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RUIXIN INTERNATIONAL HOLDINGS LIMITED

瑞鑫國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

CONNECTED TRANSACTION IN RELATION TO PROPOSED ALTERATION OF TERMS OF CONVERTIBLE NOTES

DEED OF FURTHER VARIATION 2018

The Board announces that on 12 November 2018 (after trading hours), the Company and the Noteholder entered into the Deed of Further Variation 2018, pursuant to which it is agreed that, subject to the fulfilment of the Conditions Precedent, (i) the maturity date of the Outstanding Convertible Notes in the principal amount of HK\$158,400,000 will be extended from 31 January 2019 to 31 January 2022; and (ii) the Current Conversion Price of HK\$0.035 per Share will be adjusted to the Conversion Price of HK\$0.011 per Share.

Save for the above proposed Alteration of Terms, all other terms and conditions of the Outstanding Convertible Notes shall remain unchanged.

IMPLICATIONS UNDER THE LISTING RULES

According to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. As such, an application for the approval of the Alteration of Terms will be submitted to the Stock Exchange by the Company.

Mr. Li is interested in approximately 12.55% of the total issued share capital of the Company and a substantial Shareholder as at the date of this announcement. As Mr. Li is a connected person of the Company, the entering into of the Deed of Further Variation 2018 constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Deed of Further Variation 2018 and the transactions contemplated thereunder are subject to reporting, announcement and the Independent Shareholders' approval requirements pursuant to the Listing Rules.

The SGM will be convened by the Company to consider and, if thought fit, approve the Deed of Further Variation 2018 and the transactions contemplated thereunder by way of poll. Mr. Li together with his associates will abstain from voting in respect of the resolution(s) approving the Deed of Further Variation 2018 and the transactions contemplated thereunder at the SGM.

The Independent Board Committee (comprising all the independent non-executive Directors) has been established to give recommendations to the Independent Shareholders on the Deed of Further Variation 2018 and the transactions contemplated thereunder. The Independent Financial Adviser will be appointed by the Company in due course to advise and give recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Deed of Further Variation 2018 and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, (i) details of the Deed of Further Variation 2018; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the SGM, will be despatched to the Shareholders on or before 3 December 2018.

BACKGROUND

References are made to the announcements dated 23 September 2009, 14 November 2014, 17 November 2014, 9 January 2015, 14 December 2016 and 16 January 2017, and the circulars dated 19 October 2009, 19 December 2014 and 29 December 2016 of the Company in relation to, among other things, (1) the issue of the Convertible Notes; and (2) the alteration of certain terms and conditions of the Convertible Notes pursuant to the Deed of Variation and the Deed of Further Variation 2016.

As at the date of this announcement, the Convertible Notes in an aggregate principal amount of HK\$260,400,000, convertible into Shares at the Current Conversion Price of HK\$0.035 per Share, are outstanding and held by the Noteholder. The outstanding Convertible Notes are unsecured and shall mature on 31 January 2019.

In view of the financial conditions of the Company, after arm's length negotiations, on 12 November 2018 (after trading hours), the Company and the Noteholder entered into the Deed of Further Variation 2018 in respect of the proposed alteration of certain terms and conditions of the Outstanding Convertible Notes.

On 12 November 2018 (after trading hours), a Letter of Agreement was entered into between the Company and the Noteholder, pursuant to which, among other matters, the Noteholder agreed to exercise his conversion right under the Convertible Notes to convert the outstanding Convertible Notes in an aggregate principal amount of HK\$102,000,000 at the Current Conversion Price of HK\$0.035 per Share (representing 2,914,285,714 Conversion Shares upon conversion) subject to the condition that the Approvals have been obtained by the Company. Upon completion of the conversion, the Outstanding Convertible Notes in an aggregate principal amount of HK\$158,400,000 shall mature on 31 January 2019.

Set out below are the principal terms of the Deed of Further Variation 2018.

DEED OF FURTHER VARIATION 2018

Date: 12 November 2018 (after trading hours)

Parties: (i) the Company
(ii) the Noteholder

Alteration of Terms

Pursuant to the Deed of Further Variation 2018, it is agreed that (i) the maturity date of the Outstanding Convertible Notes will be extended from 31 January 2019 to 31 January 2022; and (ii) the Current Conversion Price of HK\$0.035 per Share will be adjusted to the Conversion Price of HK\$0.011 per Share.

Save for the above proposed Alteration of Terms, all other terms and conditions of the Outstanding Convertible Notes shall remain unchanged.

The Alteration of Terms was arrived at after arm's length negotiations between the Company and the Noteholder with reference to, among others, the existing financial condition and resources of the Group and the prevailing market price of the Shares.

Conversion Shares

Assuming full conversion of the Outstanding Convertible Notes in the principal amount of HK\$158,400,000 at the Conversion Price of HK\$0.011 per Share, 14,400,000,000 Conversion Shares will be allotted and issued by the Company, representing:

- (i) approximately 103.68% of issued share capital of the Company as at the date of the Deed of Further Variation 2018;
- (ii) approximately 85.70% of issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the completion of the Partial Conversion; and
- (iii) approximately 46.15% of issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the completion of the Partial Conversion and the conversion of the Outstanding Convertible Notes assuming none of the outstanding options of the Company is exercised.

Conversion Price

The Conversion Price of HK\$0.011 per Share represents:

- (i) the closing price of HK\$0.0110 per Share as quoted on the Stock Exchange on 12 November 2018, being the date of the Deed of Further Variation 2018;
- (ii) a discount of approximately 5.17% to the average closing price of HK\$0.0116 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the Deed of Further Variation 2018; and
- (iii) a discount of approximately 5.98% to the average closing price of HK\$0.0117 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the date of the Deed of Further Variation 2018.

Conditions Precedent

The Alteration of Terms shall become effective upon the fulfilment of all the following Conditions Precedent:

- (a) the passing of ordinary resolution(s) by the Independent Shareholders at the SGM approving (i) the Deed of Further Variation 2018 and the transactions contemplated thereunder, (ii) upon the exercise of the conversion rights attaching to the Outstanding Convertible Notes, the allotment and issue of the Conversion Shares in accordance with the conditions of the Convertible Notes as varied by the Deed of Further Variation 2018;
- (b) the Company having obtained the approval from Noteholder of more than 50% of the aggregate outstanding principal amount of HK\$260,400,000 of the Convertible Notes for the Alteration of Terms;
- (c) the Listing Committee having granted or having agreed to grant the listing of, and permission to deal in, the Conversion Shares falling to be allotted and issued upon an exercise of the conversion rights attaching to the Outstanding Convertible Notes in accordance with the conditions of the Convertible Notes as varied by the Deed of Further Variation 2018;
- (d) the Company having obtained from the Stock Exchange all requisite approval or consent to the Alteration of Terms as set out in the Deed of Further Variation 2018; and
- (e) the completion of the conversion of the Convertible Notes in the aggregate principal amount of HK\$102,000,000 at the Current Conversion Price of HK\$0.035 per Share.

The Alteration of Terms shall take effect on the date on which the Company notifies the Noteholder in writing the fulfilment of the Conditions Precedent as set out above, being a date that is not more than five business days after the fulfilment of the condition precedent last in time to be fulfilled.

None of the Conditions Precedent can be waived. If any of the Conditions Precedent above has not been fulfilled on or before 31 March 2019 (or such other date as may be agreed by the parties to the Deed of Further Variation 2018 in writing), the Deed of Further Variation 2018 shall lapse and be of no further effect and none of the parties to the Deed of Further Variation 2018 will have any claim against or liability to the other parties in respect of the Deed of Further Variation 2018 save for any antecedent breaches thereof.

As at the date of this announcement, Condition Precedent (b) above has been fulfilled.

REASONS FOR ENTERING INTO THE DEED OF FURTHER VARIATION 2018

As at the date of this announcement, the Convertibles Notes in an aggregate principal amount of HK\$260,400,000 are outstanding and will mature on 31 January 2019.

As reported in the 2017 Annual Report and the 2018 Interim Report, the Group incurred a loss of approximately HK\$42.7 million for the year ended 31 December 2017 and a further loss of approximately HK\$30.5 million for the six months ended 30 June 2018. Further, as at 30 June 2018, the Group's total assets were approximately HK\$316.9 million, majority of which comprised inventories of approximately HK\$96.5 million, trade receivables of approximately HK\$152.0 million and bank balances and cash of approximately HK\$37.5 million. The Board is of the view that these assets are operational in nature and should not be liquidated for the purpose of funding the redemption of the outstanding Convertible Notes. As stated in the 2018 Interim Report, the Group had net liabilities of approximately HK\$26.5 million as at 30 June 2018 and the Group did not forecast that it could fully redeem the outstanding Convertible Notes by the maturity date (i.e. 31 January 2019).

In this respect, the Company had negotiated with the Noteholder in relation to the alteration of terms of the Convertible Notes. At the same time, the Company has also considered fund raising possibility, but in view of the recent financial performance and the financial position of the Group, the Company was unable to secure funds on terms acceptable to the Company to redeem the outstanding Convertible Notes.

Pursuant to the Letter of Agreement, the Noteholder will convert the Convertible Notes in an aggregate principal amount of HK\$102,000,000 at the Current Conversion Price of HK\$0.035, which will reduce the liabilities of the Company and help the Group return to a net asset position. As a result, the Group will be able to maintain itself as a going concern in the near future. The completion of the Alteration of Terms is conditional upon the full implementation of the Partial Conversion pursuant to the Letter of Agreement. The Alteration of Terms and the Partial Conversion are on commercial terms agreeable to both parties which are a result of arm's length negotiations between the Noteholder and the Company.

The Alteration of Terms, in particular the reduction in conversion price, will give incentive to the Noteholder to consider the option of converting part or all of the Outstanding Convertible Notes. Should the Noteholder exercise his conversion rights for the issuance of Conversion Shares, it will allow the Company to free up its financial resources from the repayment of Outstanding Convertible Notes and can be used for other working capital and improve the financial position of the Group by capitalising liabilities.

Pursuant to the Deed of Further Variation 2018, the Outstanding Convertible Notes will mature on 31 January 2022, which will relieve the imminent pressure on the Company to seek urgent funding to redeem the Outstanding Convertible Notes. Further, as the Outstanding Convertible Notes are zero coupon and do not carry any interest charges, the Company shall incur no interest payment to the Noteholder by entering into of the Deed of Further Variation 2018.

Having considered the above, the Directors (excluding the independent non-executive Directors who will express their views after having considered the advice from the Independent Financial Adviser) are of the view that entering into of the Deed of Further Variation 2018 is in the interests of the Company and the Shareholders as a whole.

APPLICATION FOR LISTING

No application will be made by the Company for the listing of the Outstanding Convertible Notes. Application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon conversion of the Outstanding Convertible Notes pursuant to the conditions of the Convertible Notes as amended by the Deed of Further Variation 2018.

MANDATE FOR THE ISSUE OF THE CONVERSION SHARES

The Company will seek the grant of a specific mandate from the Independent Shareholders at the SGM to cater for the allotment and issue of the Conversion Shares upon conversion of the Outstanding Convertible Notes pursuant to the conditions of the Convertible Notes as amended by the Deed of Further Variation 2018.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming no other changes in the issued share capital of the Company from the date of this announcement up to the full conversion of the Outstanding Convertible Notes by the Noteholder at HK\$0.011 per Share, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Partial Conversion; and (iii) immediately upon completion of the Partial Conversion and the full conversion of the Outstanding Convertible Notes at HK\$0.011 per Share are illustrated as follows:

Name	As at the date of this announcement		Immediately upon completion of the Partial Conversion		Immediately upon completion of the Partial Conversion and the full conversion of the Outstanding Convertible Notes at Conversion Price of HK\$0.011 per Share (Note)	
	<i>No. of Shares</i>	<i>Approximately %</i>	<i>No. of Shares</i>	<i>Approximately %</i>	<i>No. of Shares</i>	<i>Approximately %</i>
	Mr. Li (or the Noteholder)	1,742,985,823	12.55	4,657,271,537	27.72	19,057,271,537
Public Shareholders	<u>12,146,212,757</u>	<u>87.45</u>	<u>12,146,212,757</u>	<u>72.28</u>	<u>12,146,212,757</u>	<u>38.93</u>
Total:	<u><u>13,889,198,580</u></u>	<u><u>100.00</u></u>	<u><u>16,803,484,294</u></u>	<u><u>100.00</u></u>	<u><u>31,203,484,294</u></u>	<u><u>100.00</u></u>

Note: It is for illustration purpose only as Mr. Li and parties acting in concert with him or successors of the holder(s) of the Outstanding Convertible Notes individually will not directly or indirectly control or be interested in Shares of 30% or more in the Company pursuant to the terms of the S&P Agreement.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

According to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. As such, an application for the approval of the Alteration of Terms will be submitted to the Stock Exchange by the Company.

Mr. Li is interested in approximately 12.55% of the total issued share capital of the Company and a substantial Shareholder as at the date of this announcement. As Mr. Li is a connected person of the Company, the entering into of the Deed of Further Variation 2018 constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Deed of Further Variation 2018 and the transactions contemplated thereunder are subject to reporting, announcement and the Independent Shareholders' approval requirements pursuant to the Listing Rules.

The SGM will be convened by the Company to consider and, if thought fit, approve the Deed of Further Variation 2018 and the transactions contemplated thereunder by way of poll. Mr. Li together with his associates will abstain from voting in respect of the resolution(s) approving the Deed of Further Variation 2018 and the transactions contemplated thereunder at the SGM.

The Independent Board Committee (comprising all the independent non-executive Directors) has been established to give recommendations to the Independent Shareholders on the Deed of Further Variation 2018 and the transactions contemplated thereunder. The Independent Financial Adviser will be appointed by the Company in due course to advise and give recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Deed of Further Variation 2018 and the transactions contemplated thereunder.

GENERAL

The Group is principally engaged in the manufacturing and trading of electronic and electrical parts and components.

A circular containing, among other matters, (i) details of the Deed of Further Variation 2018; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the SGM, will be despatched to the Shareholders on or before 3 December 2018.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“2017 Annual Report”	the annual report of the Company for the year ended 31 December 2017
“2018 Interim Report”	the interim report of the Company for the six months ended 30 June 2018

“Alteration of Terms”	the proposed alteration of certain terms and conditions of the Outstanding Convertible Notes pursuant to terms of the Deed of Further Variation 2018
“Approvals”	being all the approvals as required in the Conditions Precedent as set out in this announcement
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Ruixin International Holdings Limited (formerly known as Sino-Tech International Holdings Limited), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Condition(s) Precedent”	the conditions precedent under the Deed of Further Variation 2018
“Conversion Price”	being HK\$0.011 per Share
“Conversion Share(s)”	new Shares to be allotted and issued following the exercise by the outstanding Convertible Notes holder(s) of his/her/their rights
“Convertible Notes”	the zero coupon convertible notes issued by the Company on 16 November 2009 pursuant to the terms of the S&P Agreement as amended by the Deed of Variation and the Deed of Further Variation 2016
“Current Conversion Price”	being HK\$0.035 per Share
“Deed of Further Variation 2016”	the deed of further variation dated 14 December 2016 entered into between the Company and the Noteholder in relation to the alteration of certain terms and conditions of the then outstanding Convertible Notes
“Deed of Further Variation 2018”	the deed of further variation dated 12 November 2018 entered into between the Company and the Noteholder in relation to the Alteration of Terms

“Deed of Variation”	the deed of variation dated 14 November 2014 entered into between the Company and the Noteholder in relation to the alteration of certain terms and conditions of the then outstanding Convertible Notes
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Board Committee”	a Board committee comprising all independent non-executive Directors established to make recommendation to the Independent Shareholders in relation to the Deed of Further Variation 2018 and the transactions contemplated thereunder
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company to give advice and make recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Deed of Further Variation 2018 and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholders excluding Mr. Li and his associates
“Letter of Agreement”	the letter of agreement dated 12 November 2018 entered into between the Company and the Noteholder in relation to, among others, the Partial Conversion
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Weimin, who is interested in approximately 12.55% of the total issued share capital of the Company and the Noteholder as at the date of this announcement

“Noteholder”	Mr. Li, the holder of the outstanding Convertible Notes
“Outstanding Convertible Notes”	being the convertible notes in an aggregate principal amount of HK\$158,400,000 held by the Noteholder upon completion of the Partial Conversion
“Partial Conversion”	Pursuant to the Letter of Agreement, the Noteholder agreed to exercise his conversion right under the Convertible Notes to convert an aggregate principal amount of HK\$102,000,000 at the Current Conversion Price of HK\$0.035 per Share (i.e. 2,914,285,714 Shares upon conversion)
“S&P Agreement”	the sale and purchase agreement dated 13 September 2009 entered into among the Company, Top Victory Industries Limited (which was a wholly-owned subsidiary of the Company and the purchaser) and Mr. Li (as the vendor) in relation to an acquisition, details of which are disclosed in the Company’s announcement dated 23 September 2009 and the circular dated 19 October 2009
“SGM”	the special general meeting of the Company to be convened and, if thought fit, approve, among others, the Deed of Further Variation 2018 and the transactions contemplated thereunder
“Share(s)”	existing ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Ruixin International Holdings Limited
Huang Hanshui
Executive Director

Hong Kong, 12 November 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.