



RENHENG Enterprise Holdings Limited

仁恒實業控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 3628)



**2017**  
**Interim Report**

## HIGHLIGHTS

- Revenue for the six months ended 30 June 2017 was approximately HK\$13,009,000, representing a decrease of approximately 37.3% as compared with the corresponding period in 2016;
- Loss attributable to shareholders of the Company for the six months ended 30 June 2017 was approximately HK\$2,359,000, while loss attributable to shareholders of the Company for the six months ended 30 June 2016 was approximately HK\$1,711,000; and
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017.

The board (the “Board”) of directors (the “Directors”) of RENHENG Enterprise Holdings Limited (the “Company”) hereby presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2017 together with the unaudited comparative figures for the corresponding year in 2016 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

		<b>For the six months ended 30 June</b>	
		<b>2017</b>	2016
		<b>HK\$'000</b>	HK\$'000
	Notes	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>	4	<b>13,009</b>	20,760
Cost of sales		<u><b>(7,357)</b></u>	<u>(13,212)</u>
<b>Gross profit</b>		<b>5,652</b>	7,548
Other income and gains	5	<b>1,707</b>	1,962
Selling and distribution costs		<b>(2,960)</b>	(3,340)
Administrative expenses		<b>(6,285)</b>	(7,170)
Research and development costs		<u><b>(473)</b></u>	<u>–</u>
<b>Loss before taxation</b>	6	<b>(2,359)</b>	(1,000)
Taxation	7	<u>–</u>	<u>(711)</u>
<b>Loss for the period</b>		<b>(2,359)</b>	(1,711)
Other comprehensive income (expense) for the period:			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation		<u><b>1,766</b></u>	<u>(419)</u>
Total comprehensive expense for the period		<u><b>(593)</b></u>	<u>(2,130)</u>
<b>Loss per share</b>	8	<b>HK cents</b>	HK cents
– Basic		<u><b>(0.3)</b></u>	<u>(0.2)</u>
– Diluted		<u><b>(0.3)</b></u>	<u>(0.2)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	As at 31 December 2016 HK\$'000 (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>10,340</b>	10,799
Land use rights		<b>2,452</b>	2,476
Investment properties		<b>17,960</b>	17,631
		<u><b>30,752</b></u>	<u>30,906</u>
<b>Current assets</b>			
Inventories	11	<b>23,644</b>	7,767
Trade and other receivables	12	<b>45,027</b>	30,261
Land use rights		<b>69</b>	68
Amounts due from customers for contract work		<b>–</b>	2,139
Amounts due from related companies		<b>847</b>	410
Restricted bank deposits	13	<b>38,376</b>	8,367
Bank balances and cash	13	<b>19,237</b>	68,291
		<u><b>127,200</b></u>	<u>117,303</u>
<b>Current liabilities</b>			
Trade and other payables	14	<b>47,966</b>	34,146
Tax payable		<b>1,394</b>	4,879
		<u><b>49,360</b></u>	<u>39,025</u>
<b>Net current assets</b>		<u><b>77,840</b></u>	<u>78,278</u>
<b>Total assets less current liabilities</b>		<b>108,592</b>	109,184
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>79</b>	78
		<u><b>108,513</b></u>	<u>109,106</u>
<b>Capital and reserves</b>			
Share capital	15	<b>2,010</b>	2,010
Reserves		<b>106,503</b>	107,096
<b>Total equity</b>		<u><b>108,513</b></u>	<u>109,106</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share premium	Discretionary Merger reserve	Discretionary surplus reserve	Statutory surplus reserve	Capital reserve	Property revaluation reserve	Translation reserve	Accumulated loss	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2016 (Audited)	2,010	41,818	49,091	3,338	21,055	999	2,775	7,520	-	128,606
Loss for the period	-	-	-	-	-	-	-	-	(1,711)	(1,711)
Exchange differences arising on translation	-	-	-	-	-	-	-	(419)	-	(419)
Total comprehensive expense for the period	-	-	-	-	-	-	-	(419)	(1,711)	(2,130)
At 30 June 2016 (Unaudited)	<u>2,010</u>	<u>41,818</u>	<u>49,091</u>	<u>3,338</u>	<u>21,055</u>	<u>999</u>	<u>2,775</u>	<u>7,101</u>	<u>(1,711)</u>	<u>126,476</u>
At 1 January 2017 (Audited)	<b>2,010</b>	<b>41,818</b>	<b>49,091</b>	<b>3,338</b>	<b>22,156</b>	<b>999</b>	<b>2,775</b>	<b>1,007</b>	<b>(14,068)</b>	<b>109,106</b>
Loss for the period	-	-	-	-	-	-	-	-	(2,359)	(2,359)
Exchange differences arising on translation	-	-	-	-	-	-	-	1,766	-	1,766
Total comprehensive income (expense) for the period	-	-	-	-	-	-	-	1,766	(2,359)	(593)
At 30 June 2017 (Unaudited)	<u><b>2,010</b></u>	<u><b>41,818</b></u>	<u><b>49,091</b></u>	<u><b>3,338</b></u>	<u><b>22,156</b></u>	<u><b>999</b></u>	<u><b>2,775</b></u>	<u><b>2,773</b></u>	<u><b>(16,447)</b></u>	<u><b>108,513</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>For the six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
<i>Note</i>	<b>(Unaudited)</b>	(Unaudited)
Net cash used in operating activities	<b>(20,357)</b>	(8,993)
Net cash used in investing activities	<b>(29,744)</b>	(45,430)
Net cash from financing activities	<b>-</b>	228
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(50,101)</b>	(54,195)
Cash and cash equivalents at the beginning of period	<b>68,291</b>	60,919
Effect of foreign exchange rate changes	<b>1,047</b>	(176)
	<hr/>	<hr/>
Cash and cash equivalents at the end of period, represented by bank balances and cash	<b>19,237</b>	6,548
13	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO INTERIM REPORT

### 1. GENERAL

The Company was incorporated in the Cayman Islands on 2 February 2011 and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company acts as an investment holding company while its subsidiaries are principally engaged in the manufacture and sale of tobacco machinery products in the People's Republic of China (the "PRC"). The addresses of the registered office and principal place of business of the Company are PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and Room 3805, 38/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, respectively.

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements for the six months ended 30 June 2017 were unaudited but have been reviewed by the audit committee of the Company. The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (The "Stock Exchange").

The condensed consolidated financial statements have been prepared on the historical cost basis except for the investment properties which are measured at revalued amounts. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

### 3. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current interim period, the Group has applied, for the first time, certain amendments to HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period. The application of these amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated statement and/or disclosures set out in these condensed consolidated financial statements.

#### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from sale of goods and construction contracts of casing and flavouring system. An analysis of the Group's revenue is as follows:

	For the six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of goods	11,149	5,660
Revenue from construction contracts of casing and flavouring system	1,860	15,100
	<u>13,009</u>	<u>20,760</u>

The Group's operating activities are attributable to a single operating segment focusing on manufacture and sale of tobacco machinery products. An analysis of the Group's revenue by products is as follows:

	For the six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from construction contracts of casing and flavouring system	1,860	15,100
Sales of		
– pneumatic feeding system	9,730	1,420
– pre-pressing packing machine	388	134
– other products	1,031	4,106
	<u>13,009</u>	<u>20,760</u>

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to chief executive officer of the Company, the chief operating decision maker of the Company. Accordingly, no segment information is presented. All of the Group's revenue are derived in the PRC and a majority of non-current assets of the Group are located in the PRC.



## 5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Sales of materials, parts and components, net gain	711	842
Rental income	207	204
Interest income	356	293
Subsidy income (note)	433	623
	<u>1,707</u>	<u>1,962</u>

Note: Based on the document issued by the People's Government of Baoying, Bao Ying Ren Heng Industrial Co. Limited ("Baoying Renheng"), subsidiary of the Company is entitled to tax refunds representing approximately 12.5% of the excess value added tax paid in prior year as compared with the reference amount as stated in that document.

There were no unfulfilled conditions attached to the subsidy and the refund, therefore, the Group recognised the income and refund upon receipts.

## 6. LOSS BEFORE TAXATION

	For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Loss before taxation has been arriving at after charging:		
Directors' emoluments	870	700
Other staff costs:		
Salaries, bonus and allowances	4,042	5,853
Retirement benefits scheme contributions	323	368
	<u>5,235</u>	<u>6,921</u>
Total staff costs		
Depreciation of property, plant and equipment	890	962
Auditor's remuneration	375	375
Cost of inventories recognised as an expense	4,066	2,540
Construction contract costs recognised as an expense	3,291	10,672
Release of land use rights	37	37
Operating lease rentals in respect of office premise	132	132
	<u>132</u>	<u>132</u>

## 7. TAXATION

<b>For the six months ended 30 June</b>	
<b>2017</b>	2016
<b>HK\$'000</b>	HK\$'000
<b>(Unaudited)</b>	(Unaudited)

The charge comprise:

PRC Enterprise Income Tax – current period	<u>          -</u>	<u>          711</u>
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No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2017 and 2016 as the Group has no assessable profit arisen in, or was derived from Hong Kong.

The provision for PRC Enterprise Income Tax is based on the estimated taxable income for PRC taxation purposes at 25% (six months ended 30 June 2016: 25%) pursuant to the Law of the PRC on Enterprise Income Tax and Implementation Legislation.

## 8. LOSS PER SHARE

The calculation of the basic and diluted loss per share for both periods is based on the following data:

<b>For the six months ended 30 June</b>	
<b>2017</b>	2016
<b>HK\$'000</b>	HK\$'000
<b>(Unaudited)</b>	(Unaudited)

### Loss

Loss for the period attributable to owners of the Company for the purposes of basic loss per share	<u><b>(2,359)</b></u>	<u>          (1,711)</u>
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### Number of shares

Weighted average number of ordinary shares for the purposes of calculating basic loss per share	<u><b>804,000,000</b></u>	<u>804,000,000</u>
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No diluted loss per share for both periods were presented as there were no potential ordinary shares in issue for both periods.

## 9. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group purchased property, plant and equipment amounting to approximately HK\$91,000 (six months ended 30 June 2016: approximately HK\$875,000).

## 11. INVENTORIES

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	As at 31 December 2016 HK\$'000 (Audited)
Raw materials	<b>13,734</b>	6,052
Work in progress	<b>9,910</b>	1,715
	<b><u>23,644</u></b>	<u>7,767</u>

## 12. TRADE AND OTHER RECEIVABLES

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	As at 31 December 2016 HK\$'000 (Audited)
Trade receivables	<b>22,491</b>	20,422
Less: Allowance for doubtful debts	<b>(2,207)</b>	(2,639)
	<b><u>20,284</u></b>	<u>17,783</u>
Retention money receivables	<b>8,413</b>	8,635
Prepayments and deposits	<b>10,659</b>	1,087
Sundry receivables	<b>6,379</b>	3,294
Less: Allowance for doubtful debts	<b>(708)</b>	(538)
	<b><u>24,743</u></b>	<u>12,478</u>
	<b><u>45,027</u></b>	<u>30,261</u>

The Group normally allows a credit period of three months to its trade customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and define appropriate credit limits. Retention money receivables refer to the sum retained by customers after the delivery and completion of the contracts but before the expiry of the warranty period given by the Group, which in general, a period of 12 months.

## 12. TRADE AND OTHER RECEIVABLES – CONTINUED

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date at the end of the reporting period.

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	As at 31 December 2016 HK\$'000 (Audited)
0 – 90 days	<b>7,637</b>	8,328
91 – 365 days	<b>3,514</b>	1,966
1 – 2 years	<b>6,299</b>	4,372
Over 2 years	<b>2,834</b>	3,117
	<b><u>20,284</u></b>	<u>17,783</u>

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date at the end of the reporting period which are past due but not impaired as the management of the Group considers that there has not been a significant change in credit quality and the amounts are considered recoverable. The Group does not hold any collateral over these balances.

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	As at 31 December 2016 HK\$'000 (Audited)
91 – 365 days	<b>3,514</b>	1,966
1 – 2 years	<b>6,299</b>	4,372
Over 2 years	<b>2,834</b>	3,117
	<b><u>12,647</u></b>	<u>9,455</u>

### 13. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances comprising cash and short-term deposits with an original maturity of three months or less carried at prevailing market deposit rate. The effective interest rate of these deposits ranged from 0.001% to 3.50% (31 December 2016: 0.001% to 2.10%) per annum.

As at 30 June 2017, restricted bank deposits represented deposits of approximately HK\$38,376,000 (31 December 2016: HK\$8,367,000) with effective interest rate of 3.00% (31 December 2016: 1.52%) per annum reserved to banks and not available for use in the Group's daily operation.

### 14. TRADE AND OTHER PAYABLES

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	As at 31 December 2016 HK\$'000 (Audited)
Trade payables	<b>17,480</b>	6,915
Bills payables	<b>3,505</b>	4,243
	<b>20,985</b>	11,158
Advances from customers	<b>23,355</b>	17,529
Accrued welfare expense	<b>1,652</b>	1,622
Valued added tax payable	<b>204</b>	1,115
Other payables	<b>1,551</b>	2,600
Other tax payables	<b>219</b>	122
	<b>47,966</b>	34,146

**14. TRADE AND OTHER PAYABLES – CONTINUED**

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period.

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	As at 31 December 2016 HK\$'000 (Audited)
0 – 90 days	<b>20,396</b>	8,961
91 – 365 days	<b>459</b>	1,625
1 – 2 years	<b>–</b>	202
Over 2 years	<b>130</b>	370
	<b><u>20,985</u></b>	<u>11,158</u>

The average credit period on purchase of goods is 90 days.

**15. SHARE CAPITAL**

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Ordinary shares of HK\$0.0025 each		
Authorised:		
At 1 January 2016, 31 December 2016 (Audited) and 30 June 2017 (Unaudited)	<b><u>4,000,000,000</u></b>	<b><u>10,000</u></b>
Issued and fully paid:		
At 1 January 2016, 31 December 2016 (Audited) and 30 June 2017 (Unaudited)	<b><u>804,000,000</u></b>	<b><u>2,010</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the manufacture, sale and provision of maintenance, overhaul and modification services in respect of tobacco machinery products in the PRC. We generate our turnover primarily from projects related to three types of catalogued special-purpose tobacco machinery products, namely the casing and flavouring systems, pneumatic feeding systems (“PF systems”) and pre-pressing packing machines (“PP systems”).

### FINANCIAL REVIEW

For the six months ended 30 June 2017, the Group’s revenue decreased by approximately 37.3% to HK\$13,009,000 (six months ended 30 June 2016: approximately HK\$20,760,000) as compared to the corresponding period last year. Such decrease in revenue was mainly due to less projects completed, especially the casing and flavouring systems during the period. Revenue from our casing and flavouring systems for the six months ended 30 June 2017 was approximately HK\$1,860,000 while the revenue in the corresponding period last year was approximately HK\$15,100,000, resulting from fewer projects from our cigarette manufacturers. Gross profit margin for the six months ended 30 June 2017 was 43.4% (six months ended 30 June 2016: 36.4%). The increase in gross profit margin was because we completed more PF systems with traditional high gross profit margin during the current period. Revenue from our PF systems for the six months ended 30 June 2017 was approximately HK\$9,730,000 while the revenue in the corresponding period last year was approximately HK\$1,420,000.

The operating expenditure of the Group, comprising the selling and distribution costs and administrative expenses, amounted to approximately HK\$10,510,000 and HK\$9,245,000 for the six months ended 30 June 2016 and 2017 respectively. The other income and gains decreased from approximately HK\$1,962,000 for the six months ended 30 June 2016 to approximately HK\$1,707,000 for the six months ended 30 June 2017, because we received less subsidy income during the current period. The net loss for the six months ended 30 June 2017 was approximately HK\$2,359,000 (six months ended 30 June 2016: approximately HK\$1,711,000). The loss for the current period was due to fewer casing and flavouring systems resulted from our cigarette manufacturers.

As at 30 June 2017, the Group had a stable capital structure with a net current assets of approximately HK\$77,840,000 (31 December 2016: approximately HK\$78,278,000) and continued with zero bank borrowings (31 December 2016: zero). As at 30 June 2017, trade and other receivables balance (net of allowance for doubtful debt) increased by approximately HK\$14,766,000 or 48.8% to HK\$45,027,000 (31 December 2016: approximately HK\$30,261,000).

## **BUSINESS REVIEW**

For the six months ended 30 June 2017, the Group generated majority of the revenue from the sale of catalogued special-purpose tobacco machinery products, amounting to approximately HK\$11,978,000 (six months ended 30 June 2016: approximately HK\$16,654,000) with a decrease of approximately HK\$4,676,000 or 28.1% as compared with the same period last year. During the period under review, the Group has provided our casing and flavouring systems to customers mainly located in Shanghai.

Revenue arising from PF systems for the six months ended 30 June 2017 amounted to approximately HK\$9,730,000, representing an increase of approximately 585.2% or HK\$8,310,000 as compared to approximately HK\$1,420,000 for the six months ended 30 June 2016. During the period under review, the Group has provided our PF system to customer mainly located in Shanghai.

Meanwhile, our sales and marketing personnel were still actively identifying and discussing with respective cigarette manufacturers and tobacco redrying factories in respect of contracting three types of catalogued special-purpose tobacco machinery products in the market. Based on the current economic, political and social developments in the PRC, the Group continued our estimation in early this year that this year is still challenging.



## **PRE-IPO SHARE OPTION SCHEME**

The Company's pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") was adopted pursuant to a written resolution passed by the shareholders on 20 October 2011. The purpose of the Pre-IPO Share Option Scheme is to grant options to the participants as incentive or rewards for their contributions to the Group.

Options to subscribe for an aggregate of 1,300,000 shares at an exercise price of HK\$0.96 were originally granted to 10 participants including one executive Director, four members of the senior management of the Group and five employees of the Group, each at a consideration of HK\$10.00 under the Pre-IPO Share Option Scheme on 20 October 2011.

Up to 30 June 2017, all options granted to Directors, eligible employees under the Pre-IPO Share Option Scheme were exercised or cancelled.

## **SHARE OPTION SCHEME**

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a written resolution passed by the shareholders on 20 October 2011 for the primary purpose of providing the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

Up to 30 June 2017, no options were granted to Directors, eligible employees and other outside third parties under the Share Option Scheme.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests of Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange pursuant to the required standard of dealings by Directors as referred to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, were as follows:

### Long positions

*Ordinary shares of HK\$0.0025 each of the Company*

Name	Capacity/ Nature of Interest	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
<b>Directors</b>			
Mr. Wei Sheng Peng <sup>(1)</sup>	Interest of a controlled corporation and family interest	600,000,000	74.6%
Ms. Liu Li <sup>(2)</sup>	Interest of a controlled corporation and family interest	600,000,000	74.6%
Mr. Xu Jiagui	Personal interest	800,000	0.1%

Notes:

1. LinkBest Capital Group Limited ("LinkBest"), which is wholly owned by Mr. Wei Sheng Peng, is interested in 360,000,000 shares of the Company. Mr. Wei Sheng Peng is also the spouse of Ms. Liu Li, so he is deemed to be interested in 240,000,000 shares held by Open Venture Global Limited ("Open Venture"), being a corporation wholly owned by Ms. Liu Li.

Mr. Wei Sheng Peng passed away in May 2016 and his heritage is still under process as at 30 June 2017.

2. Open Venture, which is wholly owned by Ms. Liu Li, is interested in 240,000,000 shares of the Company. Ms. Liu Li is also the spouse of Mr. Wei Sheng Peng, so she is deemed to be interested in 360,000,000 shares held by LinkBest, being a corporation wholly owned by Mr. Wei Sheng Peng.

Save as disclosed above, none of the Directors and the chief executive of the Company nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2017.

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 June 2017, according to the register of interests required to be kept by the Company under Section 336 of the SFO other than the interests disclosed above in respect of Directors and chief executive of the Company, the following parties had interests in shares of the Company, as notified to the Company and The Stock Exchange, as follows:

### **Long positions**

*Ordinary shares of HK\$0.0025 each of the Company*

<b>Name of the shareholders</b>	<b>Capacity/ Nature of Interest</b>	<b>Number of issued ordinary shares held</b>	<b>Approximate percentage of the issued share capital of the Company</b>
LinkBest <sup>(1)</sup>	Beneficial owner	360,000,000	44.8%
Open Venture <sup>(2)</sup>	Beneficial owner	240,000,000	29.8%
Mr. Wei Sheng Peng <sup>(3)</sup>	Interest of a controlled corporation and family interest	600,000,000	74.6%
Ms. Liu Li <sup>(4)</sup>	Interest of a controlled corporation and family interest	600,000,000	74.6%

Notes:

1. LinkBest is wholly owned by Mr. Wei Sheng Peng.  
  
Mr. Wei Sheng Peng passed away in May 2016 and his heritage is still under process as at 30 June 2017.
2. Open Venture is wholly owned by Ms. Liu Li.
3. Mr. Wei Sheng Peng is the sole shareholder of LinkBest which is interested in 360,000,000 shares of the Company and as the spouse of Ms. Liu Li, he is deemed to be interested in 240,000,000 shares held by Open Venture, being a corporation wholly owned by Ms. Liu Li.  
  
Mr. Wei Sheng Peng passed away in May 2016 and his heritage is still under process as at 30 June 2017.
4. Ms. Liu Li is the sole shareholder of Open Venture which is interested in 240,000,000 shares of the Company and as the spouse of Mr. Wei Sheng Peng, she is deemed to be interested in 360,000,000 shares held by LinkBest, being a corporation wholly owned by Mr. Wei Sheng Peng.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2017.

### **COMPETING INTERESTS**

None of the Directors or controlling shareholders of the Company nor their respective associates (as defined under the Listing Rules) had any interest in a business that competes or may compete with the business of the Group.

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

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares of the Company.

## **CORPORATE GOVERNANCE PRACTICES**

Pursuant to the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules which sets out the principles of good corporate governance and the code provisions (the “Code Provisions”), the Company has applied all the Code Provisions as set out in the CG Code during the six months ended 30 June 2017, except for the Code Provisions A.2.1 of the CG Code as follows:

The roles of chairman and chief executive officer are performed by the same individual.

## **AUDIT COMMITTEE**

The Company has established an audit committee on 20 October 2011, currently comprising three independent non-executive Directors and is chaired by Mr. Wong Yiu Kit, Ernest. The rest of the members are Mr. Kong Hing Ki and Mr. Wu Wei. The interim report for the six months ended 30 June 2017 have been reviewed by the audit committee in accordance with Listing Rules. The audit committee was of the opinion that such results complied with the applicable accounting standards and that adequate disclosures had been made.

By order of the Board

**RENHENG Enterprise Holdings Limited**

**Liu Li**

*Chairman & Chief Executive Officer*

Hong Kong, 25 August 2017

*As at the date of this report, the executive Directors are Ms. Liu Li and Mr. Xu Jiagui and the independent non-executive Directors are Mr. Wong Yiu Kit, Ernest, Mr. Kong Hing Ki and Mr. Wu Wei.*