



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

(Incorporated in Bermuda with limited liability)
(Stock Code: 724)

Interim Report
2024

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Li Yang (*Chairman*)
Mr. Yang Junjie
Mr. Huang Hanshui (resigned with effect from 30 November 2024)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Jue
Ms. Zhang Xiaofen (appointed with effect from 13 February 2026)
Mr. Zhu Lianhai (appointed with effect from 13 February 2026)
Mr. Ho Chi Fai (resigned with effect from 4 November 2024)
Mr. Leung Ka Tin (resigned with effect from 31 October 2024)

AUDIT COMMITTEE

Mr. Zhang Jue (*Chairman*)
(re-designated as the Chairman with effect from 13 February 2026)
Ms. Zhang Xiaofen (appointed with effect from 13 February 2026)
Mr. Zhu Lianhai (appointed with effect from 13 February 2026)
Mr. Ho Chi Fai (resigned with effect from 4 November 2024)
Mr. Leung Ka Tin (resigned with effect from 31 October 2024)

REMUNERATION COMMITTEE

Mr. Zhang Jue (*Chairman*)
Ms. Zhang Xiaofen (appointed with effect from 13 February 2026)
Mr. Zhu Lianhai (appointed with effect from 13 February 2026)
Mr. Ho Chi Fai (resigned with effect from 4 November 2024)
Mr. Leung Ka Tin (resigned with effect from 31 October 2024)

NOMINATION COMMITTEE

Ms. Li Yang (*Chairman*)
Mr. Zhang Jue
Ms. Zhang Xiaofen (appointed with effect from 13 February 2026)
Mr. Zhu Lianhai (appointed with effect from 13 February 2026)
Mr. Ho Chi Fai (resigned with effect from 4 November 2024)

INVESTMENT COMMITTEE

Mr. Zhang Jue (*Chairman*)
Ms. Zhang Xiaofen (appointed with effect from 13 February 2026)
Mr. Zhu Lianhai (appointed with effect from 13 February 2026)
Mr. Ho Chi Fai (resigned with effect from 4 November 2024)
Mr. Leung Ka Tin (resigned with effect from 31 October 2024)

COMPANY SECRETARY

Ms. Lai Pik Chi Peggy (appointed with effect from 5 December 2024)
Ms. Tsang Man Sze (resigned with effect from 30 November 2024)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

**HEAD OFFICE AND
PRINCIPAL PLACE OF
BUSINESS IN HONG
KONG**

Unit 1106, 11th Floor
The Chelsea
69 Jervois Street
Hong Kong

**PRINCIPAL SHARE
REGISTRAR AND
TRANSFER OFFICE**

Conyers Corporate Services (Bermuda)
Limited
Clarendon House
2 Church Street
PO Box HM1022
Hamilton HM DX
Bermuda

**HONG KONG BRANCH
SHARE REGISTRAR AND
TRANSFER OFFICE**

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

SHARE LISTING

The Stock Exchange of Hong Kong
Limited
Stock Code: 724

WEBSITE

<https://www.irasia.com/listco/hk/ruixin/>

The board (the “**Board**”) of directors (the “**Director(s)**”) of Ruixin International Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024, together with the comparative figures for the corresponding period and selected explanatory notes as set out below.

Results Overview

For the six months ended 30 June 2024 (the “**Reporting Period**”), the Group reported no revenue as compared with approximately HK\$56.2 million for the six months ended 30 June 2023 (the “**Corresponding Period**”).

Loss for the Reporting Period decreased to approximately HK\$20.4 million from approximately HK\$34.8 million for the Corresponding Period. The decrease in the loss for the Reporting Period was mainly due to the decrease in the operating loss for the electronic products business, which is partly offset by the increase in imputed interest expenses on convertible notes and shareholder loans. Due to the weakening of the global economic environment, worldwide tariff protection issue, the increase in interest rate and the rapid advancement, development and severe competition in the industry, as well as the poor financial situation of the Group further affected the image and confidence of the electronic products business of the Group among its customers. As a result of the significant drop in revenue, costs for the electronic products business in the Reporting Period went down to the basic operating cost, which resulted in the aforementioned decrease in the operating loss for the Reporting Period as compared to the Corresponding Period.

Other than the imputed interest expenses on convertible notes and shareholder loans which arose as a result of accounting treatment under the provisions of the applicable accounting standards, the Group made a loss of approximately HK\$9.2 million for the Reporting Period, as compared with a loss of approximately HK\$25.5 million for the Corresponding Period.

Financial Highlights

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue	–	56,156
Gross profit	–	146
Loss for the period	(20,440)	(34,785)
Imputed interest expenses on convertible notes	(9,631)	(8,391)
Imputed interest expenses on loans from a substantial shareholder	(1,656)	(918)
Loss for the period before imputed interest expenses on convertible notes and loans from a substantial shareholder	(9,153)	(25,476)

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

Due to the weakening global economic environment – stemming from COVID-19's lingering effects, escalating worldwide tariff protectionism, and interest rate hikes since 2023 that only began tapering lately, as well as the rapid advancement and development in the industry, the competition in the industry has been severe. As the Group's major products are mainly electronic and electrical components, which are mature and fully developed products with low entry barriers and keen price competition, the lack of competitiveness when working capital was insufficient has made business difficult. In particular, customers nowadays expect to have short lead time with rapid product development and product delivery, they tend to work with manufacturer suppliers to get a closer and quicker response in respect of products development, which seriously reduced the Group's competitiveness. The electronic products business reported nil revenue for the Reporting Period, as compared with approximately HK\$56.2 million for the Corresponding Period, primarily due to, among other things, orders lost as the Group's products were unable to be competitive, and the then management staff were unable to catch up with changes, leading to no order being received at the material times. The decrease in the loss for the Reporting Period was mainly due to the decrease in the operating expenses for the electronic products business, which is partly offset by the increase in imputed interest expenses on convertible notes and shareholder loans.

As at 30 June 2024 and the date of this report, the principal amount of the convertible notes that remains outstanding is HK\$158.4 million (the "**Outstanding Convertible Notes**") convertible into 158,400,000 ordinary shares of HK\$0.10 each at a conversion price of HK\$1.00 per share and the maturity date is 31 January 2025. During the Reporting Period, as part of the measures to improve its financial position, the Company negotiated with the noteholder of the Outstanding Convertible Notes (the "**Noteholder**", namely Mr. Li Weimin ("**Mr. Li**", a substantial shareholder (as defined in the Listing Rules) of the Company)) to further extend the maturity date of the Outstanding Convertible Notes. Subsequent to the Reporting Period, in light of the Resumption Plan (as defined in the section headed "EVENTS AFTER REPORTING PERIOD" of this report), the Noteholder has signed a letter of undertaking dated 26 February 2026, pursuant to which the Noteholder has irrevocably undertaken in favour of the Company that he will not, among other things, request the Company to repay the outstanding principal amount of the Outstanding Convertible Notes and to pay any default interest and other related sums from the date of the letter of undertaking and up to 30 June 2027 or the date of completion of the transactions contemplated under the Resumption Plan (whichever is earlier).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business and Financial Review *(Continued)*

The Company, through one of its indirect wholly-owned subsidiaries in Hong Kong, has signed a loan agreement each in 2019 (the “**2019 HK Shareholder Loan**”) and 2021 (the “**2021 HK Shareholder Loan**”, together with the 2019 HK Shareholder Loan, the “**HK Shareholder Loans**”) with Mr. Li for an unsecured and non-interest bearing loan of HK\$20 million for a term of two years, respectively. As at the date of this report, the Company has received the full amount of the 2019 HK Shareholder Loan, and the amount of the 2021 HK Shareholder Loan that remains outstanding is approximately HK\$3.2 million. The HK Shareholder Loans have been extended several times and subsequent to the Reporting Period, the Company received extension letters for the HK Shareholder Loans, pursuant to which the maturity date of each of the 2019 HK Shareholder Loans and the 2021 HK Shareholder Loans has been extended to 3 October 2027 and 30 March 2028, respectively. The Company will continue to seek further extension of the HK Shareholder Loans from Mr. Li as and when required.

In addition, Ruixin International Engineering Vietnam Company Limited (“**RIEV**”, being one of the indirect wholly-owned subsidiaries of the Company in Vietnam) has previously signed a loan agreement each in 2019 (the “**2019 Vietnam Shareholder Loan**”), 2021 (the “**2021 Vietnam Shareholder Loan**”) and 2023 (the “**2023 Vietnam Shareholder Loan**”) with Mr. Li for an unsecured and non-interest bearing loan of VND7.3 billion (equivalent to approximately HK\$2.2 million), VND5.0 billion (equivalent to approximately HK\$1.5 million) and VND5.0 billion (equivalent to approximately HK\$1.5 million) respectively for a term of one year. As at the date of this report, as far as the Company is aware, the full amount of the 2019 Vietnam Shareholder Loan, 2021 Vietnam Shareholder Loan and 2023 Vietnam Shareholder Loan has been received in full and each of the maturity date thereof has been extended to 28 August 2026, 18 February 2027 and 15 January 2027, respectively. During the Reporting Period, the Company has signed another loan agreement with Mr. Li for an unsecured and non-interest bearing loan of VND5.0 billion (equivalent to approximately HK\$1.5 million) for a term of one year (the “**2024 Vietnam Shareholder Loan**”) (all together, “**Vietnam Shareholder Loans**”). As at the date of this report, the amount of 2024 Vietnam Shareholder Loan received by the Company was approximately VND2.4 billion (equivalent to HK\$0.7 million) and the maturity date has been extended to 28 August 2026. The Company will continue to seek further extension of the Vietnam Shareholder Loans from Mr. Li as and when required.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business and Financial Review *(Continued)*

The Group incurred a loss of approximately HK\$20.4 million for the Reporting Period, and had net current liabilities of approximately HK\$166.6 million, net liabilities of approximately HK\$192.9 million and bank balances and cash of approximately HK\$6.6 million as at 30 June 2024. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

However, as at 30 June 2024, if the Outstanding Convertible Notes, the current portion of shareholder loans (in both Hong Kong and Vietnam) and the remunerations payable to the chairman of the Company (as included in other payables and accruals) were excluded from current liabilities, net current liabilities of the Group would be reduced to approximately HK\$6.7 million.

As at 30 June 2024, the Group had no bank borrowings, and the Outstanding Convertible Notes, the shareholder loans and the remunerations payable to the chairman of the Company accounted for approximately 92.6% of total liabilities (the amount due to Mr. Li is convertible notes of approximately HK\$146.2 million and shareholder loans of approximately HK\$31.8 million, and the amount due to the chairman of the Company is remunerations payable of approximately HK\$8.5 million. The above adds up to a total of approximately HK\$186.5 million, which accounts for about 92.6% of total liabilities (approximately HK\$201.4 million)).

Excluding the Outstanding Convertible Notes, the shareholder loans and the remunerations payable to the chairman of the Company, net liabilities of the Group would be reduced to approximately HK\$6.4 million. As the Noteholder is a substantial shareholder of the Company and has been providing shareholder loans to support its continuous operation, the Company confirmed that the Noteholder will not request the Company to redeem the Outstanding Convertible Notes and repay the shareholder loans upon maturity causing the Company insolvent (as supported by the letter of undertaking dated 31 December 2024 and the extension of maturity date of shareholder loans from time to time).

To improve the financial position and support future development of the Group, the Company's financial adviser (the "**Financial Adviser**") has been assisting the Company in exploring avenues to raise funds by equity financing during the Reporting Period. As announced by the Company on 29 May 2024, throughout the year ended 31 December 2023, the Financial Adviser had been soliciting various potential investors in respect of the proposed equity fund raising and had substantive discussions with a handful of them. For each of the potential investors, a distinctive fundraising plan was being negotiated between the Financial Adviser and the potential investor. However, no definitive agreement has been entered into as at 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business and Financial Review *(Continued)*

Notwithstanding, subsequent to the Reporting Period and as at the date of this report, the Company, with the assistance from the Financial Adviser, has been implementing the Resumption Plan comprising, among other things, entered into a subscription and settlement deed with Mr. Li and entered into a convertible bonds subscription agreement with an investor (for further details, please refer to the section headed "EVENTS AFTER REPORTING PERIOD").

Based on the information currently available to the Board, the Directors and the audit committee of the Company (the "**Audit Committee**") are of the view that with the continues support from Mr. Li and upon completion of the Resumption Plan, the Group will have sufficient financial resources to continue as a going concern. Accordingly, the condensed consolidated financial statements for the Reporting Period have been prepared on a going concern basis. However, the Company wishes to highlight that the successful outcome of the aforementioned is subject to, among other things, the successful implementation of the resumption plan and revitalisation of the business operation of the Group. For more details about the going concern basis of the Group, please refer to note 1 to the condensed consolidated financial statements in this report.

Liquidity, Financial Resources and Capital Structure

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

As at 30 June 2024, the Group had bank balances and cash of approximately HK\$6.6 million (31 December 2023: HK\$7.2 million). The Group's current ratio (measured as total current assets to total current liabilities) was 0.05 times (31 December 2023: 0.3 times).

As at 30 June 2024, the Company had outstanding zero coupon convertible notes due on 31 January 2025 with an aggregate principal amount of HK\$158.4 million (31 December 2023: HK\$158.4 million) and a conversion price of HK\$1.00 (31 December 2023: HK\$1.00) per share.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Liquidity, Financial Resources and Capital Structure *(Continued)*

As at 30 June 2024, the Group had no outstanding bank borrowings (31 December 2023: nil) and loans from a substantial shareholder of approximately HK\$31.8 million (31 December 2023: HK\$28.8 million) which is unsecured, non-interest bearing and repayable on maturity. The gearing ratio, which is calculated by total interest bearing borrowings to total equity, was nil as at 30 June 2024 and 31 December 2023.

As at 30 June 2024, the Group had no capital expenditure commitments (31 December 2023: nil).

Significant Investments

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

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

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

Charge on Group's Assets

As at 30 June 2024, the Group did not have any assets pledged (31 December 2023: nil).

Foreign Exchange Exposures

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Contingent Liability

As at 30 June 2024, the Group did not have any significant contingent liabilities.

Employee and Remuneration Policy

As at 30 June 2024, the Group had 19 (30 June 2023: 31) full time employees in Hong Kong, the People's Republic of China (the "PRC" or China) and Vietnam. Total staff costs (including Directors' remuneration) for the Reporting Period amounted to approximately HK\$6.6 million (six months ended 30 June 2023: HK\$8.0 million). The employees (including Directors) are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. The Company provides the basic remuneration package, the mandatory provident fund scheme, the central provident scheme in the PRC and the state pension scheme in Vietnam.

Future Outlook

According to the International Monetary Fund (the "IMF"), global activity and world trade firmed up at the turn of the year, with trade spurred by strong exports from Asia, particularly in the technology sector. First quarter growth surprised on the upside in many countries, although downside surprises in Japan and the United States were notable. The IMF projects global growth to remain stable at 3.2% in 2024 and 3.3% in 2025, broadly unchanged from its forecast in April 2024. Under the hood, however, offsetting growth revisions have shifted the composition. Growth in major advanced economies is becoming more aligned as output gaps are closing. The United States shows increasing signs of cooling after a strong 2023, while the euro area is poised to pick up after nearly a flat performance last year. Asia's emerging market economies remain the main engine for the global economy. Growth in China and India is revised upwards and accounts for almost half of global growth. The IMF projects global inflation will slow to 5.9% this year from 6.7% last year, but highlights that the momentum on global disinflation is slowing. Upside risks to inflation have thus increased, raising the prospect of higher-for-even-longer interest rates, in the context of escalating trade tensions and increased policy uncertainty. The IMF warns that the global prospects for the next five years remain weak, largely because of waning momentum in emerging Asia.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Future Outlook *(Continued)*

China's economy slowed its momentum in the second quarter growing by 4.7%, which fell short of expectations as hindered by weak consumption and declining property investment. The reading was lower than the 5.3% growth seen in the first quarter and brought down growth for the first half of the year to 5.0%. The slew of disappointing data has spurred some major investment banks to cut their 2024 growth forecasts to below Beijing's annual growth target, with some highlighting significant downside risks in the coming months. Beijing has set an annual economic growth target of around 5.0%, with its strong export performance serving as a robust driver to offset persistent domestic challenges. The property market remains centre of lingering concerns about the health of China's domestic economy. With close to 80% of total household wealth in China tied to real estate, falling property prices are denting family finances. Retail sales rose by just 2.0% in June 2024, marking the slowest pace since China lifted its Covid-19 restrictions at end-2022. Export demand has supported industrial production in the first half of the year, but this factor could begin to weaken in the second half of the year if global growth moderates and trade tariffs imposed on Chinese goods come into effect. The IMF has revised upward its growth forecast for China to 5.0% in 2024, primarily on account of a rebound in private consumption and strong exports in the first quarter. In 2025, China's economic growth is projected to slow to 4.5%, and to decelerate over the medium term to 3.3% by 2029, because of headwinds from aging and slowing productivity growth. (Reference is made to the IMF documents and reports in the South China Morning Post.)

Due to the weakening global economic environment – stemming from COVID-19's lingering effects, escalating worldwide tariff protectionism, and interest rate hikes since 2023 that only began tapering lately, as well as the rapid advancement and development in the industry, the competition in the industry has been severe. In particular, the business operation of the Group has been facing difficulties, details of which has been published in the announcement of the Company dated 29 May 2024. While the Group's electronic products business is facing challenges, the Company has been seeking and exploring business opportunities in Vietnam to improve the prospect of the Group during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Future Outlook *(Continued)*

While the business operation of the Group has been limited due to the lack of sales order and termination of staff in its then major operating subsidiary during the Reporting Period, with the assistance from the Financial Adviser, the Group has been actively researching on various products and markets, seeking to rebuild its operation teams and with the necessary funding to revitalise its business operations by focusing on the trading of electronic products with higher margin.

As at the date of this report, the Group, through one of its existing subsidiaries, has successfully procured new sales orders from customers in the PRC, principally engaged in the provision of small home appliance supply chain and trading services with distribution channels abroad. In addition to the above, the Company also set up two PRC subsidiaries as separate operating arms to continue with its trading of electronic parts and components business. The Company will be initially focusing on electronic components such as resistors and capacitors, which in general offer reasonable margin.

As part of its expansion strategy, the Company has successfully leased e-commerce stores, commenced online trading of electronic products and generated initial revenue. The Company intends to launch its proprietary branded electronic products through these online channels. Concurrently, the Company has applied to establish its own online store, with approval pending and expected by March 2026. The Group will continue to pursue alternative business approaches to mitigate these challenges while presenting a credible growth strategy to stakeholders.

EVENTS AFTER REPORTING PERIOD

As disclosed in the announcement of the Company dated 2 September 2024, the Company was not able to publish this interim results announcement for the six months ended 30 June 2024 on or before 30 August 2024 pursuant to the relevant requirements under the Listing Rules. Accordingly, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 September 2024, pending for the publication of this report.

On 20 November 2024 and 3 September 2025, the Company received letters from the Stock Exchange setting out guidance for the resumption of trading in shares of the Company on the Stock Exchange (the “**Resumption Guidance**”). Pursuant to the Resumption Guidance, the Company shall:

- (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (b) demonstrate the Company’s compliance with Rule 13.24;
- (c) re-comply with Rules 3.10(1), 3.10(2), 3.21, 3.27A and 3.28; and
- (d) inform the market of all material information for the Company’s shareholders and investors to appraise its position.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 1 March 2026. If the Company fails to remedy the issues causing its trading suspension, fulfil the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange’s satisfaction and resume trading in its shares by 1 March 2026, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company’s listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

EVENTS AFTER REPORTING PERIOD *(Continued)*

Resumption Plan

As the revamped business is coming to shape with new management in place and are performing, both the Company and the Mr. Li (as the substantial shareholder of the Company) are desirous that the Company should seek to fulfil the Resumption Guidance and that the Company should remain listed for the benefit of all the shareholders of the Company. In light of the above, the Company and Mr. Li have contemplated the following resumption plan (the “**Resumption Plan**”) including, among other things:

- (i) on 16 February 2026, the Company entered into a subscription and settlement deed (the “**Subscription and Settlement Deed**”) with Mr. Li to, among other things, raise fund of approximately HK\$34 million (the “**Share Subscription**”) and implement certain debt settle arrangement of the Group. The Company will utilise the proceeds from the Share Subscription to settle the certain outstanding indebtedness of the Group on the completion date in full and the remaining amount will be applied towards general working capital for the continued business operation of the Group. In addition, Mr. Li agrees that, immediately upon completion of the Share Subscription, all liabilities and/or obligations in connection with the Outstanding Convertible Notes and the shareholder’s loans in Hong Kong will be waived and discharged in full, whereupon the Company shall have no further liability or obligation thereunder; and
- (ii) on 16 February 2026, the Company entered into a convertible bonds subscription agreement with an investor (being a third party independent to the Company and its connected person) to, among other things, raise additional fund of HK\$19 million (the “**CB Subscription**”). It is expected that the proceeds from the CB Subscription shall be used as general working capital for the continued business operation of the Group.

Further details of the transactions under the Resumption Plan will be published by way of separate announcement(s) by the Company in due course.

EVENTS AFTER REPORTING PERIOD *(Continued)*

Status of fulfilment of the Resumption Guidance

Resumption Guidance (a) – publish all outstanding financial results required under the Listing Rules and address any audit modifications

As at the date of this report, all the outstanding financial results required under the Listing Rules (i.e. the interim results for the six months ended 30 June 2024 and 30 June 2025 and the annual results for the year ended 31 December 2024) have been published. It is also expected that the annual results announcement for the year ended 31 December 2025 will be published on or before 31 March 2026 pursuant to the relevant requirements under the Listing Rules.

The Company expects that the disclaimer of opinion in auditors' report in respect of the multiple uncertainties relating to the going concern basis of the Company will be addressed by the completion of the Resumption Plan and be removed in the annual results for the year ended 31 December 2025.

Accordingly, the Company is of the view that it will fulfill this Resumption Guidance following the completion of the Resumption Plan and publication of the annual results for the year ended 31 December 2025.

Resumption Guidance (b) – demonstrate the Company's compliance with Rule 13.24

As at the date of this report, the Company respectfully submits that it has successfully revitalised its business operation. Based on the latest information available, the Company expects to recognise unaudited revenue of approximately HK\$33 million for the year ended 31 December 2025.

In addition, following the completion of the Resumption Plan, it is expected that the Group will return to a net asset position with sufficient funding (net proceeds from the Share Subscription and CB Subscription after settling the certain outstanding indebtedness) to continue its business operation.

Accordingly, the Company is of the view that it has sufficiently fulfilled this Resumption Guidance following the publication of the annual results for the year ended 31 December 2025 and completion of the Resumption Plan.

EVENTS AFTER REPORTING PERIOD *(Continued)*

Status of fulfilment of the Resumption Guidance *(Continued)*

Resumption Guidance (c) – re-comply with Rules 3.10(1), 3.10(2), 3.21, 3.27A and 3.28

With reference to the announcements of the Company dated 5 December 2024 and 13 February 2026, the Company appointed (i) Ms. Lai Pik Chi Peggy as the company secretary of the Company with effect from 5 December 2024; (ii) Ms. Zhang Xiaofen and Mr. Zhu Lianhai as the independent non-executive directors of the Company, members of the audit committee (the “**Audit Committee**”), remuneration committee and nomination committee of the Company; and (iii) Mr. Zhang Jue (who has appropriate professional qualifications or accounting or related financial management expertise) as the chairman of the Audit Committee. Accordingly, the Company is of the view that it has fulfilled this Resumption Guidance.

Resumption Guidance (d) – inform the market of all material information for the Company’s shareholders and investors to appraise its position

The Company has kept its shareholders and investors informed of all material information relating to the Company since the suspension of trading in its shares by way of, among other things, publishing quarterly update announcements on resumption progress. Accordingly, the Company is of the view that it has fulfilled this Resumption Guidance.

Save for disclosed in this report, there was no material event which could have material impact to the Group’s operating and financial performance after the Reporting Period and up to the date of this report.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, none of the Directors, the chief executives of the Company (the “**Chief Executives**”) or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which were required to be notified to the Company and the Stock Exchange pursuant to 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 which had to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, the register of substantial shareholders of the Company maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder of the Company ("**Shareholder(s)**") had notified the Company of relevant interests in the issued share capital of the Company.

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

Name of substantial Shareholder	Capacity	Number of shares and underlying shares held	Percentage of shareholding
Mr. Li Weimin (Note)	Beneficial owner	181,686,357	216.25%

Note: Mr. Li Weimin is interested in 181,686,357 shares, consisting of (i) an interest in 23,286,357 shares beneficially owned and held in his own name; and (ii) a derivative interest in 158,400,000 conversion shares to be allotted and issued upon full conversion of the outstanding convertible notes issued to him by the Company with an aggregate principal amount of HK\$158,400,000.

Save as disclosed above, the Company had not been notified any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 30 June 2024.

SHARE OPTION SCHEME

The 2012 Scheme has expired on 7 June 2022.

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

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

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company has applied the principles of and complied with the code provisions (the “**Code Provision(s)**”) set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the Listing Rules except for the following deviation:

The Company failed to timely publish the audited financial statements for the year ended 31 December 2024 and lay the audited 2024 financial statements at the 2025 annual general meeting of the Company in accordance with Rules 13.46 and 13.49 of the Listing Rules, and failed to timely publish its environmental, social and governance report for the same period covered in the 2024 Annual Results under rule 13.91 of the Listing Rules and the unaudited 2024 interim results in accordance with Rules 13.48 and 13.49 of the Listing Rules. The Company has been reviewing and closely monitoring its internal control systems to avoid delay in publication of its periodic financial and non-financial information under the Listing Rules in the future.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during the Reporting Period.

GOING CONCERN BASIS

The directors of the Company (the “**Director(s)**”) have given careful consideration to the going concern status of the Group in light of the fact that during the period ended 30 June 2024, the Group incurred a net loss of approximately HK\$20.4 million. In addition, as at 30 June 2024, the Group had net current liabilities of approximately HK\$166.6 million, net liabilities of approximately HK\$192.9 million and bank balances and cash of approximately HK\$6.6 million, while its lease liabilities and other payables and accruals were approximately HK\$1.0 million and HK\$22.4 million, respectively, which will be due in the coming twelve months from the end of the reporting period.

GOING CONCERN BASIS *(Continued)*

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern.

Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(i) Share Subscription and Settlement Deed with the Substantial Shareholder

On 16 February 2026, the Company entered into a subscription and settlement deed with Mr. Li Weimin (the “**Substantial Shareholder**”) to raise gross proceeds of approximately HK\$34 million (the “**Share Subscription**”).

Up to 27 February 2026, the total indebtedness of the Company amounted to approximately HK\$227.1 million, which consisted of (i) the convertible notes in the principal amount of HK\$158.4 million (the “**Convertible Notes**”) issued by the Company to the Substantial Shareholder; (ii) the shareholder’s loans owed to the Substantial Shareholder in the amount of approximately HK\$36.7 million (the “**Shareholder’s Loan**”); and (iii) other outstanding indebtedness in the amount of approximately HK\$24.6 million (the “**Other Outstanding Indebtedness**”).

The Company will utilise the proceeds from the Share Subscription in the amount of approximately HK\$34 million to settle the Other Outstanding Indebtedness of the Company on the completion date in full and the remaining amount will be applied towards general working capital for the continued business operation of the Group.

In addition, the Substantial Shareholder agrees that, immediately upon completion of the Share Subscription, all liabilities and/or obligations in connection with the Convertible Notes and the Shareholder’s Loans will be waived and discharged in full, whereupon the Company shall have no further liability or obligation thereunder.

GOING CONCERN BASIS *(Continued)*

(ii) Financing through capital market

On 16 February 2026, the Company entered into a convertible bond subscription agreement with an investor, pursuant to which the Company has conditionally agreed to issue, and the Investor has conditionally agreed to subscribe for, convertible bonds in the principal amount of HK\$19 million (the “**Convertible Bonds**”).

Taking into account the successful implementation of measures as described above, the Directors are of the opinion that the Group will have sufficient working capital (including the proceeds from the Share Subscription after settling the Other Outstanding Indebtedness and proceeds from the issue of the Convertible Bonds) to meet its cash flow requirements in the next twelve months. The Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Group is able to achieve its plans and measures as described above which have incorporated assumptions about future events and conditions that are subject to inherent uncertainties. Whether the Group will be able to continue as a going concern would depend upon the following:

- (a) whether the Subscription Agreement and Deed of Settlement will be completed and duly executed;
- (b) whether the CB Subscription Agreement can be completed and duly executed; and
- (c) whether the Group can successfully improve its operation and further control operating expenditure.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2024.

AUDIT COMMITTEE REVIEW

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

The members of the Audit Committee are Mr. Zhang Jue (the chairman of the Audit Committee), Ms. Zhang Xiaofen and Mr. Zhu Lianhai, the independent non-executive Directors.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website at <http://www.irasia.com/listco/hk/ruixin> and the website of the Stock Exchange. The Company's interim report for the six months ended 30 June 2024 will be despatched to the shareholders of the Company and will be available at the above websites in due course.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 September 2024 and will remain suspended until the Company fulfils the Resumption Guidance.

APPRECIATION

On behalf of the Board, I would like to thank all employees for their hard work and dedication as well as our Shareholders and business partners for their continued support.

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

Hong Kong, 27 February 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	–	56,156
Cost of sales		–	(56,010)
Gross profit		–	146
Other income		5	62
Distribution costs		–	(7,031)
Administrative expenses		(8,774)	(18,283)
Impairment loss on right-of-use assets		(310)	(285)
Finance costs	4	(11,358)	(9,394)
Loss before taxation		(20,437)	(34,785)
Income tax expense	5	(3)	(–)
Loss for the period attributable to owners of the Company	6	(20,440)	(34,785)
Loss per share (in Hong Kong cents)	8		
Basic and diluted		(24.33)	(41.40)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	<u>(20,440)</u>	<u>(34,785)</u>
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>559</u>	<u>289</u>
Total comprehensive expenses for the period attributable to owners of the Company	<u>(19,881)</u>	<u>(34,496)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	510	92
Right-of-use assets		–	–
		510	92
Current assets			
Inventories		80	84
Trade receivables	10	–	46
Prepayments, deposits and other receivables		1,362	4,486
Bank balances and cash		6,571	7,182
		8,013	11,798
Current liabilities			
Lease liabilities		844	914
Other payables and accruals	11	22,389	21,075
Loans from a substantial shareholder	12	5,188	12,921
Convertible notes	13	146,175	–
		174,596	34,910
Net current liabilities		(166,583)	(23,112)
Total assets less current liabilities		(166,073)	(23,020)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		201	394
Loans from a substantial shareholder		26,587	15,891
Convertible notes	13	–	136,544
		26,788	152,829
		(192,861)	(175,849)
Capital and reserves			
Share capital	14	8,402	8,402
Reserves		(201,263)	(184,251)
		(192,861)	(175,849)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus (note a) HK\$'000	Foreign exchange reserve HK\$'000	Convertible notes reserve HK\$'000	Other reserve (note b) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024 (audited)	8,402	2,374,265	5,800	841	5,644	58,390	(2,629,191)	(175,849)
Loss for the period	-	-	-	-	-	-	(20,440)	(20,440)
Other comprehensive income for the period								
Exchange differences arising on translation of foreign operations	-	-	-	559	-	-	-	559
Total comprehensive income (expenses) for the period	-	-	-	559	-	-	(20,440)	(19,881)
Derecognition of deemed contribution on HK shareholder loans	-	-	-	-	-	(1,164)	1,164	-
Recognition of deemed contribution on loans from a substantial shareholder (Note 12)	-	-	-	-	-	2,869	-	2,869
At 30 June 2024 (unaudited)	8,402	2,374,265	5,800	1,400	5,644	60,095	(2,648,467)	(192,861)
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus (note a) HK\$'000	Foreign exchange reserve HK\$'000	Convertible notes reserve HK\$'000	Other reserve (note b) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2023 (audited)	8,402	2,374,265	5,800	463	5,644	55,539	(2,556,742)	(106,629)
Loss for the period	-	-	-	-	-	-	(34,785)	(34,785)
Other comprehensive income for the period								
Exchange differences arising on translation of foreign operations	-	-	-	289	-	-	-	289
Total comprehensive income (expenses) for the period	-	-	-	289	-	-	(34,785)	(34,496)
Recognition of deemed contribution on loans from a substantial shareholder (Note 12)	-	-	-	-	-	358	-	358
At 30 June 2023 (unaudited)	8,402	2,374,265	5,800	752	5,644	55,897	(2,591,527)	(140,767)

Notes:

- The contributed surplus represents the difference between the nominal value of the shares of the former group's holding company acquired pursuant to a group reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefore.
- Other reserve represents the deemed contribution from (i) the substantial shareholder of the Company in respect of the modification of terms of convertible notes in 2022 and 2018; and (ii) the loans from a substantial shareholder.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(4,338)	(3,550)
Net cash used in investing activities	(459)	(89)
Net cash generated from financing activities	3,529	2,826
Net (decrease) increase in cash and cash equivalents	(1,268)	(813)
Cash and cash equivalents at beginning of the period	7,182	6,449
Effect of foreign exchange rate changes	657	(97)
Cash and cash equivalents at end of the period, representing bank balances and cash	6,571	5,539

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

The directors of the Company (the “**Director(s)**”) have given careful consideration to the going concern status of the Group in light of the fact that during the period ended 30 June 2024, the Group incurred a net loss of approximately HK\$20,440,000. In addition, as at 30 June 2024, the Group had net current liabilities of approximately HK\$166,583,000, net liabilities of approximately HK\$192,861,000 and bank balances and cash of approximately HK\$6,571,000, while its lease liabilities and other payables and accruals were approximately HK\$1,045,000 and HK\$22,389,000, respectively, which will be due in the coming twelve months from the end of the reporting period.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern.

Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(i) Share Subscription and Settlement Deed with the Substantial Shareholder

On 16 February 2026, the Company entered into a subscription and settlement deed with Mr. Li Weimin (the “**Substantial Shareholder**”) to raise gross proceeds of approximately HK\$34 million (the “**Share Subscription**”).

Up to 27 February 2026, the total indebtedness of the Company amounted to approximately HK\$227.1 million, which consisted of (i) the convertible notes in the principal amount of HK\$158.4 million (the “**Convertible Notes**”) issued by the Company to the Substantial Shareholder; (ii) the shareholder’s loans owed to the Substantial Shareholder in the amount of approximately HK\$36.7 million (the “**Shareholder’s Loan**”); and (iii) other outstanding indebtedness in the amount of approximately HK\$24.6 million (the “**Other Outstanding Indebtedness**”).

The Company will utilise the proceeds from the Share Subscription in the amount of approximately HK\$34 million to settle the Other Outstanding Indebtedness of the Company on the completion date in full and the remaining amount will be applied towards general working capital for the continued business operation of the Group.

In addition, the Substantial Shareholder agrees that, immediately upon completion of the Share Subscription, all liabilities and/or obligations in connection with the Convertible Notes and the Shareholder’s Loans will be waived and discharged in full, whereupon the Company shall have no further liability or obligation thereunder.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2024

1. BASIS OF PREPARATION *(Continued)*

(ii) Financing through capital market

On 16 February 2026, the Company entered into a convertible bond subscription agreement with an investor, pursuant to which the Company has conditionally agreed to issue, and the Investor has conditionally agreed to subscribe for, convertible bonds in the principal amount of HK\$19 million (the “**Convertible Bonds**”).

Taking into account the successful implementation of measures as described above, the Directors are of the opinion that the Group will have sufficient working capital (including the proceeds from the Share Subscription after settling the Other Outstanding Indebtedness and proceeds from the issue of the Convertible Bonds) to meet its cash flow requirements in the next twelve months. The Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Group is able to achieve its plans and measures as described above which have incorporated assumptions about future events and conditions that are subject to inherent uncertainties.

Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) whether the Subscription Agreement and Deed of Settlement will be completed and duly executed;
- (ii) whether the CB Subscription Agreement can be completed and duly executed; and
- (iii) whether the Group can successfully improve its operation and further control operating expenditures.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realizable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2024

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

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

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendment to HKAS 1	Non-current Liabilities with Covenants
Amendment to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

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

3. REVENUE AND SEGMENT INFORMATION

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024

4. FINANCE COSTS

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Imputed interest expenses on convertible notes (Note 13)	9,631	8,391
Imputed interest expenses on loans from a substantial Shareholder	1,656	918
Interest expense on lease liabilities	71	85
	11,358	9,394

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	–	–
The People's Republic of China Enterprise Income Tax	3	–
	3	–

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the six months ended 30 June 2024 and 2023, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024

5. INCOME TAX EXPENSE (Continued)

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2024 and 2023 as the Group has no assessable profits arising in Hong Kong for both reporting periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the Reporting Period and the Corresponding Period. No provision for Enterprise Income Tax has been made for the years ended 30 June 2024 and 2023 as the Group’s PRC subsidiary has no assessable profits for both reporting periods.

Under the Law of Vietnam on Corporate Income Tax (the “Vietnam Corporate Tax”), the tax rate of the subsidiary registered in Vietnam is 20%. No provision for the Vietnam Corporate Tax has been made for the six months ended 30 June 2024 and 2023 as the Vietnam subsidiary has no assessable profits for both reporting periods.

6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Bank interest income	(5)	(2)
Reversal of impairment loss on inventories (included in cost of sales)	–	(165)
Depreciation of property, plant and equipment	37	16
Net exchange loss (gain)	408	(43)

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2024

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$20,440,000 (six months ended 30 June 2023: HK\$34,785,000) and the weighted average number of approximately 84,017,000 (six months ended 30 June 2023: 84,017,000) ordinary shares in issue during the six months ended 30 June 2024.

For the six months ended 30 June 2024 and 2023, the diluted loss per share is the same as the basic loss per share.

The computation of diluted loss per share for the six months ended 30 June 2024 and 2023 did not assume the conversion of the Company's outstanding convertible notes as the conversion of convertible notes would result in a decrease in loss per share.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group spent approximately HK\$464,000 (six months ended 30 June 2023: HK\$91,000) on addition of leasehold improvements and others.

10. TRADE RECEIVABLES

The Group allows an average credit period of 30 to 120 days (31 December 2023: 30 to 120 days) to its trade customers.

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Current	–	46

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2024

11. TRADE PAYABLES

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Current	–	–

12. LOANS FROM A SUBSTANTIAL SHAREHOLDER

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Loans repayable on maturity, unsecured and non-interest bearing	31,775	28,812
Analysed for financial reporting purpose:		
Due within one year	5,188	12,921
Due more than one year but less than two years	26,587	15,891
	31,775	28,812

As at 30 June 2024, the principal amount of loans from a substantial shareholder remained outstanding is HK\$37,385,000 (31 December 2023: HK\$33,208,000).

Imputed interest of loans from a substantial shareholder calculated at the effective interest rates ranging from 10.4% to 16.86% (six months ended 30 June 2023: ranging from 6.75% to 12.94%), which was determined by an independent valuer, of approximately HK\$1,656,000 (six months ended 30 June 2023: HK\$918,000) and deemed contribution of approximately HK\$2,870,000 (six months ended 30 June 2023: HK\$358,000) were recognised and charged to the condensed consolidated statement of profit or loss and other reserve in the condensed consolidated statement of changes in equity during the six months ended 30 June 2024, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2024

13. CONVERTIBLE NOTES

As at 30 June 2024 and 31 December 2023, the principal amount of convertible notes that remained outstanding was HK\$158,400,000. On 14 November 2014, the Company and Mr. Li entered into a deed of variation, pursuant to which it was agreed that, subject to the fulfillment of conditions precedent, (i) the maturity date of the then outstanding convertible notes with an aggregate principal amount of HK\$302,400,000 would be extended from 15 November 2014 to 31 December 2016; and (ii) the original conversion price of HK\$0.12 per share would be adjusted to the conversion price of HK\$0.035 per share. Save for the above alterations, all other terms and conditions of the then outstanding convertible notes remained unchanged. On 9 January 2015, the relevant ordinary resolution was duly passed at the special general meeting and the extension of the maturity date and the adjustment of the conversion price of the then outstanding convertible notes became effective. For details, please refer to the announcements of the Company dated 14 November 2014, 17 November 2014 and 9 January 2015, as well as the circular of the Company dated 19 December 2014 and the Company's annual report for the year ended 31 December 2015.

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

On 14 December 2016, the Company and Mr. Li entered into a deed of further variation, pursuant to which it was agreed that, subject to the fulfillment of conditions precedent, the maturity date of the then outstanding convertible notes with an aggregate principal amount of HK\$260,400,000 would be extended from 31 December 2016 to 31 January 2019. Save for the above alteration, all other terms and conditions of the then outstanding convertible notes remained unchanged. On 16 January 2017, the relevant ordinary resolution was duly passed at the special general meeting and the extension of the maturity date of the then outstanding convertible notes became effective. For details, please refer to the announcements of the Company dated 14 December 2016 and 16 January 2017, as well as the circular of the Company dated 29 December 2016 and the Company's annual report for the year ended 31 December 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2024

13. CONVERTIBLE NOTES *(Continued)*

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

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

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

As a result of the capital reorganisation in 2022 (every ten issued and unissued ordinary shares with a par value of HK\$0.20 each in the share capital of the Company were consolidated into one ordinary share with a par value of HK\$2.00 each (each a "**Consolidated Share**") (the "**Share Consolidation**"); the par value of each issued Consolidated Share was reduced from HK\$2.00 to HK\$0.10 by cancelling the paid-up capital of the Company to the extent of HK\$1.90 on each issued Consolidated Share and any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation was cancelled; and each authorised but unissued Consolidated Share with a par value of HK\$2.00 was subdivided into twenty new share (the "**New Share(s)**") of the Company with a par value of HK\$0.10 each) and under the terms and conditions of the convertible notes, the conversion price of the outstanding convertible notes was adjusted from HK\$0.22 per share to HK\$2.20 per New Share with effect from the close of business in Hong Kong on 8 November 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2024

13. CONVERTIBLE NOTES *(Continued)*

On 11 August 2022, the Company and Mr. Li entered into a deed of further variation, pursuant to which it was agreed that, subject to the fulfillment of conditions precedent, (i) the maturity date of the outstanding convertible notes with an aggregate principal amount of HK\$158,400,000 would be extended from 31 January 2022 to 31 January 2025; and (ii) the adjusted conversion price of HK\$2.20 per New Share would be further adjusted to the conversion price of HK\$1.00 per New Share. On 7 November 2022, the relevant ordinary resolution was duly passed at the special general meeting. On 10 November 2022, the extension of the maturity date and the adjustment of the adjusted conversion price of the outstanding convertible notes became effective. For details, please refer to the announcements of the Company dated 11 August 2022, 7 November 2022 and 10 November 2022, as well as the circular of the Company dated 14 October 2022 and the Company's annual report for the year ended 31 December 2022. Based on the conversion price of HK\$1.00 per share, the outstanding convertible notes with an aggregate principal amount of HK\$158,400,000 will be convertible into 158,400,000 ordinary shares of HK\$0.10 each.

The extension of the maturity date and the adjustment of the adjusted conversion price resulted in the extinguishment of the financial liability of the convertible notes and related equity component and the recognition of new financial liability and equity components. The carrying values of liability component and equity component of the convertible notes immediately before modification were approximately HK\$158,400,000 and HK\$41,814,000 respectively. According to a valuation report issued by an independent valuer not connected with the Group, the fair values of the new liability component and equity component immediately following the modification are approximately HK\$105,843,000 and HK\$5,644,000 respectively. These caused an increase of approximately HK\$52,557,000 in other reserve in the consolidated statement of changes in equity, a transfer of approximately HK\$47,743,000 between other reserve and accumulated losses, and a transfer of a net amount of approximately HK\$36,170,000 between the convertible notes reserve and accumulated losses with no profit or loss impact during the year ended 31 December 2022.

On 26 February 2026, Mr. Li signed an irrevocable commitment letter confirming that, among other things, he would not demand payment in respect of the remaining principal of HK\$158,400,000 and waive all the default interest, if any, from the date of the letter of undertaking up to 30 June 2027 or the date of completion of the transactions contemplated under the Resumption Plan (as defined below) (whichever is earlier).

The imputed interest charged on the convertible notes for the six months ended 30 June 2024 amounted to approximately HK\$9,631,000 (six months ended 30 June 2023: HK\$8,391,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2024

14. SHARE CAPITAL

	Number of shares '000	HK\$'000
Authorised ordinary shares of HK\$0.10 (31 December 2023: HK\$0.10) each:		
At 1 January 2023, 31 December 2023 and 30 June 2024	6,000,000	600,000
Issued and fully paid ordinary shares of HK\$0.10 (31 December 2023: HK\$0.10) each:		
At 1 January 2023, 31 December 2023 and 30 June 2024	84,017	8,402

15. RELATED PARTY TRANSACTIONS

During the current interim period, the Group had the following transactions with related parties:

- (a) The following balances were outstanding at the end of the reporting periods:

	Amounts due to related parties	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Directors' emoluments payables (included in other payables) (Note i)	15,023	13,707
Emoluments payables to close family members of a substantial shareholder of the Company (included in other payables) (Note ii)	8,579	7,682
Principal amount of loans from a substantial shareholder (Note 12)	37,385	33,209
Principal amount of convertible notes due to a substantial shareholder (Note 13)	158,400	158,400

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2024

15. RELATED PARTY TRANSACTIONS *(Continued)*

- (a) The following balances were outstanding at the end of the reporting periods:
(Continued)

Notes:

- (i) The Directors' emoluments payables were unsecured, interest-free and repayable on demand.
- (ii) The emoluments payables to close family members of a substantial shareholder of the Company and a former Director were unsecured, interest-free and repayable on demand. As at 30 June 2024, emoluments of approximately HK\$8,477,000 (31 December 2023: HK\$7,580,000) payable to Ms. Li Yang, an executive Director and the chairman of the Board, was also included in Directors' emoluments payables.
- (b) During six months ended 30 June 2024, remuneration of approximately HK\$906,000 (six months ended 30 June 2023: approximately HK\$906,000) were payable to a close family member of a substantial shareholder of the Company as an executive Director and the chairman of the board of Directors.
- (c) The remuneration of the Directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	2,247	2,265
Post-employment benefits	180	180
	2,427	2,445

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's financial instruments, including financial assets (including rental deposits, trade receivables, deposits and other receivables, and bank balances and cash) and financial liabilities (including trade payables, other payables and accruals, loans from a substantial shareholder and convertible notes), are recorded at amortised cost. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.