RUIXIN INTERNATIONAL HOLDINGS LIMITED
瑞鑫國際集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 724)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 AND RESUMPTION OF TRADING

The board (the "Board") of directors (the "Director(s)") of Ruixin International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2022, together with the comparative figures for the corresponding period and selected explanatory notes as set out below.

RESULTS OVERVIEW

For the six months ended 30 June 2022 (the "Reporting Period"), the Group reported revenue of approximately HK$124.3 million, representing a decrease of approximately 25.5% as compared with approximately HK$166.9 million for the six months ended 30 June 2021 (the "Corresponding Period").

Loss for the Reporting Period increased to approximately HK$25.4 million from approximately HK$23.8 million for the Corresponding Period. The increase in the loss for the Reporting Period was mainly due to, among others, the increase in the operating loss for the electronic products business and the increase in imputed interest expenses on convertible notes. The increase in the operating loss for the electronic products business for the Reporting Period was mainly due to, among others, the decrease in revenue resulting from a shrink in orders for the Group's electronic components amid growing global inflation concern and as some of the giant consumer products manufacturers temporarily halted certain procurement orders according to their swelling inventories on hand.

Other than the imputed interest expenses on convertible notes which arose as a result of accounting treatment under the provisions of the applicable accounting standards, the Group made a loss of approximately HK$15.7 million for the Reporting Period, as compared with a loss of approximately HK$15.2 million for the Corresponding Period.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Revenue	**124,326**	166,899
Gross profit	**8,541**	11,174
Loss for the period	**(25,357)**	(23,769)
Imputed interest expenses on convertible notes	**(9,687)**	(8,584)
Loss for the period before imputed interest expenses on convertible notes	**(15,670)**	(15,185)

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June 2022 HK$'000 (Unaudited)	Six months ended 30 June 2021 HK$'000 (Unaudited)
Revenue	3	**124,326**	166,899
Cost of sales		**(115,785)**	(155,725)
Gross profit		**8,541**	11,174
Other income		**165**	15
Distribution costs		**(10,632)**	(6,679)
Administrative expenses		**(13,624)**	(18,807)
Impairment loss on right-of-use assets		**–**	(479)
Finance costs	4	**(9,803)**	(8,805)
Loss before taxation		**(25,353)**	(23,581)
Income tax expense	5	**(4)**	(188)
Loss for the period attributable to owners of the Company	6	**(25,357)**	(23,769)
Loss per share (in Hong Kong cents)	8		
Basic and diluted		**(3.02)**	(2.83)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(25,357)**	(23,769)
Other comprehensive (expenses) income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(707)**	141
Total comprehensive expenses for the period attributable to owners of the Company	**(26,064)**	(23,628)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 HK$'000 (Unaudited)	31 December 2021 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*9*	**1,637**	2,108
Right-of-use assets		**–**	–
Rental deposits		**–**	515
		1,637	2,623
Current assets			
Inventories		**14,369**	21,257
Trade receivables	*10*	**27,020**	68,828
Prepayments, deposits and other receivables		**35,622**	11,032
Bank balances and cash		**8,724**	9,248
		85,735	110,365
Current liabilities			
Trade payables	*11*	**8,568**	20,505
Lease liabilities		**1,386**	1,811
Other payables and accruals		**23,425**	15,242
Loans from a substantial shareholder		**3,757**	3,383
Convertible notes	*12*	**158,400**	156,782
		195,536	197,723
Net current liabilities		**(109,801)**	(87,358)
Total assets less current liabilities		**(108,164)**	(84,735)
Non-current liabilities			
Lease liabilities		**239**	604
Loans from a substantial shareholder		**20,263**	17,263
		20,502	17,867
		(128,666)	(102,602)
Capital and reserves			
Share capital	*13*	**168,035**	168,035
Reserves		**(296,701)**	(270,637)
		(128,666)	(102,602)

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Going concern basis

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

The Group incurred a loss of approximately HK$25,357,000 for the Reporting Period, and had net current liabilities of approximately HK$109,801,000, net liabilities of approximately HK$128,666,000 and bank balances and cash of approximately HK$8,724,000 as at 30 June 2022. However, as at 30 June 2022, if the outstanding convertible notes and the amount of Vietnam Shareholder Loans (as defined on page 18 of this announcement) received were classified as non-current liabilities and the provision of approximately HK$8,069,000 for imputed interest expenses on convertible notes were excluded from other payables, the Group would have net current assets of approximately HK$60,425,000 and a current ratio of 3.4 times, indicating that in principle its current assets are sufficient to cover its debt and payables due within one year (excluding the outstanding convertible notes, the amount of Vietnam Shareholder Loans received and the provision for imputed interest expenses on convertible notes). The Group had no bank borrowings and the outstanding convertible notes accounted for approximately 73.3% of total liabilities as at 30 June 2022. Excluding the outstanding convertible notes, the Group would have been in net assets. While the outstanding convertible notes have matured on 31 January 2022, the Company has signed the Deed of Further Variation 2022 (as defined on page 16 of this announcement) with the convertible notes holder, pursuant to which, among others, the maturity date will be extended from 31 January 2022 to 31 January 2025.

In addition, the convertible notes holder has irrevocably undertaken that, irrespective of whether the proposed Alteration of Terms (as defined on page 15 of this announcement) will become effective, he shall not exercise any of his rights under the convertible notes to demand for repayment of the principal amount of the outstanding convertible notes and/or payment of any default interest and other related sums on the outstanding convertible notes for the period from 1 February 2022 to 31 January 2023 (both days inclusive), and shall forgo his right to receive, and fully release and discharge the Company from, the payment of the default interest, if any, accrued on the outstanding convertible notes during such period. Though the proposed Alteration of Terms is subject to fulfillment of the conditions precedent, the maturity date of the convertible notes has been extended for three times in the past and the Company hopes to extend it again. Furthermore, as the convertible notes holder is a substantial shareholder of the Company and providing shareholder loans to support its continuous operation, the Company believes that the convertible notes holder will not request the Company to redeem the outstanding convertible notes upon maturity causing the Company insolvent.

Nonetheless, the Company believes that the Group's bank balances and cash of approximately HK$8,724,000 as at 30 June 2022 are on the low side, with a slight decrease of approximately HK$524,000 from approximately HK$9,248,000 as at 31 December 2021. To improve its liquidity, the Group has signed the 2019 and 2021 Shareholder Loans (as defined on page 18 of this announcement) agreements with Mr. Li (as defined on page 15 of this announcement). The ongoing Covid-19 pandemic has affected the transfer of the 2019 and 2021 Shareholder Loans. During the Reporting Period, total amount of the 2019 and 2021 Shareholder Loans received by the Group was approximately HK$3.4 million. Subsequent to the Reporting Period, the amount of the 2021 HK Shareholder Loan (as defined on page 17 of this announcement) received by the Company was approximately HK$1.6 million. As at the date of this announcement, Mr. Li has managed to transfer the full amount of the 2019 Shareholder Loans, and part of the 2021 Shareholder Loans in the amount of approximately HK$3.3 million to the Group amid the Covid-19 pandemic. According to Mr. Li based on the latest communication and the Letter of Undertaking, he remains committed to the outstanding shareholder loans and expects to advance the Remaining 2021 HK Shareholder Loan according to the Revised Schedule (as defined on page 17 of this announcement). In addition, to improve the financial position and support future development of the Group, the Company's financial advisor has been assisting the Company in exploring avenues to raise funds by equity financing. Subject to availability and market conditions, the Board hopes to conduct equity fund raising on acceptable terms by 31 December 2022 after the Capital Reorganisation (as defined on page 15 of this announcement) becomes effective. Based on the information currently available to the Board, the Directors and the audit committee of the Company are of the view that with the amount of shareholder loans received subsequent to the Reporting Period, internally generated cash flows, the grant of the Remaining 2021 HK Shareholder Loan according to the Revised Schedule and the proposed equity fund raising, the Group will have sufficient working capital to meet its financial obligations as they fall due for the next twelve months from the end of the Reporting Period.

Accordingly, the condensed consolidated financial statements for the Reporting Period have been prepared on a going concern basis. However, the Company wishes to highlight that the successful outcome of the aforementioned is subject to multiple uncertainties, as amid the impact from the ongoing Covid-19 pandemic, the progress in the grant of the Remaining 2021 HK Shareholder Loan, cash flows generated from operations and the outcome of the proposed equity fund raising will affect the liquidity and going concern of the Group. For further details, please refer to the paragraphs headed "Business and Financial Review" in Management Discussion and Analysis on pages 15 to 20 of this announcement. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their net recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle

The Group has not applied any new or revised HKFRSs that are not yet effective for the current interim period.

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

3. REVENUE AND SEGMENT INFORMATION

As set out in the Company's annual report for the year ended 31 December 2021 (the "2021 Annual Report"), the Group is principally engaged in the manufacturing and trading of electronic and electrical parts and components. During the Corresponding Period, the Group has changed its mode of operation to 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 as the Group's resources are integrated and no discrete operating segment financial information is available.

Revenue represents revenue (net of discounts and sales related taxes) arising on manufacturing and trading of electronic and electrical parts and components and is recognised at a point in time.

4. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Provision for imputed interest and imputed interest expenses on convertible notes	**9,687**	8,584
Interest expense on lease liabilities	**116**	221
	9,803	8,805

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	**–**	–
The People's Republic of China Enterprise Income Tax	**4**	188
	4	188

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the six months ended 30 June 2022 and 2021, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2022 and 2021 as the Group has no assessable profits arising in Hong Kong for both reporting periods.

Under the Law of the People's Republic of China (the "PRC" or "China") 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.

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 six months ended 30 June 2022 and 2021 as the subsidiary of the Company has no assessable profits for both reporting periods.

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**(6)**	(2)
Provision for write-down of inventories (included in cost of sales)	**4,121**	–
Depreciation of property, plant and equipment	**381**	1,625
Write-offs of property, plant and equipment	**6**	–
Net exchange loss	**345**	492
Net gain on disposals of property, plant and equipment (included in cost of sales)	**–**	(1,733)

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK$25,357,000 (six months ended 30 June 2021: approximately HK$23,769,000) and the weighted average number of approximately 840,174,000 (six months ended 30 June 2021: approximately 840,174,000) ordinary shares in issue during the six months ended 30 June 2022.

For the six months ended 30 June 2022 and 2021, the diluted loss per share is the same as the basic loss per share.

The computation of diluted loss per share for the six months ended 30 June 2021 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 Company's share options have lapsed during the year ended 31 December 2021 due to expiry of exercisable period and no share option is granted during the six months ended 30 June 2022. The share option scheme has expired on 7 June 2022.

The computation of diluted loss per share for the six months ended 30 June 2022 and 2021 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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group spent approximately HK$18,000 (six months ended 30 June 2021: approximately HK$33,000) on addition of leasehold improvements and others.

Property, plant and equipment with carrying value of approximately HK$305,000 were disposed of by the Group during the six months ended 30 June 2021 (six months ended 30 June 2022: nil) for cash proceeds of approximately HK$2,038,000 (six months ended 30 June 2022: nil), resulting in a net gain on disposals of approximately HK$1,733,000 (six months ended 30 June 2022: nil).

10. TRADE RECEIVABLES

The Group allows an average credit period of 30 to 120 days (31 December 2021: 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:

	30 June 2022 *HK$'000* **(Unaudited)**	31 December 2021 *HK$'000* (Audited)
Current	**27,020**	57,357
Overdue:		
– within 3 months	**–**	758
– 4 – 6 months	**–**	2,285
– 7 – 12 months	**–**	8,428
	27,020	68,828

11. TRADE PAYABLES

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

	30 June 2022 *HK$'000* **(Unaudited)**	31 December 2021 *HK$'000* (Audited)
Current	**8,548**	20,482
Overdue:		
– within 3 months	**20**	23
	8,568	20,505

12. CONVERTIBLE NOTES

As at 30 June 2022 and 31 December 2021, the principal amount of convertible notes that remained outstanding was HK$158,400,000. On 14 November 2014, the Company and the convertible notes holder 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 then 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 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 then 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 report 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.

On 14 December 2016, the Company and the convertible notes holder 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 then 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 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 then 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 2017.

On 12 November 2018, the Company and the convertible notes holder entered into a deed of further variation, pursuant to which it was agreed that, subject to the fulfillment of conditions precedent, (i) the maturity date of the remaining convertible notes with an aggregate principal amount of HK$158,400,000 would be extended from 31 January 2019 to 31 January 2022; and (ii) the conversion price of HK$0.035 per share would be adjusted to the conversion price of HK$0.011 per share. Save for the above alterations, all other terms and conditions of the convertible notes remained unchanged. On 28 December 2018, the relevant ordinary resolution was duly passed at the special general meeting. On 31 December 2018, the extension of the maturity date and the adjustment of the conversion price of the remaining convertible notes became effective. For details, please refer to the announcements of the Company dated 12 November 2018, 28 December 2018 and 31 December 2018, as well as the circular of the Company dated 11 December 2018 and the Company's annual report for the year ended 31 December 2018.

Convertible notes of the Company with an aggregate principal amount of HK$102,000,000 were converted into 2,914,285,714 ordinary shares of HK$0.01 each at a conversion price of HK$0.035 per share on 31 December 2018.

As a result of the share consolidation in 2019 (every twenty issued and unissued ordinary shares with a par value of HK$0.01 each in the share capital of the Company were consolidated into one ordinary share with a par value of HK$0.20 each) and under the terms and conditions of the convertible notes, the conversion price of the outstanding convertible notes was adjusted from HK$0.011 per share to HK$0.22 per share with effect from the close of business in Hong Kong on 22 May 2019. Based on the adjusted conversion price of HK$0.22 per share, the outstanding convertible notes with an aggregate principal amount of HK$158,400,000 will be convertible into 720,000,000 ordinary shares of HK$0.20 each.

During the six months ended 30 June 2022, the outstanding convertible notes with an aggregate principal amount of HK$158,400,000 have matured on 31 January 2022. As reported in the 2021 Annual Report, the Company has been in the process of discussing with the convertible notes holder to alter the terms of the convertible notes for a fourth time. In the meantime, through the irrevocable letter of undertaking dated 13 January 2022, the convertible notes holder has irremovably undertaken in favor of the Company that before the proposed Alteration of Terms comes into effect, he will not, among others, request the Company to repay the outstanding principal amount of the convertible notes and to pay any default interest and other related sums within one year from the maturity date of 31 January 2022.

Subsequent to the six months ended 30 June 2022, the Board proposed to implement the Capital Reorganisation including the Share Consolidation, the Capital Reduction and the Share Subdivision (as defined on page 15 of this announcement). Under the proposed Share Consolidation, every ten (10) issued and unissued shares with a par value of HK$0.20 each will be consolidated into one (1) consolidated share with a par value of HK$2.00 each. Pursuant to the terms of the convertible notes, the Capital Reorganisation will cause adjustments to the conversion price and a calculation agent will certify such adjustments. It is currently expected that the current conversion price of HK$0.22 per share may be adjusted to the Adjusted Conversion Price of HK$2.20 per New Share (as defined on page 15 of this announcement) immediately prior to the Capital Reorganisation becoming effective (and before the Alteration of Terms comes into effect). Based on the Adjusted Conversion Price of HK$2.20 per New Share, the outstanding convertible notes with an aggregate principal amount of HK$158,400,000 will be convertible into 72,000,000 New Shares of HK$0.10 each. Further announcement(s) will be made by the Company regarding the final adjustments as and when appropriate.

In addition, the Company and the convertible notes holder entered into the Deed of Further Variation 2022 on 11 August 2022 in respect of the Alteration of Terms. The proposed Alteration of Terms will extend the maturity date of the outstanding convertible notes from 31 January 2022 to 31 January 2025 and adjust the Adjusted Conversion Price to the conversion price of HK$1.00 per New Share. In addition, the convertible notes holder has irrevocably undertaken that, irrespective of whether the Alteration of Terms will become effective, he shall not exercise any of his rights under the convertible notes to demand for repayment of the principal amount of the outstanding convertible notes and/or payment of any default interest and other related sums on the outstanding convertible notes for the period from 1 February 2022 to 31 January 2023 (both days inclusive), and shall forgo his right to receive, and fully release and discharge the Company from, the payment of the default interest, if any, accrued on the outstanding convertible notes during such period.

Save for the above proposed Alteration of Terms, all other terms and conditions of the convertible notes shall remain unchanged. Based on the further revised expected timetable as set out in the Company's announcement dated 15 September 2022, the Alteration of Terms is scheduled to become effective on 10 November 2022, subject to fulfilment of the conditions precedent. Based on the conversion price of HK$1.00 per New Share, the outstanding convertible notes with an aggregate principal amount of HK$158,400,000 will be convertible into 158,400,000 New Shares of HK$0.10 each upon the Alteration of Terms becoming effective. The Alteration of Terms may result in changes in carrying value of the outstanding convertible notes, subject to, among others, the valuation to be performed by an independent valuer and the audit to be performed by the Company's auditor. The actual financial impact will be reported in the Company's forthcoming annual report after completion of the Alteration of Terms. For more details about the proposed Alteration of Terms and Capital Reorganisation, please refer to the paragraphs headed "Business and Financial Review" in Management Discussion and Analysis on pages 15 to 20 of this announcement, and the Company's announcements dated 11 and 26 August 2022 and 15 September 2022.

The imputed interest charged on the convertible notes (including the provision for imputed interest expenses on convertible notes for the period from 1 February 2022 to 30 June 2022) for the six months ended 30 June 2022 amounted to approximately HK$9,687,000 (six months ended 30 June 2021: approximately HK$8,584,000).

13. SHARE CAPITAL

	Number of shares *'000*	*HK$'000*
Authorised ordinary shares of HK$0.20 (31 December 2021: HK$0.20) each:		
At 1 January 2021, 31 December 2021 and 30 June 2022	3,000,000	600,000
Issued and fully paid ordinary shares of HK$0.20 (31 December 2021: HK$0.20) each:		
At 1 January 2021, 31 December 2021 and 30 June 2022	840,174	168,035

14. 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 condensed consolidated financial statements.

15. EVENT AFTER THE REPORTING PERIOD

Subsequent to the six months ended 30 June 2022, the Company and the convertible notes holder entered into the Deed of Further Variation 2022 in respect of the Alteration of Terms. In addition, the Board proposed to implement the Capital Reorganisation including the Share Consolidation, the Capital Reduction and the Share Subdivision. Details are set out in the paragraphs headed "Business and Financial Review" in Management Discussion and Analysis on pages 15 to 20 of this announcement, note 12 to the condensed consolidated financial statements in this announcement and the Company's announcements dated 11 and 26 August 2022 and 15 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

The electronic products business reported a decrease of approximately 25.5% in revenue from approximately HK$166.9 million in the Corresponding Period to approximately HK$124.3 million in the Reporting Period. The decrease in revenue was mainly a result from shrinking orders for the Group's electronic components amid growing global inflation concern and as some of the giant consumer products manufacturers temporarily halted certain procurement orders according to their swelling inventories on hand.

As at 30 June 2022 and the date of this announcement, the principal amount of the convertible notes (the "Convertible Notes") that remains outstanding is HK$158.4 million (the "Outstanding Convertible Notes") convertible into 720,000,000 ordinary shares of HK$0.20 each at a conversion price of HK$0.22 per share and the maturity date was 31 January 2022 (the "Maturity Date"). As reported in the 2021 Annual Report, the Company has been in discussion with the holder of the Outstanding Convertible Notes (the "Noteholder"), Mr. Li Weimin ("Mr. Li", a substantial shareholder (as defined in the Listing Rules) of the Company), to alter certain terms and conditions of the Outstanding Convertible Notes (the "Alteration of Terms"). In the meantime, the Company has received an irrevocable letter of undertaking dated 13 January 2022 from the Noteholder, pursuant to which, the Noteholder has irrevocably undertaken in favor of the Company that before the proposed Alteration of Terms comes into effect, he will not, among others, request the Company to repay the outstanding principal amount of the Convertible Notes and to pay any default interest and other related sums within one year from the Maturity Date. Given that the Maturity Date has expired, the Outstanding Convertible Notes were classified as current liabilities in the condensed consolidated financial statements.

Subsequent to the Reporting Period, as set out in the Company's announcement dated 11 August 2022 (the "Announcement"), the Board has proposed to implement the capital reorganisation (the "Capital Reorganisation") including (i) the share consolidation (the "Share Consolidation") whereby every ten (10) issued and unissued shares with a par value of HK$0.20 each will be consolidated into one (1) consolidated share (the "Consolidated Share(s)") with a par value of HK$2.00 each; (ii) the capital reduction (the "Capital Reduction") whereby the par value of each issued Consolidated Share will be reduced from HK$2.00 to HK$0.10 (the "New Share(s)) by cancelling the paid-up capital to the extent of HK$1.90 on each issued Consolidated Share and any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled; and (iii) the share subdivision (the "Share Subdivision") of every unissued Consolidated Share with a par value of HK$2.00 each in the authorised share capital of the Company into twenty (20) New Shares with a par value of HK$0.10 each.

Based on the further revised expected timetable as set out in the Company's announcement dated 15 September 2022, the Capital Reorganisation is scheduled to become effective on 9 November 2022, subject to fulfilment of the conditions as set out in the Announcement. Pursuant to the terms of the Convertible Notes, the Capital Reorganisation will cause adjustments to the conversion price and a calculation agent will certify such adjustments. It is currently expected that the current conversion price of HK$0.22 per share may be adjusted to the adjusted conversion price of HK$2.20 per New Share or such adjusted conversion price certified by the calculation agent (the "Adjusted Conversion Price") immediately prior to the Capital Reorganisation becoming effective (and before the Alteration of Terms comes into effect). Based on the Adjusted Conversion Price of HK$2.20 per New Share, the Outstanding Convertible Notes will be convertible into 72,000,000 New Shares of HK$0.10 each. Further announcement(s) will be made by the Company regarding the final adjustments as and when appropriate.

Furthermore, the Company and the Noteholder entered into a deed of further variation (the "Deed of Further Variation 2022") on 11 August 2022 in respect of the Alteration of Terms. The proposed Alteration of Terms will extend the maturity date of the Outstanding Convertible Notes from 31 January 2022 to 31 January 2025 and adjust the Adjusted Conversion Price to the conversion price of HK$1.00 per New Share. In addition, the Noteholder has irrevocably undertaken that, irrespective of whether the Alteration of Terms will become effective, he shall not exercise any of his rights under the Convertible Notes to demand for repayment of the principal amount of the Outstanding Convertible Notes and/or payment of any default interest and other related sums on the Outstanding Convertible Notes for the period from 1 February 2022 to 31 January 2023 (both days inclusive), and shall forgo his right to receive, and fully release and discharge the Company from, the payment of the default interest, if any, accrued on the Outstanding Convertible Notes during such period. Save for the above proposed Alteration of Terms, all other terms and conditions of the Convertible Notes shall remain unchanged.

According to the further revised expected timetable as set out in the Company's announcement dated 15 September 2022, the Alteration of Terms is scheduled to become effective on 10 November 2022, subject to fulfilment of the conditions precedent (the "Conditions Precedent") as set out in the Announcement. Based on the conversion price of HK$1.00 per New Share, the Outstanding Convertible Notes will be convertible into 158,400,000 New Shares of HK$0.10 each upon the Alteration of Terms becoming effective.

The Alteration of Terms may result in changes in carrying value of the Outstanding Convertible Notes, subject to, among others, the valuation to be performed by an independent valuer and the audit to be performed by the Company's auditor. In addition, the Alteration of Terms will enable the Group to delay substantial cash outflow as the Maturity Date is extended, which would alleviate the immediate pressure on cash flow of the Group and retain financial resources for its operations. Furthermore, the Outstanding Convertibles Notes will be reclassified as non-current liabilities, which could help improve the Group's immediate liquidity by turning the Group from net current liabilities into net current assets. For illustrative purpose only, (i) in 2018, the Company conduced an alteration of certain terms and conditions of the Convertible Notes, and as a result, carrying value of the then outstanding Convertible Notes decreased by approximately HK$54.4 million immediately following the modification; and (ii) had the reclassification taken place as at 31 December 2021 (without taking into account of the revaluation impact), the Group would have reported net current assets of approximately HK$69.4 million, instead of net current liabilities of approximately HK$87.4 million. The actual financial impact will be reported in the Company's forthcoming annual report after completion of the Alteration of Terms.

The Board considers that (i) the Share Consolidation will help the Company to comply with the trading requirements of the Listing Rules and reduce the transaction costs for dealing in the shares of the Company, including those fees which are charged with reference to the number of board lots; (ii) the Capital Reduction and the Share Subdivision will facilitate the Company in potential equity fund raising by providing flexibility in the pricing of New Shares; and (iii) the credit in the contributed surplus account of the Company arising from the Capital Reduction can be used to set off the accumulated losses of the Company as permitted by all applicable laws of Bermuda and the Bye-Laws. Under the laws of Bermuda, a company may not issue shares at a discount to the par value of such shares. Given the current share price and par value, the Company can only issue new shares when the issue price is over 900% higher than the prevailing market price. At such levels, it may be difficult to assume that new funds can be raised, nor the Noteholder will convert, thereby relieving or improving the Groups' cash flow and/or net asset value position. For more details about the proposed Alteration of Terms and the proposed Capital Reorganisation, please refer to the Company's announcements dated 11 and 26 August 2022 and 15 September 2022.

As reported in the 2021 Annual Report, the Company, through one of its indirect wholly-owned subsidiaries in Hong Kong, has signed a loan agreement each in 2019 (the "2019 HK Shareholder Loan") and 2021 (the "2021 HK Shareholder Loan") with Mr. Li for an unsecured and non-interest bearing loan of HK$20 million for a term of two years, respectively. The Company has received the full amount of the 2019 HK Shareholder Loan and its maturity date has been extended for another two years to October 2023. As at the date of this announcement, the amount of the 2021 HK Shareholder Loan received by the Company is approximately HK$1.9 million and the amount that remains outstanding is approximately HK$18.1 million (the "Remaining 2021 HK Shareholder Loan"). Subsequent to the Reporting Period, the Company has received a letter of undertaking dated 1 September 2022 (the "Letter of Undertaking") from Mr. Li, pursuant to which, the schedule for granting the Remaining 2021 HK Shareholder Loan has been revised to by end-December 2022 for the remaining first drawdown of approximately HK$6.1 million, by end-June 2023 for the second drawdown of HK$6.0 million and by end-December 2023 for the third drawdown of HK$6.0 million (the "Revised Schedule").

Ruixin International Engineering Vietnam Company Limited ("RIEV") has signed a loan agreement with Mr. Li for an unsecured and non-interest bearing loan of VND7.3 billion (equivalent to approximately HK$2.5 million) in 2019 (the "2019 Vietnam Shareholder Loan", together with the 2019 HK Shareholder Loan, the "2019 Shareholder Loans") and VND5.0 billion (equivalent to approximately HK$1.7 million) in 2021 (the "2021 Vietnam Shareholder Loan", together with the 2021 HK Shareholder Loan, the "2021 Shareholder Loans"; together with the 2019 Vietnam Shareholder Loan, the "Vietnam Shareholder Loans") for a term of one year, respectively. As far as the Company is aware, RIEV has received the full amount of the 2019 Vietnam Shareholder Loan by February 2021. As at the date of this announcement, total amount of the 2021 Vietnam Shareholder Loan received by RIEV is approximately VND4.3 billion (equivalent to approximately HK$1.4 million and the amount that remains outstanding is approximately VND0.7 billion (equivalent to approximately HK$0.3 million) ("the Remaining 2021 Vietnam Shareholder Loan", together with the Remaining 2021 HK Shareholder Loan, the "Remaining 2021 Shareholder Loans"). The maturity dates of the Vietnam Shareholder Loans have been extended to August 2023 and February 2023, respectively.

The Group incurred a loss of approximately HK$25.4 million for the Reporting Period, and had net current liabilities of approximately HK$109.8 million, net liabilities of approximately HK$128.7 million and bank balances and cash of approximately HK$8.7 million as at 30 June 2022. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

However, as at 30 June 2022, if the Outstanding Convertible Notes and the amount of Vietnam Shareholder Loans received (the current portion of loans from a substantial shareholder) were classified as non-current liabilities and the provision of approximately HK$8.1 million for imputed interest expenses on convertible notes were excluded from other payables, the Group would have net current assets of approximately HK$60.4 million and a current ratio of 3.4 times, indicating that in principle its current assets are sufficient to cover its debt and payables due within one year (excluding the Outstanding Convertible Notes, the amount of Vietnam Shareholder Loans received and the provision for imputed interest expenses on convertible notes). The Group had no bank borrowings and the Outstanding Convertible Notes accounted for approximately 73.3% of total liabilities as at 30 June 2022. Excluding the Outstanding Convertible Notes, the Group would have been in net assets. While the Maturity Date has passed, the Deed of Further Variation 2022 has been signed and the Company hopes to extend the maturity date of the Convertible Notes for a fourth time. Furthermore, as the Noteholder is a substantial shareholder of the Company and providing shareholder loans to support its continuous operation, the Company believes that the Noteholder will not request the Company to redeem the Outstanding Convertible Notes upon maturity causing the Company insolvent.

Nonetheless, the Company believes that the Group's bank balances and cash of approximately HK$8.7 million as at 30 June 2022 are on the low side, with a slight decrease of approximately HK$0.5 million from approximately HK$9.2 million as at 31 December 2021. To improve its liquidity, the Group has signed the 2019 and 2021 Shareholder Loans agreements with Mr. Li. The ongoing Covid-19 pandemic has affected the transfer of the 2019 and 2021 Shareholder Loans. During the Reporting Period, total amount of the 2019 and 2021 Shareholder Loans received by the Group was approximately HK$3.4 million. Subsequent to the Reporting Period, the amount of the 2021 HK Shareholder Loan received by the Company was approximately HK$1.6 million. As at the date of this announcement, Mr. Li has managed to transfer the full amount of the 2019 Shareholder Loans, and part of the 2021 Shareholder Loans in the amount of approximately HK$3.3 million to the Group amid the Covid-19 pandemic.

Apart from the shareholder loans, during the Reporting Period, the Company has made a request to its bank in Hong Kong for a commercial loan but its request has been declined by the bank due to the loss-making position of the Group. To improve the financial position and support future development of the Group, the Company's financial advisor (the "FA") has been assisting the Company in exploring avenues to raise funds by equity financing. The FA believes that the Capital Reorganisation is a necessary step going forward. Subject to availability and market conditions, the Board hopes to conduct equity fund raising on acceptable terms by 31 December 2022 after the Capital Reorganisation becomes effective. The Company is also in continuous discussion with the Noteholder on partial conversion of the Outstanding Convertible Notes. However, the Noteholder is also advised of the likelihood that the conversion of the Outstanding Convertible Notes may render the Noteholder be obliged to make a general offer for the Company's shares as required under the Hong Kong Code on Takeovers and Mergers.

Based on the information currently available to the Board, the Directors and the audit committee of the Company (the "Audit Committee") are of the view that with the amount of shareholder loans received subsequent to the Reporting Period, internally generated cash flows, the grant of the Remaining 2021 HK Shareholder Loan according to the Revised Schedule and the proposed equity fund raising, the Group will have sufficient working capital to meet its financial obligations as they fall due for the next twelve months from the end of the Reporting Period. Accordingly, the condensed consolidated financial statements for the Reporting Period have been prepared on a going concern basis. However, the Company wishes to highlight that the successful outcome of the aforementioned is subject to multiple uncertainties, as amid the impact from the ongoing Covid-19 pandemic, the progress in the grant of the Remaining 2021 HK Shareholder Loan, cash flows generated from operations and the outcome of the proposed equity fund raising will affect the liquidity and going concern of the Group.

As reported in the 2021 Annual Report, the Covid-19 pandemic has caused severe disruptions to economic activities worldwide and created significant uncertainties in the current business environment. The Company understands from Mr. Li that the Covid-19 pandemic have affected and delayed his business projects and cash flows in Vietnam, and accordingly the transfer of the shareholder loans to the Group. However, Mr. Li has overcome difficulties and advanced the full amount of the 2019 Shareholder Loans and part of the 2021 Shareholder Loans to the Group. According to Mr. Li based on the latest communication and the Letter of Undertaking, he remains committed to the outstanding shareholder loans and expects to advance the Remaining 2021 HK Shareholder Loan according to the Revised Schedule. The Company will monitor the development of the Covid-19 pandemic and maintain continuous communication with Mr. Li in respect of the Remaining 2021 Shareholder Loans.

Furthermore, as the Group is currently registering net liabilities and loss making, there may be concerns among investors about the Company's viability and sustainability, particularly given the current volatile economic environment amid the ongoing Covid-19 pandemic, which may reflect in the current low share price of the Company. Under such circumstances, the Company may or may not succeed in the proposed equity fund raising, even if the Company is willing to raise funds at prevailing market price or a discount after completion of the Capital Reorganisation. Irrespective of the outcome of the aforementioned, the Group will continue to seek other source of funding to improve its cash and financial position. For more details about the going concern basis of the Group, please refer to note 1 to the condensed consolidated financial statements in this announcement.

Liquidity, Financial Resources and Capital Structure

The Group mainly finances its business operations with internally generated cash flows and other sources.

As at 30 June 2022, the Group had bank balances and cash of approximately HK$8.7 million (31 December 2021: approximately HK$9.2 million). The Group's current ratio (measured as total current assets to total current liabilities) was 0.4 times (31 December 2021: 0.6 time).

As at 30 June 2022, the Company had outstanding zero coupon convertible notes due on 31 January 2022 with an aggregate principal amount of HK$158.4 million (31 December 2021: HK$158.4 million) and a conversion price of HK$0.22 (31 December 2021: HK$0.22) per share. The Company has signed the Deed of Further Variation 2022 with the Noteholder, pursuant to which, among others, the maturity date of the Outstanding Convertible Notes will be extended from 31 January 2022 to 31 January 2025. In addition, the Noteholder has irrevocably undertaken that, irrespective of whether the proposed Alteration of Terms will become effective, he shall not exercise any of his rights under the Convertible Notes to demand for repayment of the principal amount of the Outstanding Convertible Notes and/or payment of any default interest and other related sums on the Outstanding Convertible Notes for the period from 1 February 2022 to 31 January 2023 (both days inclusive). Details are set out in the paragraphs headed "Business and Financial Review" in Management Discussion and Analysis on pages 15 to 20 of this announcement and note 12 to the condensed consolidated financial statements in this announcement.

As at 30 June 2022, the Group had no outstanding bank borrowings (31 December 2021: nil) and loans from a substantial shareholder of approximately HK$24,020,000 (31 December 2021: approximately HK$20,646,000) which is unsecured, non-interest bearing and repayable on maturity. The gearing ratio, which is calculated by total interest bearing borrowings to total equity, was nil as at 30 June 2022 and 31 December 2021.

As at 30 June 2022, the Group had no capital expenditure commitments (31 December 2021: 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 30 June 2022, the Group did not have any assets pledged (31 December 2021: 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 14 to the condensed consolidated financial statements in this announcement.

Employee and Remuneration Policy

As at 30 June 2022, the Group had 39 (30 June 2021: 47) full time employees in Hong Kong, the PRC and Vietnam. Total staff costs (including Directors' remuneration) for the Reporting Period amounted to approximately HK$8.7 million (six months ended 30 June 2021: approximately HK$13.2 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 operated a share option scheme based on which the Board may, at its discretion, granted options to eligible employees of the Group. The share option scheme has expired on 7 June 2022.

Future Outlook

According to the International Monetary Fund (the "IMF"), global economic prospects have worsened significantly since its forecast in January 2022, largely because of the war in Ukraine and the sanctions. This crisis unfolds while the global economy was on a mending path but had not yet fully recovered from the Covid-19 pandemic. In addition, frequent and wider-ranging lockdowns in China (including in key manufacturing hubs) have also slowed activity there and could cause new bottlenecks in global supply chains. Higher, broader and more persistent price pressures also led to a tightening of monetary policy in many countries. Beyond the immediate humanitarian impacts, the war will severely set back the global recovery and increasing inflation further. In its April 2022 forecast, the IMF projected global growth to slow from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. For 2022, inflation is projected at 5.7% in advanced economies and 8.7% in emerging market and developing economies. According to a report dated 23 May 2022 in the Financial Times (the "FT"), the IMF chief has warned that the global economy faces perhaps its biggest test since the second world war. Increasing number of economists have become alarmed that the world may be sliding towards a recession. According to the IMF, slower growth and rising prices, coupled with the challenges of war, infection and tightening financial conditions, will exacerbate the difficult policy trade-off between supporting recovery and containing inflation and debt.

China's economy fell short of expectation and grew by 0.4% year on year in the second quarter, down from 6.8% in the first quarter and dragging first-half growth to 2.5%. While narrowly escaping a contraction, it was the second-worst quarterly performance since the outbreak of the Covid-19 pandemic in early 2020. China is still seemingly better positioned to mount its recovery as deeper economic slowdown may prompt looser monetary policy and fiscal stimulus, helped by low inflation rate compared to the U.S. and Europe. But potential disruptions from the Covid-19 pandemic and external headwinds may threaten its annual growth target of around 5.5%. According to an opinion editorial in the FT, an alarming rate of youth unemployment, stubbornly bleak conditions in the all-important housing market and the debt burdens of local governments suggest structural frailties that underpin the current malaise. According to the IMF, the combination of more transmissible variants and a zero-Covid strategy entail the prospect of more frequent lockdowns, with attendant effects on private consumption. Moreover, the continued stance toward highly leveraged property developers means that real estate investment remains subdue. The IMF projected China's economy to grow by 4.4% in 2022 and 5.1% in 2023. The official manufacturing PMI fell to 49.0 in July 2022 after a rebound in June 2022 to 50.2 from 49.6 in May 2022, highlighting that the foundation of China's manufacturing recovery needs to be consolidated with insufficient market demand as the main difficulty faced by manufacturing enterprises at present. (Reference is made to the IMF documents and reports, and reports in the FT and the South China Morning Post.)

The temporary halt in procurement orders by the giant consumer products manufacturers is a pessimistic sign about the economic outlook amid global inflation risks on one hand and together with the shortage of chips on the other hand. All these uncertainties give a very tough time for the Group's electronic products business. The Group will take extra caution in responding to the world economy and the electronic products market to ensure its competitiveness.

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 PRACTICES

During the Reporting Period, the Company has applied the principles of and complied with the code provisions (the "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.

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.

Moreover, under the Code Provision A.5.1 of the CG Code, the Company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. Following the resignation of Ms. Liu Yanfang as an independent non-executive Director and the chairman and a member of the nomination committee of the Company (the "Nomination Committee") with effect from 1 January 2020, the number of independent non-executive Directors is reduced to two and the Nomination Committee comprised all the two independent non-executive Directors. An independent non-executive Director would serve as the chairman of each Nomination Committee meeting. During the Reporting Period, Ms. Li Yang, the chairman of the Company, was appointed as a member and the chairman of the Nomination Committee with effect from 9 March 2022, as set out in the Company's announcement dated 9 March 2022.

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 during the Reporting Period.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements for the Reporting Period.

The members of the Audit Committee are Mr. Ho Chi Fai (the chairman of the Audit Committee) and Mr. Zhang Jue, the independent non-executive Directors. Following the resignation of Ms. Liu Yanfang with effect from 1 January 2020, the number of independent non-executive Directors and members of the Audit Committee was reduced to two, respectively, which is below the minimum number prescribed under Rule 3.10(1) and Rule 3.21 of the Listing Rules. The Board is currently identifying a suitable candidate to fill the vacancy of the independent non-executive Director and a member of the Audit Committee as soon as practicable, as reported in the 2021 Annual Report.

PUBLICATION OF INTERIM RESULTS AND INTERIM 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 interim report for the six months ended 30 June 2022 will be despatched to the shareholders of the Company and will be available at the above websites in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 September 2022 pending publication of this results announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 30 September 2022.

By order of the Board
Ruixin International Holdings Limited
Li Yang
Chairman

Hong Kong, 29 September 2022

As at the date of this announcement, the Board comprises Ms. Li Yang (Chairman), Mr. Huang Hanshui and Mr. Yang Junjie as executive Directors; and Mr. Ho Chi Fai and Mr. Zhang Jue as independent non-executive Directors.