg the Hong Kong dollars to the U.S. dollars remains in effect.

Contingent Liabilities

Details of the contingent liabilities of the Group are set out in note 13 to the consolidated financial statements in this announcement.

Employee and Remuneration Policy

As at 31 December 2016, the Group had 592 (2015: 664) full time employees in Hong Kong and the PRC (including 552 (2015: 622) subcontractor's staff for the outsourced production of electronic products). Total staff costs (including Directors' remuneration) for the Reporting Period amounted to approximately HK$28.5 million (2015: HK$27.4 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, the mandatory provident fund scheme and the central provident scheme in the PRC, the Company also operates a share option scheme based on which the Board may, at its discretion, grant options to eligible employees of the Group.

Event after the Reporting Period

Details of the event after the Reporting Period of the Group are set out in note 14 to the consolidated financial statements in this announcement.

FUTURE OUTLOOK

According to the International Monetary Fund (the "IMF"), after a lackluster outturn in 2016, economic activity is forecast to accelerate in 2017 and 2018, with global growth projected to be 3.4% and 3.6%, respectively, versus 3.1% in 2016 and 3.2% in 2015. The outlook for advanced economies has improved, reflecting somewhat stronger activity in the second half of 2016 as well as a projected fiscal stimulus in the United States. Growth prospects have marginally worsened for emerging market and developing economies, where financial conditions have generally tightened. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the new administration in the United States and its global ramifications. Risks to the global growth outlook are two sided but are assessed to be skewed to the downside including a possible shift toward inward-looking policy platforms and protectionism, a sharper than expected tightening in global financial conditions, increased geopolitical tensions and a more severe slowdown in China. According to a report dated 7 March 2017 in the Financial Times (the "FT"), the Organisation for Economic Co-operation and Development (the "OECD") warns that global economy will stuck in a "low growth trap". The OECD expects the global growth rates to improve over the next two years but only to around the average level of the past few decades.

The U.S. economy grew by 1.6% in 2016, making it the weakest in five years as trade deficit dragged on the economy, according to a report dated 28 January 2017 in the FT. Growth is expected to accelerate to more than 2.0% in 2017, with the IMF projecting at 2.3%. Economists are largely optimistic about the growth prospect this year on expectations of more expansionary fiscal policies including tax cuts and infrastructure spending. Adding to signs of improvement in the economy, the U.S. factory sector expanded at its quickest pace since August 2014 with the Institute for Supply Management's purchasing manager's index (the "PMI") rising to 57.7 in February 2017 from 56.0 in January 2017 and 54.7 in December 2016, according to the FT reports dated 3 January 2017 and 1 March 2017. However, economists warned against considerable uncertainties in the U.S. economic outlook. Among others, substantial easing could trigger a big increase in inflation and much faster rate hikes choking off the recovery and hitting corporate profitability, and higher interest rates would probably mean a stronger dollar which would hurt U.S. manufacturers and lead to a bigger U.S. trade deficit, according to the FT reports dated 16 January 2017, 18 and 23 February 2017.

China's economy expanded by 6.7% in 2016, its slowest growth in 26 years but within the central government's target range. Despite a sharp slowdown in investment by private businesses, property and infrastructure construction together with a credit boom played key role in stabilizing the economy last year, according to reports dated 20 January 2017 in the South China Morning Post (the "SCMP") and the FT. China's economic growth looks stronger so far this year amid a recovery in manufacturing and exports. The official PMI rose to a three-month high of 51.6 in February 2017 and has already stayed in the expansionary territory for seven consecutive months. China's manufacturing sector has been buoyed by a government infrastructure building spree and a housing boom, which have fueled demand for building materials from cement to steel. However, some analysts question whether the growth will be sustainable once the impact of earlier stimulus measures begins to wear off and as the property market starts to cool, according to reports dated 1 February 2017 and 1 March 2017 in the SCMP. China's exports rose 7.9% year-on-year in January 2017 in U.S. dollar terms and 4.2% year-on-year in February 2017 in RMB terms, according to reports dated 10 February 2017 and 8 March 2017 in the SCMP. Worrying about potential disruptions from the rising tide of protectionism, however, economists warn that overseas demand faces major uncertainties and strong external demand may not be sustained, according to a report dated 1 March 2017 in the SCMP.

The strong performance has prompted a number of institutions to revise up their estimates for China's economic growth in 2017 with the IMF upgrading its forecast to 6.5% (0.3 percentage points above the October forecast) on expectations of continued policy support. The IMF highlighted that continued reliance on policy stimulus measures, with rapid expansion of credit and slow progress in addressing corporate debt, especially in hardening the budget constraints of state-owned enterprises, raised the risk of a sharper slowdown or a disruptive adjustment. These risks can be exacerbated by capital outflow pressures, especially in a more unsettle external environment, according to the IMF. Notably, China has lowered its annual economic growth target to around 6.5% in 2017 from the range of 6.5-7.0% in 2016, reinforcing a shift from supporting debt-fueled growth to pushing supply-side structural reform and reducing financial risks. Monetary policy will be "prudent and neutral" in 2017, signaling a bias towards tightening with the addition of "neutral". According to a report dated 20 January 2017 in the FT, economists say that rather than a trade war, the biggest threat to China's economy is its continued reliance on debt-fueled investment to drive growth, but lower exports could force policy makers to rely even more on this model to defend its growth target. On concerns about rising debt levels and other structural problems, the IMF forecasts that China's economic growth will slow to 6.0% in 2018.

Against this backdrop, the Group believes that the operating environment for manufacturers is likely to remain challenging and would continue to have an impact on the performance of the Group's electronic products business in the future. The challenges may include persistent increase in labour costs in the PRC, keen competition in the electronic component market, selling price pressure on electronic component products as well as increasing costs of materials. All these could affect the revenue and profit margin of the electronic products business. To tackle with these challenges, the Group will impose severe cost control measures including the outsourcing of some labour intensive process as well as the sourcing for production materials and products at a more competitive cost.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining high standards of corporate governance. During the Reporting Period, the Company has applied the principles of and complied with the code provisions ("Code Provision(s)") set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules except for the following deviations:

Under the Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The duties and responsibilities of the chief executive were shared among the members of the Board during the Reporting Period. In view of the size of operation of the Group, the Board considers that it will be suitable for implementing the Company's strategies under this arrangement. The Board shall review this arrangement from time to time to ensure appropriate and timely action is taken to meet changing circumstances.

Moreover, under the Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. Mr. Ho Chi Fai, an independent non-executive Director, is not appointed for a specific term but his directorship is subject to retirement by rotation and re-election in accordance with the bye-laws of the Company (the "Bye-laws") and the Listing Rules. Under the Bye-laws, one-third of the directors shall retire from office by rotation at each annual general meeting. According to the Listing Rules, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Directors will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making process are regulated in a proper and prudent manner.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry of the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code for the Reporting Period.

AUDIT COMMITTEE REVIEW

The audit committee of the Company has reviewed with the management the Group's consolidated financial statements for the Reporting Period, including the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters, in conjunction with the auditors of the Company.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at http://www.irasia.com/listco/hk/ruixin and the website of the Stock Exchange. The Company's annual report for the year ended 31 December 2016 will be despatched to the shareholders of the Company and will be available at the above websites in due course.

By order of the Board
Ruixin International Holdings Limited
Wang Zhaofeng
Chairman

Hong Kong, 24 March 2017

As at the date of this announcement, the Board comprises Mr. Wang Zhaofeng (Chairman), Mr. Lam Yat Keung and Mr. Huang Hanshui as executive Directors; and Mr. Ho Chi Fai, Ms. Liu Yanfang and Mr. Zhang Jue as independent non-executive Directors.