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 2017

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 2017.

RESULTS OVERVIEW

For the year ended 31 December 2017 (the "Reporting Period"), the Group reported revenue of approximately HK$542.1 million, representing an increase of 13.2% as compared with approximately HK$478.8 million for the year ended 31 December 2016 (the "Corresponding Period").

Loss for the Reporting Period decreased to approximately HK$42.7 million from approximately HK$66.7 million for the Corresponding Period. Loss attributable to owners of the Company was approximately HK$42.7 million for the Reporting Period as compared with approximately HK$66.7 million for the Corresponding Period. The reduction in loss was mainly due to, among others, (i) the decrease in operating loss for the Reporting Period; and (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 Corresponding Period but not in the Reporting Period. These more than offset (i) the recovery of partial amounts due from former subsidiaries and the write-back of amounts due to former subsidiaries in the Corresponding Period; (ii) the expenses incurred in exploring business opportunities in Vietnam in the Reporting Period; and (iii) the increase in imputed interest expenses on convertible notes in the Reporting Period. The decrease in operating loss for the Reporting Period was mainly due to the reduction in loss from the electronic products business as a result of, among others, the increase in revenue and cost control measures.

The imputed interest expenses on convertible notes (the "Non-cash Item") arose as a result of accounting treatment under the provisions of the applicable accounting standards and was of non-cash nature. Before the Non-cash Item, the Group made a loss of approximately HK$27.5 million for the Reporting Period, as compared with a loss of approximately HK$54.3 million for the Corresponding Period.

FINANCIAL HIGHLIGHTS

	2017	2016
	HK$'000	*HK$'000*
Revenue	**542,082**	478,845
Gross profit	**41,172**	20,976
Loss for the year	**(42,749)**	(66,703)
Imputed interest expenses on convertible notes	**(15,203)**	(12,422)
Loss for the year before imputed interest expenses on convertible notes	**(27,546)**	(54,281)

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the Reporting Period (2016: nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	3	**542,082**	478,845
Cost of sales		**(500,910)**	(457,869)
Gross profit		**41,172**	20,976
Other income		**2,880**	14,447
Distribution costs		**(22,899)**	(20,938)
Administrative expenses		**(48,685)**	(50,356)
Share of results of joint ventures		**(10)**	(1,712)
Other expenses		**(4)**	(6)
Finance costs	4	**(15,203)**	(12,422)
Loss before taxation		**(42,749)**	(50,011)
Taxation	5	**–**	(16,692)
Loss for the year attributable to owners of the Company	6	**(42,749)**	(66,703)
Loss per share	8		
Basic and diluted *(HK cents)*		**(0.31)**	(0.48)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
Loss for the year	**(42,749)**	(66,703)
Other comprehensive (expenses) income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(412)**	548
Total comprehensive expenses for the year attributable to owners of the Company	**(43,161)**	(66,155)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**28,414**	15,407
Interests in joint ventures		**2,584**	2,594
		30,998	18,001
Current assets			
Inventories		**85,911**	80,847
Trade receivables	*9*	**174,190**	167,682
Prepayments, deposits and other receivables		**3,613**	3,385
Amounts due from former subsidiaries		**–**	–
Deposits in other financial institutions		**446**	446
Bank balances and cash		**45,512**	64,387
		309,672	316,747
Current liabilities			
Trade payables	*10*	**79,359**	46,664
Other payables and accruals		**12,480**	10,414
Amount due to a joint venture		**2,475**	2,495
Amounts due to former subsidiaries		**–**	–
Convertible notes	*11*	**–**	260,400
		94,314	319,973
Net current assets (liabilities)		**215,358**	(3,226)
Total assets less current liabilities		**246,356**	14,775

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Non-current liabilities			
Employee benefits		**13**	157
Convertible notes	*11*	**242,015**	–
		242,028	157
Net assets		**4,328**	14,618
Capital and reserves			
Share capital	*12*	**138,892**	138,892
Reserves		**(134,564)**	(124,274)
Total equity		**4,328**	14,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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 ("Int(s)") (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "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 23 March 2018.

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 HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

Except as described below, 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.

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfill the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to HKAS 7 has resulted in additional disclosures on the Group's financing activities, especially reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure, the Directors considered that these amendments have had no impact on the Group.

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[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contract[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

[1] *Effective for annual periods beginning on or after 1 January 2018.*
[2] *Effective for annual periods beginning on or after 1 January 2019.*
[3] *Effective for annual periods beginning on or after 1 January 2021.*
[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 HKFRS 9 (2014) 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 have performed a preliminary analysis of the Group's financial instruments as at 31 December 2017 based on the fact and circumstances existing at that date. The Directors have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) *Classification and measurement*

The Directors expect to continue recognising initially at fair value for all financial assets which are subsequently measured at amortised costs. The Directors anticipate that the adoption of HKFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets.

(b) *Impairment*

The Directors expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables. The application of the expected credit loss model may result in earlier recognition of credit loss for trade receivables and increase the amount of impairment allowance recognised for these items.

The Directors will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the Directors expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

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 major source of revenue of the Group is sales of goods. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over the goods are transferred to a customer. The Directors have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the Directors expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 31 December 2017.

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. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessees accounting, and is replaced by a model where a right-of-use asset at cost and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low-value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 Decemeber 2017, the Group has non-cancellable operating lease commitments of approximately HK$39,925,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, 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.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

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 2017	Year ended 31 December 2016	**As at 31 December 2017**	As at 31 December 2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**175,568**	159,290	**2,788**	2,971
Elsewhere in the PRC	**283,872**	243,027	**27,364**	15,030
Asia Pacific	**65,189**	60,439	**846**	–
Others	**17,453**	16,089	**–**	–
Total	**542,082**	478,845	**30,998**	18,001

(b) Information about major customers

During the year ended 31 December 2017, there was a Group's individual customer who contributed revenue of approximately HK$90,967,000 (2016: HK$76,040,000), which accounted for more than 10% to the total revenue of the Group.

4. Finance costs

	2017	2016
	HK$'000	*HK$'000*
Imputed interest expenses on convertible notes *(note 11)*	**15,203**	12,422

5. Taxation

	2017	2016
	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 2017 and 2016 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% (2016: 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.

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 has been made for the years ended 31 December 2017 and 2016 as the subsidiary of the Company has no assessable profits for both reporting periods.

Under the Law of Vietnam on Corporate Income Tax, the tax rate of the subsidiary registered in Vietnam is 20%. No provision for the Corporate Income Tax has been made for the year ended 31 December 2017 as the subsidiary of the Company has no assessable profits for the Reporting Period.

6. Loss for the year

Loss for the year has been arrived at after charging:

	2017	2016
	HK$'000	*HK$'000*
Cost of inventories recognised as expenses	**500,910**	457,869
Staff costs	**29,261**	28,490
Depreciation of property, plant and equipment	**9,584**	9,863
Auditor's remuneration	**810**	736
Write-offs of property, plant and equipment (included in other expenses)	**4**	6
Net exchange loss	**–**	3,881

7. Dividends

No dividend was paid or proposed for the year ended 31 December 2017, nor has any dividend been proposed since the end of the year ended 31 December 2017 (2016: 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$42,749,000 (2016: HK$66,703,000) and the weighted average number of approximately 13,889,199,000 (2016: 13,889,199,000) ordinary shares in issue during the year ended 31 December 2017.

For the years ended 31 December 2017 and 2016, 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 2017 and 2016 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 2017 and 2016 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 receivables

The Group allows an average credit period of 30 to 120 days (2016: 30 to 120 days) to its trade customers.

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

	2017	2016
	HK$'000	*HK$'000*
Current	**154,018**	149,986
Overdue:		
– within 3 months	**16,287**	14,110
– 4-6 months	**3,885**	3,402
– 7-12 months	**–**	184
	20,172	17,696
	174,190	167,682

10. Trade payables

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

	2017	2016
	HK$'000	*HK$'000*
Current	**73,042**	46,306
Overdue:		
– within 3 months	**5,407**	347
– 4-6 months	**910**	11
	79,359	46,664

11. Convertible notes

On 19 November 2009, the Company issued unsecured convertible notes for the partial settlement of the consideration for the acquisition of CITIC Logistics (International) Company Limited ("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 on 26 February 2016.

Details of the Group's convertible notes outstanding as at 31 December 2017 and 2016 are set out below:

		2017	2016
Date of issue	:	**19 November 2009**	19 November 2009
Date of modification	:	**16 January 2017**	9 January 2015
Principal amount	:	**HK$950,400,000**	HK$950,400,000
Coupon rate	:	**Nil**	Nil
Conversion price	:	**HK$0.035 per share**	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**	The period commencing from the date of modification of the convertible notes and ending on the maturity date
Collaterals	:	**Nil**	Nil
Maturity date	:	**31 January 2019**	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 7% (2016: 5%) 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 the 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 and the Company's annual reports for the years ended 31 December 2015 and 2016.

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.

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. 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. For details, please refer to the announcements of the Company dated 14 December 2016 and 16 January 2017, as well as the circular of the Company dated 29 December 2016 and the Company's annual report for the year ended 31 December 2016 (the "2016 Annual Report").

The extension of the maturity date resulted 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. On 16 January 2017, the carrying values of liability component and equity component of the convertible notes immediately before the modification were approximately HK$260,400,000 and HK$49,464,000 respectively. According to a valuation report issued by an independent valuer not connected with the Group, the fair values of the new liability component and equity component immediately following the modification are approximately HK$226,812,000 and HK$78,400,000 respectively. These caused an increase of approximately HK$32,871,000 (net of the transaction costs of approximately HK$717,000) in other reserve in the consolidated statement of changes in equity and a transfer of a net amount of approximately HK$28,936,000 between the convertible notes reserve and accumulated losses with no profit or loss impact during the year ended 31 December 2017.

Movements of the liability and equity components of the convertible notes for the years ended 31 December 2017 and 2016 are set out below:

	Liability component *HK$'000*	**Equity component** *HK$'000*	**Total** *HK$'000*
At 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 and 1 January 2017	260,400	49,464	309,864
Derecognition of original liability/equity component upon modification of terms of convertible notes	(260,400)	(49,464)	(309,864)
Recognition of new liability/equity component upon modification of terms of convertible notes	226,812	78,400	305,212
Imputed interest charged to the consolidated statement of profit or loss *(note 4)*	15,203	–	15,203
At 31 December 2017	242,015	78,400	320,415

As at 31 December 2017 and 2016, the principal amount of convertible notes remained outstanding is HK$260,400,000.

12. Share capital

	Number of shares *'000*	*HK$'000*
Authorised ordinary shares of HK$0.01 each:		
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	30,000,000	300,000
Issued and fully paid ordinary shares of HK$0.01 each:		
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	13,889,199	138,892

13. Contingent liability

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

The electronic products business reported an increase of approximately 13.2% in revenue from approximately HK$478.8 million for the Corresponding Period to approximately HK$542.1 million for the Reporting Period. The gross profit for the electronic products business for the Reporting Period was approximately HK$41.2 million, an increase of approximately 96.3% as compared with the Corresponding Period. The increase in gross profit was attributed to the increase in revenue, implementation of certain cost control measures, the process of optimizing and improvement in production, outsourcing as and when appropriate and different product mix from different customers from time to time.

On 16 January 2017, the ordinary resolution of the special general meeting was duly passed and the maturity date of the outstanding convertible notes was extended to 31 January 2019. Immediately following the modification of terms of convertible notes, as set out in note 11 to the consolidated financial statements in this announcement, the estimated financial effect of the modification was an increase of approximately HK$32.9 million in other reserve in the consolidated statement of changes in equity and a transfer of a net amount of approximately HK$28.9 million between the convertible notes reserve and accumulated losses with no profit or loss impact during the Reporting Period. For details, please refer to the announcements of the Company dated 14 December 2016 and 16 January 2017 as well as the circular of the Company dated 29 December 2016, and the 2016 Annual Report and the Company's interim report for the six months ended 30 June 2017 (the "2017 Interim Report").

As at 31 December 2017 and the date of this announcement, the principal amount of the convertible notes remained outstanding was HK$260.4 million and the maturity date is 31 January 2019 with a conversion price of HK$0.035 per share. As at 31 December 2017, net assets of the Group were approximately HK$4.3 million. The Company is considering various alternatives to more permanently improve the Group's financial position. During the Reporting Period, the winding-up of CLI and its subsidiaries was completed, according to the liquidators of CLI.

The Group is seeking and exploring business opportunities in Vietnam to improve the prospect of the Group. During the Reporting Period, the Company has set up an indirect wholly-owned subsidiary in Vietnam and is in a preliminary stage of studying potential investment opportunities including the development of an expressway project and the development of a commercial and residential property project in Vietnam (the "Potential Investments"). The Company wishes to highlight that no binding agreement in relation to the Potential Investments 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, 21 March 2017 and 31 October 2017 as well as the 2016 Annual Report and the 2017 Interim Report.

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 2017, the Group had bank balances and cash of approximately HK$45.5 million (2016: HK$64.4 million). The Group's current ratio (measured as total current assets to total current liabilities) was 3.3 times (2016: 1.0 time).

As at 31 December 2017, the Company had outstanding zero coupon convertible notes due on 31 January 2019 with an aggregate principal amount of HK$260.4 million (2016: HK$260.4 million) and a conversion price of HK$0.035 per share.

As at 31 December 2017, the Group had no outstanding bank borrowings (2016: nil). The gearing ratio, which is calculated by total interest bearing borrowings to total equity, was nil as at 31 December 2017 and 2016.

As at 31 December 2017, the Group had no capital expenditure commitments (2016: 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 2017, the Group did not have any assets pledged (2016: 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 Liability

Details of the contingent liability 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 2017, the Group had 508 (2016: 592) full time employees in Hong Kong, the PRC (including 465 (2016: 552) subcontractor's staff for the outsourced production of electronic products) and Vietnam. Total staff costs (including Directors' remuneration) for the Reporting Period amounted to approximately HK$29.3 million (2016: HK$28.5 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, the central provident scheme in the PRC and the state pension scheme in Vietnam, 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.

FUTURE OUTLOOK

According to the International Monetary Fund (the "IMF"), the cyclical upswing underway since mid-2016 has continued to strengthen, being the broadest synchronized global growth upsurge since 2010. Global output is estimated to have grown by 3.7% in 2017. The stronger momentum experienced in 2017 is expected to carry into 2018 and 2019, with global growth revised up by 0.2 percentage point to 3.9% for both years. According to the IMF, this forecast reflects the expectation that favorable global financial conditions and strong sentiment will help maintain the recent acceleration in demand, especially in investment, with a noticeable impact on growth in economies with large exports. In addition, the U.S. tax reform and associated fiscal stimulus are expected to temporarily raise U.S. growth, with favorable demand spillovers for U.S. trading partners during this period. The effects of the U.S. tax policy package on output in the U.S. and its trading partners contribute about half of the cumulative revision to global growth over 2018 and 2019.

The IMF has raised the U.S. growth forecast from 2.3% to 2.7% in 2018, and from 1.9% to 2.5% in 2019, citing stronger than expected activity in 2017, higher projected external demand and the expected macroeconomic impact of the tax reform, in particular the reduction in corporate tax rates and the temporary allowance for full expensing of investment. Despite seeing balanced risks to the global outlook in the near term, the IMF highlighted threats to the sustainability of the upswing included that many people were left out of rising prosperity, most of the growth was just cyclical, further reforms were needed to sustain it into the 2020s, and higher inflation and interest rates could puncture the buoyant mood in the years ahead, according to a report dated 23 January 2018 in the Financial Times (the "FT"). The Organisation for Economic Cooperation and Development (the "OECD") warned that business investment rates in most large economies remained too low to keep the global economy powering forward, as per a report dated 28 November 2017 in the FT. According to the OECD, the momentum and high global growth rates would continue this year but fade in 2019 unless investment improved.

China's economy grew at 6.9% in 2017, the fastest pace since 2015 and the first yearly acceleration since 2010 on a combination of revived exports, resilient consumption and a solid real-estate market. The annual figure overshot the government's target of around 6.5%, despite policymakers making headway towards curbing financial risks from excessive debt, according to a report dated 18 January 2018 in the FT. According to reports dated 2, 17 and 18 January 2018 in the South China Morning Post (the "SCMP"), the strong performance is expected to give Beijing more room to tackle debt, pollution and poverty, which were identified as the three economic priorities for the next three years. Under "Xiconomics", Beijing has downplayed GDP growth targets in favor of quality growth, sustainable development and greater transparency in provincial auditing. While China continued to rely heavily on capital spending and exports, the contribution of consumer spending was increasing. Consumption contributed about 58.8% of the growth last year, compared with about 32.1% from domestic investment. The transformation towards a consumption-driven economy, however, will imply a gradual slowing of growth, if China was to tread a typical path of economic maturity.

According to the FT report dated 18 January 2018, analysts warn that the trade-off between growth and deleveraging will get tougher this year, with a slowing property market and tighter controls on local government infrastructure spending expected to drag on the economy. They also note that the lagging impact of strong credit growth in 2016 boosted growth last year, while the tightening in 2017 will have the opposite effect this year. A slowdown in China's manufacturing sector has started to take hold in the past few months in the face of a cooling property market and tighter pollution rules that have curtailed factory output, according to reports dated 31 December 2017, 31 January and 28 February 2018 in the SCMP. The official PMI fell more than expected to 50.3 in February 2018 and 51.3 in January 2018 from 51.6 in December 2017 and 51.8 in November 2017 as output hit by Chinese New Year holiday and drop in export orders. Analysts say that increasing trade friction with the U.S. could cloud the outlook for export manufactures in China. China has set an economic growth target of around 6.5% for 2018. The IMF expects growth to moderate gradually in China, despite revising up the forecast for both 2018 and 2019 by 0.1 percentage point to 6.6% and 6.4%, respectively.

Against this backdrop, the Group believes that the operating environment for manufacturers in the PRC 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. Although signs of pickup in the electronic products industry have been indicated, shortage of raw material is boosting up the cost and more importantly affecting the production and delivery schedule. At the same time, pressure from the increase in labour cost and other production cost cannot be ignored. The Group will try to maintain a better relationship with its suppliers in order to stabilize the supply and cost of raw materials as well as continue to implement its cost control measures including but not limited to the outsourcing of some labour intensive process in order to minimize the products 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 the 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 2017 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, 23 March 2018

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.