
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Ruixin International Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(1) CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED ALTERATION OF TERMS OF CONVERTIBLE NOTES;
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

Financial Adviser to the Company



**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

FRONTPAGE富比

A notice convening a special general meeting of Ruixin International Holdings Limited to be held at 18th Floor, Times Media Centre, 133 Wan Chai Road, Hong Kong on Friday, 28 December 2018 at 11:00 a.m. is set out on pages 41 to 43 of this circular. A form of proxy for use at the special general meeting is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/ruixin).

Whether or not you are able to attend the special general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude the shareholders of the Company from attending and voting in person at the meeting if they so wish.

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DEFINITIONS

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

“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 Remaining Convertible Notes pursuant to the terms of the Deed of Further Variation 2018
“Approvals”	being all the approvals as required in the Conditions Precedent as set out in this circular
“Asian Capital”	Asian Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the financial adviser to the Company
“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 (stock code: 724)
“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

DEFINITIONS

“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
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$300,000,000 divided into 30,000,000,000 Shares to HK\$600,000,000 divided into 60,000,000,000 Shares by the creation of additional 30,000,000,000 new Shares
“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

DEFINITIONS

“Independent Financial Adviser” or “Frontpage Capital”	Frontpage Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser 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 Shareholder(s) excluding Mr. Li and his associates
“Latest Practicable Date”	7 December 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“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 Latest Practicable Date
“Noteholder”	Mr. Li, the holder of the outstanding Convertible Notes
“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)
“Proposed Capital Reorganisation”	the proposed reorganisation of the capital of the Company to take place at a future date comprising, <i>inter alia</i> , a consolidation of its Shares

DEFINITIONS

“Remaining 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
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at 18th Floor, Times Media Centre, 133 Wan Chai Road, Hong Kong on Friday, 28 December 2018 at 11:00 a.m. and, if thought fit, approve, among others, the Deed of Further Variation 2018 and the transactions contemplated thereunder and the Increase in Authorised Share Capital
“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
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as revised from time to time)
“%”	per cent.

LETTER FROM THE BOARD



RUIXIN INTERNATIONAL HOLDINGS LIMITED

瑞鑫國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

Executive Directors:

Mr. Wang Zhaofeng (*Chairman*)
Mr. Lam Yat Keung
Mr. Huang Hanshui

Registered office:

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

Independent non-executive Directors:

Mr. Ho Chi Fai
Ms. Liu Yanfang
Mr. Zhang Jue

Principal Place of Business:

18th Floor
Times Media Centre
133 Wan Chai Road
Hong Kong

11 December 2018

To the Shareholder(s)

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED ALTERATION OF TERMS OF CONVERTIBLE NOTES;
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

A. 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.

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Reference is also made to the announcement of the Company dated 12 November 2018 in relation to the entering into the Deed of Further Variation 2018 to amend certain terms and conditions of the Remaining Convertible Notes. As at the Latest Practicable Date, 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 Group, after arm's length negotiations, on 12 November 2018, 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 Remaining Convertible Notes.

On 12 November 2018, the 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 Partial Conversion, the Remaining Convertible Notes in an aggregate principal amount of HK\$158,400,000 shall mature on 31 January 2019.

Reference is also made to the announcement of the Company dated 7 December 2018 in relation to the proposed Increase in Authorised Share Capital. On 7 December 2018, the Board proposed to increase the authorised share capital of the Company to HK\$600,000,000 divided into 60,000,000,000 Shares by the creation of additional 30,000,000,000 new Shares in order to facilitate the issuance of the Conversion Shares falling to be allotted and issued upon an exercise of the conversion rights attaching to the Remaining Convertible Notes in accordance with the conditions of the Convertible Notes as varied by the Deed of Further Variation 2018.

The purpose of this circular is to provide you with, among other things, details of the Deed of Further Variation 2018 and the Alteration of Terms contemplated thereunder, the Increase in Authorised Share Capital, the letters from the Independent Board Committee and the Independent Financial Adviser and the notice convening the SGM for the Independent Shareholders to consider and, if thought fit, to approve the resolutions in relation to the Deed of Further Variation 2018 and the transactions contemplated thereunder and the Increase in Authorised Share Capital.

LETTER FROM THE BOARD

B. PROPOSED ALTERATION OF TERMS OF CONVERTIBLE NOTES

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 Remaining 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 Remaining 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 Remaining 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 the issued share capital of the Company as at the Latest Practicable Date;
- (ii) approximately 85.70% of the 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 the 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 full conversion of the Remaining Convertible Notes assuming none of the outstanding options of the Company is exercised.

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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 8.33% to the closing price of HK\$0.0120 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities.

In view of the prevailing trading price of the Shares which is approaching the abovementioned threshold of extremities, the Company is considering to implement the Proposed Capital Reorganisation. The Company is currently formulating the details of the Proposed Capital Reorganisation and expects to implement it before the end of the second quarter of 2019.

It is expected that the Proposed Capital Reorganisation would bring about an upward adjustment in the trading price of the consolidated Shares on the Stock Exchange. As a result, the Proposed Capital Reorganisation is expected to enable the Company to comply with the trading requirements under the Listing Rules.

The Proposed Capital Reorganisation may lead to corresponding adjustments to the Conversion Price of the Remaining Convertible Notes and the number of Shares which may be issued upon exercise of the conversion rights attaching to the Remaining Convertible Notes. Such adjustments will be made in accordance with the terms and conditions of the Remaining Convertible Notes as varied by the Deed of Further Variation 2018. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

LETTER FROM THE BOARD

Upon the completion of the Proposed Capital Reorganisation and assuming that there will be no change to the issued share capital of the Company from the Latest Practicable Date to the date when the Proposed Capital Reorganisation completes, it is expected that the Noteholder will receive the same proportion of the total 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 full conversion of the Remaining Convertible Notes assuming none of the outstanding options of the Company is exercised), such that the percentages of the Noteholder's shareholding will be the same as those indicated in the section headed "Effect on the Shareholding Structure of the Company" in the Letter from the Board in this circular.

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 Remaining 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 the 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 Remaining 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.

LETTER FROM THE BOARD

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 Latest Practicable Date, Condition Precedent (b) above has been fulfilled.

Reasons for and benefits of entering into the Deed of Further Variation 2018

As at the Latest Practicable Date, the outstanding Convertibles Notes in an aggregate principal amount of HK\$260,400,000 with the Current Conversion Price of HK\$0.035 per Share bear no interest 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. 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).

The Board considers that certain assets (including its inventories and trade receivables) as part of the Group's working capital are vital for the Group to continue its business, and the Group's bank balances and cash are maintained in order to meet the Group's financial obligations arising from its daily operations. As such, the Board is of the view that these assets are operational in nature and essential to support the Group's business operations, and should not be liquidated for the purpose of funding the redemption of the outstanding Convertible Notes.

Before entering into the Deed of Further Variation 2018, the Board has considered various repayment alternatives, including liquidating its operating assets as mentioned above (i.e. the Group's bank balances and cash, inventories and trade receivables) to repay the outstanding Convertible Notes. Yet, even if the Group depletes all of its working capital, the Group would not be able to fully repay its liabilities, considering that the Group reported a net current liabilities and net liabilities position as at 30 June 2018 as disclosed in the 2018 Interim Report. Further, redemption of the outstanding Convertible Notes with its working capital would disable the Group from carrying on its business operations and in turn lead it into an imminent insolvent situation. Apart from the above, should the Group decide to liquidate its operating assets and repay the outstanding Convertible Notes in such a short

LETTER FROM THE BOARD

time span before their maturity (i.e. less than two months from the date of this circular), the Group will likely be forced into a fire-sale situation where it is compelled to sell its assets below their respective carrying value.

In view of the above, the Board is of the view that liquidating the Group's operating assets to repay the outstanding Convertible Notes is not in the interests of the Company and the Shareholders as a whole.

In this respect, the Company had negotiated with the Noteholder in relation to the partial conversion of the outstanding Convertible Notes and the alteration of terms of the outstanding Convertible Notes. At the same time, the Company has also considered fund raising possibilities, 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 based on the 2018 Interim Report. 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 Remaining Convertible Notes. Should the Noteholder exercise his conversion rights for the issue of Conversion Shares, it will allow the Company to free up its financial resources from the repayment of the Remaining 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 Remaining Convertible Notes will mature on 31 January 2022, which will relieve the imminent pressure on the Company to seek urgent funding to redeem the Remaining Convertible Notes. Further, as the Remaining 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 the Deed of Further Variation 2018.

Having considered the above, the Directors (excluding the independent non-executive Directors whose views are set out in the section headed "Letter from the Independent Board Committee" in this circular) are of the view that the terms of the Deed of Further Variation 2018 are fair and reasonable and the entering into of the Deed of Further Variation 2018 is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Application for listing

No application will be made by the Company for the listing of the Remaining Convertible Notes. Application has been 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 Remaining 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 Remaining 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 Latest Practicable Date up to the full conversion of the Remaining Convertible Notes by the Noteholder at HK\$0.011 per Share, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Partial Conversion; and (iii) immediately upon completion of the Partial Conversion and the full conversion of the Remaining Convertible Notes at the Conversion Price of HK\$0.011 per Share are illustrated as follows:

Name	As at the Latest Practicable Date		Immediately upon completion of the Partial Conversion		Immediately upon completion of the Partial Conversion and the full conversion of the Remaining Convertible Notes at the Conversion Price of HK\$0.011 per Share (Note)	
	No. of Shares	Approximately %	No. of Shares	Approximately %	No. of Shares	Approximately %
Mr. Li (or the Noteholder)	1,742,985,823	12.55	4,657,271,537	27.72	19,057,271,537	61.07
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>13,889,198,580</u>	<u>100.00</u>	<u>16,803,484,294</u>	<u>100.00</u>	<u>31,203,484,294</u>	<u>100.00</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 Remaining 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 and will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.

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 Latest Practicable Date.

LETTER FROM THE BOARD

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 has been 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 Latest Practicable Date. 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.

General

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

The Independent Board Committee (comprising all the independent non-executive Directors) has been established to give recommendation to the Independent Shareholders on the Deed of Further Variation 2018 and the transactions contemplated thereunder. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Deed of Further Variation 2018 and the transactions contemplated thereunder has been set out at pages 16 to 17 of this circular.

None of the Directors and their respective associates have material interest in the Deed of Further Variation 2018 and the transactions contemplated thereunder and none were required to abstain from voting on the board resolutions in relation to the Deed of Further Variation 2018 and the transactions contemplated thereunder.

Frontpage Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard and a letter from Frontpage Capital to the Independent Board Committee and the Independent Shareholders containing its advice in respect of the Deed of Further Variation 2018 and the transactions contemplated thereunder has been set out at pages 18 to 36 of this circular.

LETTER FROM THE BOARD

C. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the existing authorised share capital of the Company is HK\$300,000,000 divided into 30,000,000,000 Shares with a par value of HK\$0.01 each, out of which 13,889,198,580 are in issue, representing approximately 46.30% of the authorised share capital of the Company.

The Board proposed to increase the authorised share capital of the Company to HK\$600,000,000 divided into 60,000,000,000 Shares by the creation of additional 30,000,000,000 new Shares which shall rank *pari passu* with the existing Shares in all respects upon allotment and issue.

Reasons for the Increase in Authorised Share Capital

In order to facilitate the issuance of the Conversion Shares falling to be allotted and issued upon an exercise of the conversion rights attaching to the Remaining Convertible Notes in accordance with the conditions of the Convertible Notes as varied by the Deed of Further Variation 2018, the Board proposed the Increase in Authorised Share Capital.

Condition of the Increase in Authorised Share Capital

The Increase in Authorised Share Capital is subject to the approval of the Shareholders at the SGM by an ordinary resolution.

D. SGM

Set out on pages 41 to 43 of this circular is a notice convening the SGM to be held at 18th Floor, Times Media Centre, 133 Wan Chai Road, Hong Kong on Friday, 28 December 2018 at 11:00 a.m. at which relevant resolutions will be proposed to the Shareholders to consider and, if thought fit, approve the Deed of Further Variation 2018 and the transactions contemplated thereunder and the Increase in Authorised Share Capital. Mr. Li together with his associates, who altogether held 1,742,985,823 issued Shares, representing approximately 12.55% of the total issued share capital of the Company as at the Latest Practicable Date are required to abstain from voting in respect of the resolution approving the Deed of Further Variation 2018 and the transactions contemplated thereunder at the SGM. Saved as disclosed, no other Shareholders have material interest in the Deed of Further Variation 2018 and the transactions contemplated thereunder and are required to abstain from voting at the SGM. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no Shareholder is interested in the Increase in Authorised Share Capital and will be required to abstain from voting on the resolution to approve the Increase in Authorised Share Capital at the SGM.

LETTER FROM THE BOARD

Approval of the Independent Shareholders by way of poll is proposed to be sought at the SGM in respect of the Deed of Further Variation 2018 and the transactions contemplated thereunder and the Increase in Authorised Share Capital.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the meeting if they so wish.

E. RECOMMENDATION

With reference to the "Reasons for and Benefits of Entering into the Deed of Further Variation 2018" as stated above, the Board (excluding the independent non-executive Directors whose views are set out in the section headed "Letter from the Independent Board Committee" in this circular) considers that the terms of the Deed of Further Variation 2018 and the transactions contemplated thereunder are fair and reasonable and the entering into the Deed of Further Variation 2018 is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the proposed ordinary resolution in relation to the Deed of Further Variation 2018 and the transactions contemplated thereunder as set out in the notice of SGM.

The Directors (including the independent non-executive Directors) are of the opinion that the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole. Accordingly, with reference to the "Reasons for the Increase in Authorised Share Capital" as stated above, the Board recommends the Shareholders to vote in favour of the proposed ordinary resolution in relation to the Increase in Authorised Share Capital as set out in the notice of the SGM.

F. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



RUIXIN INTERNATIONAL HOLDINGS LIMITED

瑞鑫國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

11 December 2018

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular dated 11 December 2018 issued by the Company (the “**Circular**”) of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as the members of the Independent Board Committee to consider the Deed of Further Variation 2018 and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Deed of Further Variation 2018. Frontpage Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, as set out on pages 18 to 36 of the Circular, which contains its advice in respect of the Deed of Further Variation 2018 and transactions contemplated thereunder, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration in giving such advice. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendix thereto.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Deed of Further Variation 2018, the transactions contemplated thereunder and taking account of the independent advice of the Independent Financial Adviser and the relevant information contained in the letter from the Board, we are of the opinion that (i) the terms of the Deed of Further Variation 2018 are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the proposed Alteration of Terms and the granting of the specific mandate are not in the ordinary and usual course of business of the Group, they are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Deed of Further Variation 2018 and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Ho Chi Fai
*Independent non-executive
Director*

Ms. Liu Yanfang
*Independent non-executive
Director*

Mr. Zhang Jue
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Frontpage Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Deed of Further Variation 2018 and the transactions contemplated thereunder.

FRONTPAGE 富比

11 December 2018

*To: the Independent Board Committee and the Independent Shareholders of
Ruixin International Holdings Limited*

Dear Sirs or Madams,

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

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Deed of Further Variation 2018 and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Board Letter**”) contained in the circular of the Company dated 11 December 2018 issued to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular, unless the context requires otherwise.

On 12 November 2018, the Company and the Noteholder entered into the Letter of Agreement, 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 Partial Conversion, the Remaining Convertible Notes in an aggregate principal amount of HK\$158,400,000 shall mature on 31 January 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company and the Noteholder also entered into the Deed of Further Variation 2018 on even date to amend certain terms and conditions of the Remaining Convertible Notes. As at the Latest Practicable Date, 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 Group, the Company and the Noteholder agreed to the proposed alteration of certain terms and conditions of the Remaining Convertible Notes, subject to the fulfilment of the Conditions Precedent including the Partial Conversion.

Mr. Li, the Noteholder, is interested in approximately 12.55% of the total issued share capital of the Company and a substantial Shareholder as at the Latest Practicable Date. 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.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Ho Chi Fai, Ms. Liu Yanfang and Mr. Zhang Jue, being all the independent non-executive Directors, has been established to advise the Independent Shareholders on the Deed of Further Variation 2018 and the transactions contemplated thereunder. Our role as independent financial adviser is to give our opinion and recommendations as to (i) whether the terms and conditions of the Deed of Further Variation 2018 and the Alteration of Terms, though not in the ordinary and usual course of business of the Group, are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Independent Shareholders as a whole; and (ii) how the Independent Shareholders should vote for the resolution to be proposed at the SGM regarding the Deed of Further Variation 2018 and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have considered, among other things, (i) the Deed of Further Variation 2018 and the Letter of Agreement; (ii) the 2017 Annual Report; (iii) the 2018 Interim Report; and (iv) other information as set out in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also relied on all relevant information, opinions and facts supplied and representations made to us by the Group, the Directors and the representatives of the Group. We have assumed that all such information, opinions, facts and representations provided to us or contained or referred to in the Circular, for which the Group, the Directors and the representatives of the Group are fully responsible, are true and accurate in all material respects as at the date hereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Group, and the Group has confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendations. We have not, however, carried out independent verification of the information provided by the Directors and the representatives of the Group, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position or future prospects of the Company, the Group or any of their respective subsidiaries or associates.

OUR INDEPENDENCE

We are not connected with the Company, the Directors, the Noteholder, chief executives and substantial shareholders of the Company or any of their respective subsidiaries or associates and do not have any shareholding, direct or indirect, in any member of the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Company as at the Latest Practicable Date. No arrangement exists whereby we will receive any benefit from the Company or the directors, chief executives and substantial shareholders of the Company, the Noteholder or any of their respective subsidiaries or associates for our services to the Company in connection with this appointment aside from our professional fees.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our opinion to the Independent Board Committee and the Independent Shareholders in relation to the Deed of Further Variation 2018 and the transactions contemplated thereunder, we have taken into account the following principal factors:

I. Background

Information of the Group

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below sets out the summary of financial information of the Group for the years ended 31 December 2016 and 2017 and the six months ended 30 June 2017 and 2018 as extracted from the 2017 Annual Report and the 2018 Interim Report:

	Year ended 31 December		Six months ended 30 June	
	2016	2017	2017	2018
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	478,845	542,082	246,754	251,645
Gross profit	20,976	41,172	11,743	12,668
Loss before taxation	(50,011)	(42,749)	(28,597)	(30,539)
Loss for the year/period	(66,703)	(42,749)	(28,597)	(30,539)
				As at
				30 June
				2018
				<i>(HK\$'000)</i>
				(Unaudited)
		As at 31 December		
		2016	2017	
		<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	
		(Audited)	(Audited)	
Non-current assets		18,001	30,998	27,830
Current assets		316,747	309,672	289,114
Current liabilities		319,973	94,314	343,429
Non-current liabilities		157	242,028	13
Net current assets/(liabilities)		(3,226)	215,358	(54,315)
Net assets/(liabilities)		14,618	4,328	(26,498)

Profit and Loss of the Group

Based on the 2017 Annual Report and the 2018 Interim Report, we noted that the Group was generating healthy levels of revenue from its electronic products business operations. These operations of the Group also contributed gross profits to the Group at approximately HK\$21.0 million and HK\$41.2 million for the two years ended 31 December 2016 and 2017. However, with a gross margin of approximately 4.4% in 2016 and 7.6% in 2017, gross profits were unable to cover distribution costs and administrative expenses in both years. In addition, non-cash accounting treatment of imputed interest expenses on the Convertible Notes also reduced the profitability of the Group. As a result, the Group made net losses in both years.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In order to understand the profitability of the Group better, we have reviewed past annual reports of the Company and noted that the Group has been experiencing losses in the past few years. Significant amount of historical losses can be attributable to non-cash impairment losses of goodwill and other intangible assets as well as imputed interest expenses on the Convertible Notes, which as a result created accumulated losses for the Group as these non-cash costs and intangible impairments were accumulated over the years. While the operation of the electronic products business was generating profit occasionally, it was at a thin level and was unable to lift the Group as a whole into profit. We have discussed with the Company and noted that they are exploring various business opportunities in Vietnam, and hoped that these potential projects will help the Group remain profitable if they materialise. Therefore, we are of the view that the Group should be given additional time in order for these new business explorations to materialise instead of utilising existing resources to repay the outstanding Convertible Notes that could limit the growth of the Group. As such, the delay of the repayment of the Convertible Notes, if required, should be prolonged to ensure the Group has sufficient working capital to allow for any new business venture that they are exploring to become fruitful.

Statement of Financial Position of the Group

Based on the 2018 Interim Report, the Company had a total non-current assets of approximately HK\$27.8 million and current assets of approximately HK\$289.1 million. Among the current assets, trade receivables and inventories in relation to their electronic products business make up bulk of the current assets with the remaining approximately HK\$37.5 million being held as cash and bank balances. As for the current liabilities, trade payables accounted for approximately HK\$82.0 million while the outstanding Convertible Notes accounted for approximately HK\$250.3 million. As a result, the Group has net current liabilities of approximately HK\$54.3 million and net liabilities of approximately HK\$26.5 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We noted that the historical non-cash impairment losses of goodwill and other intangible assets, and the imputed interest expenses on the Convertible Notes which accounted for significant amount of the historical losses that as a result created accumulated losses for the Group as these non-cash cost and intangible impairments were accumulated over the years. As these losses were attributed to non-cash items, they did not affect the operation of the Group directly. However, having such a financial position would mean that the Group is unable to raise additional funding from financial institutions and will also find it difficult to convince potential investors to fund the Group with a net liabilities position and a large outstanding Convertible Notes position. Therefore, we are of the view that it is unlikely that the Group will be able to raise additional funding for the repayment of the outstanding Convertible Notes, and the negotiation for the delayed repayment, extension or conversion of the outstanding Convertible Notes should commence as soon as practicable.

II. Deed of Further Variation 2018

Details of the Deed of Further Variation 2018 are set out below:

Date: 12 November 2018

Parties: (1) the Company; and
(2) the Noteholder

Alteration of Terms: Pursuant to the Deed of Further Variation 2018, it is agreed that (i) the maturity date of the Remaining 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 Remaining Convertible Notes shall remain unchanged.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 Remaining 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 the 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 Remaining 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

We have reviewed the Conditions Precedent and noted that the Conditions Precedent (i) ensure all regulatory approvals have been obtained before the Alteration of Terms can be effective; (ii) ensure the Partial Conversion is completed before the Alteration of Terms is effective, the positive impact of which is discussed below in the section headed “*Financial effects of the Alteration of Terms*”; and (iii) ensure consents from the affected parties, namely the Noteholder and the Independent Shareholders are obtained for the Alteration of Terms. Having considered the above factors, we are of the view that the Conditions Precedent are fair and reasonable and in the interest of the Company and Shareholders as a whole.

III. Alteration of Terms

Pursuant to the Deed of Further Variation 2018, among other matters, the Company will revise the Current Conversion Price of the outstanding Convertible Notes of HK\$0.035 per Share to the Conversion Price of HK\$0.011 per Share, subject to the fulfilment of the Conditions Precedent therein. As disclosed in the Board Letter, the revision of the Current Conversion Price is subjected to the Noteholder exercising 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. As a result of the issue of the Conversion Shares and the reduction of the Current Conversion Price pursuant to the Deed of Further Variation 2018, the interest of existing Shareholders will be further diluted.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Dilution Effects of the Alteration of Terms

In determining the effects of the dilution, we have prepared all scenarios to demonstrate the dilution effects:

Dilution table based on Current Conversion Price:

Name	As at the Latest Practicable Date		Assuming full conversion of all outstanding Convertible Notes at the Current Conversion Price of HK\$0.035 per share (Note)	
	No. of Shares	Percentage	No. of Shares	Percentage
		Interest		Interest
Existing Shares held by Mr. Li (or the Noteholder)	1,742,985,823	12.55%	1,742,985,823	8.17%
Conversion Shares to be issued assuming all outstanding Convertible Notes are converted at HK\$0.035	–	–	7,440,000,000	34.88%
Public Shareholders	<u>12,146,212,757</u>	<u>87.45%</u>	<u>12,146,212,757</u>	<u>56.95%</u>
Total	<u>13,889,198,580</u>	<u>100.00%</u>	<u>21,329,198,580</u>	<u>100.00%</u>

Dilution table based on Alteration of Terms:

Name	As at the Latest Practicable Date		Immediately upon completion of the Partial Conversion		Upon completion of the Partial Conversion and the full conversion of the Remaining Convertible Notes at the Conversion Price of HK\$0.011 per Share (Note)	
	No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage
		Interest		Interest		Interest
Existing Shares held by Mr. Li (or the Noteholder)	1,742,985,823	12.55%	1,742,985,823	10.37%	1,742,985,823	5.59%
Conversion Shares to be issued pursuant to the Partial Conversion	–	–	2,914,285,714	17.34%	2,914,285,714	9.34%
Conversion Shares to be issued assuming the remaining principal of HK\$158.4 million is converted at HK\$0.011	–	–	–	–	14,400,000,000	46.15%
Public Shareholders	<u>12,146,212,757</u>	<u>87.45%</u>	<u>12,146,212,757</u>	<u>72.29%</u>	<u>12,146,212,757</u>	<u>38.92%</u>
Total	<u>13,889,198,580</u>	<u>100.00%</u>	<u>16,803,484,294</u>	<u>100.00%</u>	<u>31,203,484,294</u>	<u>100.00%</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 Remaining 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 and will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.

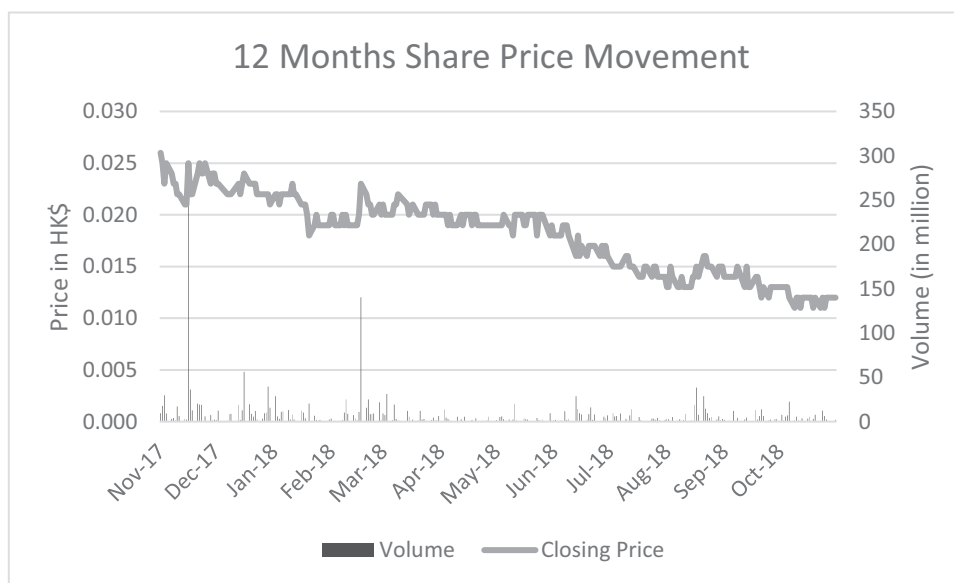
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the tables above, and assuming that all outstanding Convertible Notes will be converted and not redeemed, and none of the outstanding options of the Company is exercised, the Independent Shareholders' interest in the Company will drop from the existing 87.45% to 56.95% based on the Current Conversion Price of HK\$0.035 per Share. However, based on the Alteration of Terms, and assuming that the Partial Conversion has taken place and all Remaining Convertible Notes will be converted and not redeemed, and none of the outstanding options of the Company is exercised, the Independent Shareholders' interest in the Company will drop from the existing 87.45% to 38.93% based on the mix of the Partial Conversion at the Current Conversion Price of HK\$0.035 per Share and the full conversion of the Remaining Convertible Notes at the Conversion Price of HK\$0.011 per Share. Based on the tables above, the reduction in Independent Shareholders' interest in the Company based on the Alteration of Terms is approximately 18.02% or a discount of 31.64% of the original interest in the Shares. We are of the view that this dilution effect should not be considered on its own as it is a part of a series of transactions. Therefore, it has to be considered in totality with other factors as discussed below.

Movement of the Share Price

We have extracted the historical Share price from the website of the Stock Exchange (www.hkex.com.hk) in order to study its movement trends. Based on the latest 12 months data that we have extracted, we noted that the Share price trended from a high of HK\$0.026 per Share 12 months ago to the current level of HK\$0.011 per Share on 29 October 2018. The Share price then fluctuated between HK\$0.011 and HK\$0.012 for ten (10) business days prior to the Company entering into the Letter of Agreement and the Deed of Further Variation 2018 on 12 November 2018. While it may seem that the Deed of Further Variation 2018 have used the lower pricing of the aforesaid range, there is no assurance that at the moment of negotiation and price determination of the Deed of Further Variation 2018 that the Share price will not decline further thus rendering the Noteholder in an unfavourable position. As the Deed of Further Variation 2018 was finalised and signed on 12 November 2018, it is fair and reasonable to use the price of the Share as at even date for the Deed of Further Variation 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



While it is not in the interest of the Company to issue securities at a low point of its Share price, we do note that the Share price maybe correlated to the financial performance of the Company. As the Company is currently registering net liabilities, there may be concerns amongst investors on the Company's viability. Therefore, although the Share price is low and it is not a favourable time for the Company to issue securities, the Share price is pricing in investors' expectation hence it is at a fair market value. Therefore, we are of the view that if the Company were to issue new securities or convertible securities at the current time, it would only be able to raise new funds at the current market price of the Shares or possibly a discount if a large number of Shares need to be placed out. As the outstanding Convertible Notes are expiring on 31 January 2019, the Company will have to repay it by then without much alternative. As stated in the Board Letter, liquidating the Group's assets to meet this obligation is not practical as they are needed for operations. We have also discussed with the Company with regards to additional funding and noted that they had sought the assistance from its banks and financial adviser but both had declined them. As there are no other options available immediately, the Alteration of Terms is the most practical alternative for the Company although it is conducted at a time when the price of the Shares is at a low of HK\$0.011, but reflective of the Shares' fair market value. Therefore, we are of the view that the Conversion Price of HK\$0.011 per Share under the Alteration of Terms is fair and reasonable and in the interest of the Company and Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial Effects of the Alteration of Terms

As one of the conditions of the Alteration of Terms, the Company and the Noteholder entered into the Letter of Agreement, 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 Partial Conversion and the Alteration of Terms, the Remaining Convertible Notes in an aggregate principal amount of HK\$158,400,000 shall mature on 31 January 2022. The Remaining Convertible Notes will be reclassified as non-current liabilities, while the total liabilities of the Group will be reduced by HK\$102,000,000 due to the Partial Conversion, and the shareholder's equity portion will increase by the same amount upon completion of the Partial Conversion and the Alteration of Terms, as illustrated in the table below utilising financial position of the Company as at 30 June 2018:

	Financial position of the Company as at 30 June 2018 (HK\$'000)	Financial position of the Company assuming Conversion Shares are issued as at 30 June 2018 (HK\$'000)
Non-current assets	27,830	27,830
Current assets	289,114	289,114
Current liabilities	343,429	83,029
Non-current liabilities	13	158,413
Net current (liabilities)/assets	(54,315)	206,085
Net (liabilities)/assets	(26,498)	75,502

Note: the above table is for illustration purposes only and does not imply that the Company financials would be as such.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the transactions involved in the Conversion Shares are all non-cash related items, it would only involve reclassification of the amount of outstanding Convertible Notes converted under the Partial Conversion, which is HK\$102,000,000. As a result, the Company would have a net assets position as compared to the net liabilities previously. This would greatly improve the financial position and the impression of the Company as it no longer has a net current liabilities and net liabilities position. As a result, we are of the view that the Alteration of Terms together with the Partial Conversion is fair and reasonable and in the interest of the Company and Shareholders as a whole.

Comparable Analysis

In order to determine the fairness and reasonableness of the terms of the Remaining Convertible Notes under the Alteration of Terms, we have adopted a comparable approach whereby the terms of the Remaining Convertible Notes under the Alteration of Terms are compared to its peers. For our purpose of comparison, we have shortlisted a list of companies listed on the Stock Exchange which have announced the issuance of convertible securities in the last three (3) months. We are of the view that three (3) months is a reasonable time period as pricing of securities is dependent on the current market trend and sentiment, and a prolonged time period would not be able to capture the current market trends. In order to make a fair comparison, we have further shortlisted those companies which only issued convertible securities for cash as the Company would need to issue securities for cash at this moment to repay the outstanding Convertible Notes. Furthermore, convertible securities issued for other purposes, such as purchase of assets or settlement maybe distorted as the issuer or purchaser will also have to consider if there is a premium or discount on the purchase price of the assets and adjust the pricing of the convertible securities accordingly to compensate for such differences. In addition, we only considered those companies who did not make a profit since their last published annual reports (the “Comparable Companies”). We are of the view that due to the unique financial situation that the Group is in, the Comparable Companies should possess traits similar to the Group. In particular, two of the Comparable Companies carry net liabilities in their latest financial position, namely Asia Energy Logistics Group Limited and Moody Technology Holdings Limited. Set out below is the list of the Comparable Companies:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company name	Stock code	Maturity (years)	Interest per annum (approximately)	Premium/ (discount) of relevant conversion price over/to the closing price of the relevant shares as at the relevant last trading day prior to the release of the announcement (approximately)
04/09/2018	Asia Energy Logistics Group Limited	351	3.0	2.5%	2.4%
28/09/2018	Sunshine Oilsands Ltd	2012	0.2	5.0%	1.0%
04/10/2018	China Oil Gangran Energy Group Holdings Limited	8132	2.0	1.5%	669.2%
08/10/2018	China Assurance Finance Group Limited	8090	3.0	7.7% (Note 1)	100.0%
08/10/2018	China Healthwise Holdings Limited	348	2.0	6.0%	69.5%
12/10/2018	Yanchang Petroleum International Limited	346	2.0	6.0%	8.6%
24/10/2018	Prosperity International Holdings (H.K.) Limited	803	1.0	8.0%	17.6%
29/10/2018	Global Mastermind Holdings Limited	8063	2.0	8.0%	15.0%
29/10/2018	Asia Investment Finance Group Limited	33	3.0	5.0%	51.5%
12/11/2018	Moody Technology Holdings Limited	1400	2.0	8.0%	(20.0)%
13/11/2018	Evershine Group Holdings Limited	8022	2.0	2.0% (Note 2)	(21.9)%
	Minimum		0.2	1.5%	(21.9)%
	Maximum		3.0	8.0%	669.2%
	Average		2.0	5.4%	81.2%
	Average (excluding outlier)		2.0	5.8%	22.4%
12/11/2018	Ruixin International Holdings Limited (the proposed Remaining Convertible Notes)	724	3.0	0.0%	0.0%

Notes:

- The proposed convertible bond to be issued bears zero interest but can be redeemed eventually at 125% of the face value, which in effect is approximately 7.7% compounded annual interest rate
- The proposed convertible bond bears 1% interest rate and can only be drawn down to 98% of the face value implying a compounded interest rate of approximately 2.0%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the above table of the Comparable Companies, the tenure of the convertible bonds ranges from two (2) months to three (3) years, with an average of two (2) years. We are of the view that the tenure of each of the convertible bonds among the Comparable Companies is dependent on the financing needs of each company and investors will adjust the other terms, namely the amount of interest demanded and the convertible price premium/discount to suit the companies' tenure.

Based on the list of Comparable Companies, the interest rate charged for convertible securities ranges from a minimum of 1.5% to a maximum of 8.0% per annum. Two of the Comparable Companies issued convertible bonds that are convertible at a discount to their market price while the rest were offered at premium to market price. The average interest rate of the Comparable Companies is approximately 5.4% (5.8% excluding the outlier as mentioned below), which we are of the view is the level of interest rate commonly expected by investors as at the current market conditions for convertible bonds. We noted that those Comparable Companies that offered low interest rate had a conversion price almost equal or lower than market price. The exception that we consider as an outlier is China Oil Gangran Energy Group Holdings Limited, which offered its convertible securities at an interest rate of only 1.5% while having a very high conversion price over its market price as at the date of its announcement. We further calculated the standard deviation of the premium of the conversion price of the Comparable Companies and noted that the premium of the conversion price of China Oil Gangran Energy Group Holdings Limited lies outside of the mean plus two (2) standard deviation of 478.3%, hence we can confirm that it is an outlier. We also noted that China Oil Gangran Energy Group Holdings Limited is venturing into oil and gas refinery with multiple joint ventures partners and signed a few memoranda of understanding, which could be the reason why investors were willing to offer significant premium over its market price in anticipation of explosive growth when the company ventures into oil and gas production.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As for the Comparable Companies offering their conversion price ranging from 8.6% to 100.0% premium over their market price (except for China Oil Gangran Energy Group Holdings Limited which is an outlier), they carry interest rates ranging from 5.0% to 8.0%. The average premium offered by the Comparable Companies is approximately 22.4% (81.2% including the outlier). We are of the view that the premium excluding the outlier of 22.4% is a reasonable level of premium that investors expect from companies operating and listed on the Stock Exchange without any material concerns. Based on the above table, we can conclude that investors who are offered shares at a high conversion premium require return in the form of higher interest rate. As for the Comparable Companies offering their conversion price close to market price or at a discount, their interest rates were typically lower as they have already offered attractive terms in terms of conversion price. The exceptions to this are Sunshine Oilsands Limited and Moody Technology Holdings Limited who offered higher interest rates. We noted that Sunshine Oilsands Limited did not have any revenue since its listing in 2012 and only generated some in 2017 after incurring significant exploration costs, and is still making losses as at their latest 2018 interim report. In addition, the tenure of this convertible bond was only for a period of 2 months. Therefore, Sunshine Oilsands Limited had to offer a higher interest rate and a low conversion price in order to attract investors. As for Moody Technology Holdings Limited and Asia Energy Logistics Group Limited, they are carrying net liabilities in their financial position, which is similar to the Group. As seen from the table above, Moody Technology Holdings Limited had to offer an 8.0% interest rate and a 20.0% discount to the investors for its convertible securities. Asia Energy Logistics Group Limited offered a small premium in its conversion price but had to compensate investors with a low interest rate of 2.5%. We are of the view that the terms of the Remaining Convertible Notes under the Alteration of Terms are better as the Company does not have to offer any interest rate, which would otherwise put undue financial strain on the Company's existing financial position. In addition, the Company also did not have to offer any discount to its Share price under the Alteration of Terms as compared to Moody Technology Holdings Limited.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the current market conditions as illustrated by the Comparable Companies discussed above and in order to meet investors' expectations, we believe that (i) the Company would be required to issue convertible securities with interest rate that could be quite high or at the average of approximately 5.8% that the market current demands, or failing which (ii) the Company would need to offer discounts on the conversion price, or (iii) in view of the net liabilities position of the Group, possibly both high interest rate and discounts on the conversion price, all of which are on terms no more favourable than the terms of the Remaining Convertible Notes under the Alteration of Terms. As such, we are of the view that the terms of the Remaining Convertible Notes under the Alteration of Terms are on normal commercial terms, fair and reasonable, and in the interest of the Company and Shareholders as a whole.

ANALYSIS AND CONCLUSION

Based on our analysis as discussed above, we noted that although the Company is capable of generating revenues and gross profits from its electronic products business, the Group will require additional time to capture the business opportunities being explored in Vietnam, especially considering the Group has already commenced such action and is already in the process of finding suitable business opportunities. Therefore, the Deed of Further Variation 2018 and the Alteration of Terms provide the Group with additional flexibility and much needed time for these potential business opportunities to develop and grow.

Based on our study of their financial position above, it is unlikely that the Group will be able to obtain financing from any financial institution nor will any investors be interested in subscribing for Shares of the Company, especially when the Company is in a net liabilities position. We have further verified this with the Company and have obtained correspondence between the Company and its banks/financial adviser seeking assistance for additional funding but both have declined it. Therefore, the options available for the Company are limited to revising the terms of the Convertible Notes or repaying them. Based on the current financial situation of the Group, it is unlikely that the Company will be able to fully repay the outstanding Convertible Notes whilst maintaining the current level of operation in their electronic products business. Hence the only viable option would be the Alteration of Terms so that the Group can continue operating without having to repay the outstanding Convertible Notes.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

While we have looked at the dilution effect which will reduce existing Shareholders' interest in the Company by 18.02% or a discount of 31.64%, having considered the above, we are of the view that the discount is reasonable as without accepting the Alteration of Terms, the Company will have to repay the outstanding Convertible Notes and could experience a shortage of cashflow or suffer the consequences of failing to meet its outstanding Convertible Notes obligations. Without the Deed of Further Variation 2018 and Alteration of Terms, it will invariably lead the Company to liquidity issues and eventually may result in the Noteholder taking control of the Company through liquidation and Shareholders are only compensated negligible amount after the obligations of the Convertible Notes have been satisfied in full. Therefore, the discount or the dilution is a much better outcome than going through a liquidation process. As such, we are of the view that the dilution effect of the lowered Conversion Price under the Alteration of Terms is fair and reasonable and in the interest of the Company and Shareholders as a whole.

Based on our analysis of the Share price, we noted that the Share price is at a low point. While the timing to issue securities at the current Share price is not favorable to the Company, the Company has no alternative option as the Convertible Notes becomes due. Therefore, any attempt to raise similar amount of money whether from connected persons or independent third parties by issuing securities to satisfy the repayment of the outstanding Convertible Notes invariably also leads to (i) dilution of the existing Shareholders; (ii) there may not be any interest to subscribe for the Shares in view of the financial situation of the Group; (iii) additional interest expenses to be borne by the Company as experienced by the Comparable Companies; and (iv) when a company is in the current financial situation of the Group, they would normally have so little bargaining power leading to even higher dilution. Furthermore, the Noteholder has agreed to accept the Partial Conversion at the Current Conversion Price of HK\$0.035 per Share, which when aggregated with the Conversion Price of the Remaining Convertible Notes at HK\$0.011 per Share, would yield an average of HK\$0.015 per Share, which is higher than the current market price of the Shares by a premium of 36.4%. As such, we are of the view that the Conversion Price of the Alteration of Terms is fair and reasonable and in the interest of the Company and Shareholders as a whole.

We also noted that the Alteration of Terms will also result in the Company having a net assets balance, which is crucial for the Company to continue to operate while it attempts to find new opportunities. Having net liabilities in its financial position would make it difficult for it to discuss business with either new business partners, banks, suppliers or customers. We have discussed with the Company on its future plans as the Company is exploring various areas. We are of the view that as the Group intends to seek new business opportunities, the Alteration of Terms will provide it with sufficient time to continue its search. As such, we are of the view that the Alteration of Terms, which improves the financial position of the Company, is fair and reasonable and in the interest of the Company and Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Based on the above principal factors and reasons, and in view of the Deed of Further Variation 2018 and the Alteration of Terms are (i) the only viable option available for the Group to continue to operate without experiencing significant financial distress in order to meet its financial obligation; (ii) the dilution effect of the Alteration of Terms is reasonable as the Independent Shareholders still have significant interest in the Company even after full conversion of all outstanding Convertible Notes; (iii) the Conversion Price adopted under the Alteration of Terms is based on market price and the Noteholder is required to convert a portion under the Partial Conversion at significantly higher prices than the current market price of the Shares which offset the lower prices under the Alteration of Terms; and (iv) the Company will be in a much better financial position after the Conversion Shares have been issued under the Partial Conversion thus providing it room to work with banks, financial institutions and on new projects, we are of the view that the terms and conditions of the Deed of Further Variation 2018 and the Alteration of Terms, though not in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the proposed resolution at the SGM to approve the Deed of Further Variation 2018 and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Frontpage Capital Limited
Chai Yee Choong
Director

Note: Mr. Chai Yee Choong is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Frontpage Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance. He has more than 10 years of experience in corporate finance.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register pursuant to Section 352 of the SFO; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares and underlying shares of the Company:

Name of Director	Capacity	Number of shares and underlying shares held	Percentage of shareholding
Mr. Huang Hanshui (<i>Note</i>)	Beneficial owner	86,827,895	0.63%

Note: Mr. Huang Hanshui, an executive Director, has a derivative interest in 86,827,895 shares pursuant to share options granted to him on 6 December 2010.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executives of the Company or their associates had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) which had to be entered in the register pursuant to Section 352 of the SFO; or (c) otherwise which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors are a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING BUSINESS INTERESTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors, proposed Directors or their respective associates had any interest in a business which competes or may compete with the business of the Group.

4. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest, either direct or indirect, in any assets which had been, since 31 December 2017 (the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group. None of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed director service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. EXPERT'S QUALIFICATION AND CONSENT

The following are the qualification of the expert who have given opinions or advices which are contained in this circular:

Name	Qualifications
Frontpage Capital	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Frontpage Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Frontpage Capital does not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Frontpage Capital does not have any interest, direct or indirect, in any assets which have been, since 31 December 2017 (the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGE

As disclosed in the 2018 Interim Report, the Group was in a net liabilities position as at 30 June 2018 while the Group reported a net assets position as at 31 December 2017.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other material adverse change in the financial position or trading position of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on business days at the principal place of business in Hong Kong of the Company at 18th Floor, Times Media Centre, 133 Wan Chai Road, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the S&P Agreement;
- (b) the Letter of Agreement;
- (c) the Deed of Variation;
- (d) the Deed of Further Variation 2016;
- (e) the Deed of Further Variation 2018;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” of this circular;

(g) the letter of consent to the issue of this circular from the Independent Financial Adviser; and

(h) this circular.

9. MISCELLANEOUS

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF SPECIAL GENERAL MEETING



RUIXIN INTERNATIONAL HOLDINGS LIMITED

瑞鑫國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of the shareholders (the “**Shareholders**”) of Ruixin International Holdings Limited (the “**Company**”) will be held at 18th Floor, Times Media Centre, 133 Wan Chai Road, Hong Kong on Friday, 28 December 2018 at 11:00 a.m., for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the deed of further variation dated 12 November 2018 (the “**Deed of Further Variation 2018**”) entered into between the Company and Mr. Li Weimin (the “**Noteholder**”), in relation to the proposed alteration of certain terms and conditions of the outstanding zero coupon convertible notes (as amended by the deed of variation dated 14 November 2014 and the deed of further variation dated 14 December 2016) in the aggregate principal amount of HK\$158,400,000 due on 31 January 2019 (the “**Convertible Notes**”) (details relating to the Deed of Further Variation 2018 are set out in the circular of the Company dated 11 December 2018 and a copy of the Deed of Further Variation 2018 has been produced to the SGM and marked “A” and initialed by the chairman of the SGM for the purpose of identification) be and is hereby approved, confirmed and ratified;

NOTICE OF SPECIAL GENERAL MEETING

- (b) subject to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) consenting to the alteration to the terms and conditions of the Convertible Notes and the Stock Exchange granting approval for the listing of, and permission to deal in, the shares of the Company that may be issued pursuant to the alteration of the terms and conditions of the Convertible Notes (the “**Conversion Shares**” and each a “**Conversion Share**”), the directors of the Company (the “**Director(s)**”) be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot, issue and otherwise deal with the Conversion Shares which may be allotted and issued by the Company upon the exercise of the conversion right attaching to the outstanding Convertible Notes in the principal amount of HK\$158,400,000 at the conversion price of HK\$0.011 per Conversion Share in accordance with the terms and conditions of the Convertible Notes as varied by the Deed of Further Variation 2018, provided that the Specific Mandate shall be in addition to and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on 11 June 2018, and to do all such things and acts and execute all such documents in connection with the issue and allotment of the Conversion Shares; and
- (c) any one Director be and is hereby authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which, in the opinion of such Director, may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated by, the Deed of Further Variation 2018 and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of such Director, in the interests of the Company.”

2. “**THAT:**

- (a) the authorised share capital of the Company be increased from HK\$300,000,000 divided into 30,000,000,000 ordinary shares of par value HK\$0.01 each (the “**Share(s)**”) to HK\$600,000,000 divided into 60,000,000,000 Shares by the creation of additional 30,000,000,000 new Shares which shall rank *pari passu* with the existing Shares in all respects upon allotment and issue (the “**Increase in Authorised Share Capital**”); and

NOTICE OF SPECIAL GENERAL MEETING

- (b) any one Director be and is hereby authorised to do all such acts and things and execute all such documents which such Director considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”

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

Hong Kong, 11 December 2018

Notes:

1. Any member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, a form of proxy together with (if required by the board of directors of the Company) the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Branch Share Registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the form of proxy shall be deemed to be revoked.