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## **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)

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **HIGHLIGHTS**

- Revenue for the year ended 31 December 2017 increased by HK\$3,561,000 or 8.9% to HK\$43,671,000 (2016: HK\$40,110,000);
- Loss attributable to shareholders of the Company for the year ended 31 December 2017 decreased by HK\$9,757,000 or 75.1% to HK\$3,230,000 (2016: HK\$12,987,000);
- Total comprehensive income for the year ended 31 December 2017 was HK\$3,351,000 (2016: total comprehensive expense of HK\$19,500,000); and
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017.

The board (the “Board”) of directors (the “Directors”) of RENHENG Enterprise Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2017 together with the comparative figures for the year 2016 as follows:

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

*For the year ended 31 December*

	<i>Notes</i>	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
<b>Revenue</b>	4	<b>43,671</b>	40,110
Cost of sales		<u>(25,343)</u>	<u>(29,061)</u>
<b>Gross profit</b>		<b>18,328</b>	11,049
Other income and gains	5	<b>6,741</b>	4,603
Other losses	6	<b>(482)</b>	(1,207)
Selling and distribution costs		<b>(9,853)</b>	(8,005)
Administrative expenses		<b>(13,825)</b>	(16,889)
Research and development costs		<u>(1,852)</u>	<u>(2,717)</u>
<b>Loss before taxation</b>		<b>(943)</b>	(13,166)
Taxation	7	<u>(2,287)</u>	<u>179</u>
<b>Loss for the year</b>		<b>(3,230)</b>	(12,987)
Other comprehensive income (expense) for the year:			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>6,581</u>	<u>(6,513)</u>
Total comprehensive income (expense) for the year		<u><b>3,351</b></u>	<u>(19,500)</u>
<b>Loss per share</b>	8	<b>HK cents</b>	HK cents
- Basic		<u><b>(0.4)</b></u>	<u>(1.6)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

	Notes	2017 HK\$'000	2016 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		10,679	10,799
Prepaid lease payment		2,558	2,476
Investment properties		19,693	17,631
Other receivables	10	299	-
		<u>33,229</u>	<u>30,906</u>
<b>Current assets</b>			
Inventories		18,171	7,767
Prepaid lease payment		72	68
Trade and other receivables	10	46,221	30,261
Amounts due from customers for contract works		8,671	2,139
Amount due from a related company		-	410
Financial assets designated as at fair value through profit or loss	11	33,622	-
Restricted bank deposits		12,234	8,367
Bank balances and cash		16,836	68,291
		<u>135,827</u>	<u>117,303</u>
<b>Current liabilities</b>			
Trade and other payables	12	50,199	34,146
Tax payable		5,051	4,879
		<u>55,250</u>	<u>39,025</u>
<b>Net current assets</b>		<u>80,577</u>	<u>78,278</u>
<b>Total assets less current liabilities</b>		<u>113,806</u>	<u>109,184</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,349	78
		<u>112,457</u>	<u>109,106</u>
<b>Capital and reserves</b>			
Share capital		2,010	2,010
Share premium		41,818	41,818
Reserves		86,084	79,366
Accumulated losses		(17,455)	(14,088)
<b>Total equity</b>		<u>112,457</u>	<u>109,106</u>

## **NOTES TO ANNUAL RESULTS**

### **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. Its shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (“GEM”) since 18 November 2011. On 25 November 2013, the listing of the shares of the Company has been transferred from GEM to the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company is jointly controlled by LinkBest Capital Group Limited and Open Venture Global Limited.

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 address of the registered office of the Company is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The address of the principal place of business of the Company is Room 3805, 38/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

The functional currency of the Company is Renminbi as it is the currency in which the majority of the Group’s transactions are denominated. The consolidated financial statements of the Group are presented in Hong Kong dollars (“HK\$”) as the management considers this presentation to be more useful for its current and potential investors.

### **2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

In the current year, the Group has applied, for the first time, the amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The application of these amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or the disclosures set out in these consolidated financial statements.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and financial assets designated as at fair value through profit or loss (“FVTPL”) that are measured at fair values at the end of each reporting period.

#### 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:

	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
Sales of goods	<b>14,135</b>	17,612
Revenue from construction contracts of casing and flavouring system	<b>29,536</b>	22,498
	<b>43,671</b>	40,110

The Group's operating activities are attributable to a single operating segment focusing on manufacture and sale of tobacco machinery products in the PRC. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the chief executive officer of the Company, being the chief operating decision maker ("CODM") of the Company. The CODM regularly reviews revenue analysis by products, including casing and flavouring system, pneumatic feeding system, pre-pressing packing machine and other products. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective products. The CODM reviews the revenue and the loss for the year of the Group as a whole to make decision about resources allocation. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM. Accordingly, no segment information is presented.

##### Entity-wide information

An analysis of the Group's revenue by products is as follows:

	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
Revenue from construction contracts of casing and flavouring system	<b>29,536</b>	22,498
Sales of		
- pneumatic feeding system	<b>11,752</b>	13,570
- pre-pressing packing machine	<b>774</b>	132
- other products	<b>1,609</b>	3,910
	<b>43,671</b>	40,110

#### 4. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2017 HK\$'000	2016 HK\$'000
Company A <sup>1</sup>	9,609	14,762
Company B <sup>1</sup>	4,586	5,148
Company C <sup>2</sup>	19,262	N/A*
Company D <sup>1</sup>	N/A*	4,248

<sup>1</sup> Revenue from sales of all products.

<sup>2</sup> Revenue from construction contracts of casing and flavouring system.

\* The revenue contributed did not exceed 10% of the total sale of the Group during the respective year.

All of the Group's revenue are derived in the PRC, which are determined by the location where the systems or products being installed or delivered. The Group's non-current assets are all located in the PRC (excluding Hong Kong).

#### 5. OTHER INCOME AND GAINS

	2017 HK\$'000	2016 HK\$'000
Subsidy income (note a)	438	613
Rental income from investment properties	48	410
Bank interest income	1,164	684
	<u>1,650</u>	<u>1,707</u>
Sales of scrap materials, parts and components, net gain	3,456	2,701
Gain on disposal of property, plant and equipment, net	4	-
Gain on fair value change of investment properties, unrealised	923	-
Forfeiture on receipt in advance (note b)	708	-
Others	-	195
	<u>5,091</u>	<u>2,896</u>
	<u>6,741</u>	<u>4,603</u>

Notes:

- a. These government grants are for immediate and unconditional financial support with no future related costs nor related to any assets, therefore, the Group recognised the income upon receipts.
- b. During the year ended 31 December 2017, the Group recognised the income for advance payment from a customer following its deregistration.

## 6. OTHER LOSSES

	2017 HK\$'000	2016 HK\$'000
Loss on fair value change of investment properties, unrealised	-	116
Allowance for doubtful debts	340	527
Write-off of amount due from a related company	-	336
Exchange loss, net	-	228
Others	142	-
	<u>482</u>	<u>1,207</u>

## 7. TAXATION

	2017 HK\$'000	2016 HK\$'000
The charge (credit) comprises:		
Current Tax		
PRC Enterprise Income Tax	572	-
PRC withholding tax	-	388
	<u>572</u>	<u>388</u>
Under-provision in prior year		
PRC Enterprise Income Tax	498	389
	<u>1,070</u>	<u>777</u>
Deferred taxation	1,217	(956)
	<u>2,287</u>	<u>(179)</u>

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profit arisen in, or was derived from Hong Kong.

The provision for withholding tax is arisen from its PRC subsidiary at a tax rate of 5% under tax treaty between the PRC and Hong Kong.

## 8. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company for both years is based on the following data:

	2017 HK\$'000	2016 HK\$'000
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	<u>(3,230)</u>	<u>(12,987)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	<u>804,000,000</u>	<u>804,000,000</u>

No diluted loss per share is presented for both years as there was no potential ordinary share in issue for both years.

## 9. DIVIDENDS

No dividends was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2017 (2016: nil), nor was any dividend been proposed by the Company since the end of the reporting period.

## 10. TRADE AND OTHER RECEIVABLES

	2017 HK\$'000	2016 HK\$'000
Trade and bills receivables	35,902	20,422
Less: allowance for doubtful debts	<u>(3,212)</u>	<u>(2,639)</u>
	<u>32,690</u>	<u>17,783</u>
Retention money receivables	6,445	8,635
Prepayments and deposits	4,362	1,087
Other receivables	3,526	3,294
Less: allowance for doubtful debts	<u>(503)</u>	<u>(538)</u>
	<u>13,830</u>	<u>12,478</u>
	<u>46,520</u>	<u>30,261</u>
	2017 HK\$'000	2016 HK\$'000
<i>Analysed for reporting purpose as:</i>		
Current assets	46,221	30,261
Non-current assets	<u>299</u>	<u>-</u>
	<u>46,520</u>	<u>30,261</u>



## 10. TRADE AND OTHER RECEIVABLES (Continued)

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 (including construction contracts of casing and flavouring system, and sales of pneumatic feeding system and other products) but before the expiry of the warranty period given by the Group, which in general, a period of 12 months. Included in retention money receivables with carrying amount of HK\$101,000 (2016: HK\$550,000) which is 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 amount is considered recoverable.

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

	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
0 – 90 days	<b>23,238</b>	8,328
91 – 365 days	<b>8,192</b>	1,966
1 – 2 years	<b>60</b>	4,372
Over 2 years	<b>1,200</b>	3,117
	<b><u>32,690</u></b>	<u>17,783</u>

The following is an aged analysis of trade and bills 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>2017</b> <b>HK\$'000</b>	2016 HK\$'000
91 – 365 days	<b>8,192</b>	1,966
1 – 2 years	<b>60</b>	4,372
Over 2 years	<b>1,200</b>	3,117
	<b><u>9,452</u></b>	<u>9,455</u>

## 11. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the year ended 31 December 2017, the Group entered into a contract of structured deposit with a bank in the PRC. The structured deposit contains embedded derivatives which were not closely related to the host contract. The entire combined contract has been designated as at financial assets at FVTPL on initial recognition. The principal of HK\$33,622,000 was not guaranteed by the relevant bank in which the return of the structured deposit was determined by reference to the performance of the underlying debt instruments and trust funds and the expected return rate stated in the contract range from 2.40% to 3.55% per annum.

In the opinion of the directors of the Company, the fair value of the structured deposit at 31 December 2017 approximated their principal amounts, and the fair value of the embedded derivatives is insignificant. The structured deposit has been matured on 5 January 2018 with a gain recognised.

## 12. TRADE AND OTHER PAYABLES

	2017 HK\$'000	2016 HK\$'000
Trade payables	17,783	6,915
Bills payables	<u>8,661</u>	<u>4,243</u>
	26,444	11,158
Advances from customers	13,931	17,529
Accrued welfare expenses	1,723	1,622
Valued added tax payables	3,971	1,115
Other payables	4,101	2,600
Other tax payables	<u>29</u>	<u>122</u>
	<u>50,199</u>	<u>34,146</u>

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

	2017 HK\$'000	2016 HK\$'000
0 – 90 days	21,573	8,961
91 – 365 days	4,415	1,625
1 – 2 years	49	202
Over 2 years	<u>407</u>	<u>370</u>
	<u>26,444</u>	<u>11,158</u>

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

## 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 have obtained the Tobacco Monopoly Production Enterprise Licence (煙草專賣生產企業許可證) issued by the State Tobacco Monopoly Administration of the PRC (中國國家煙草專賣局), under which we are permitted to manufacture, sell and provide maintenance, overhaul as well as modification services in respect of the aforesaid machinery products, and we are one of the thirty-five licenced manufacturers 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 system, pneumatic feeding system (“PF system”) and pre-pressing packing machine.

## FINANCIAL REVIEW

For the year ended 31 December 2017, the Group recorded a loss before taxation of HK\$943,000, representing a remarkable decrease in loss of HK\$12,223,000 or 92.8% when compared to loss before taxation of HK\$13,166,000 for the year ended 31 December 2016. The loss for the year has also decreased by HK\$9,757,000 or 75.1% from HK\$12,987,000 in prior year to HK\$3,230,000 in current year. The improvement in financial performance was mainly resulted from the combination effect of increase in gross profit and other income and gains together with the reduction of administrative expenses.

The revenue of the Group has increased by HK\$3,561,000 or 8.9% from HK\$40,110,000 for the year ended 31 December 2016 to HK\$43,671,000 for the year ended 31 December 2017 which was mainly attributed to the increase in revenue recognised for the casing and flavouring system by HK\$7,038,000 and the decrease in sales of the PF system and other products by HK\$1,818,000 and HK\$1,659,000, respectively in compare with prior year. Among the total revenue recognised for current year, revenue from construction contracts of casing and flavouring system contributed the substantial share on the total revenue by 67.6% (2016: 56.1%) while the sales of PF system shared 26.9% (2016: 33.8%). The increase in amount and proportion of revenue recognised for the construction contracts of casing and flavouring system was caused by the completion of a construction contract with contract sum amounted to HK\$19,262,000 (net of sales tax) during the year under review. Despite the number of sales of PF system in the year ended 31 December 2017 was more than the year ended 31 December 2016, the average contract sum from the sales of PF system has been decreased from HK\$2,262,000 in 2016 to HK\$1,175,000 in 2017.

The gross profit margin of the Group was 42.0% and 27.5% for the year ended 31 December 2017 and 2016 respectively. The significant improvement in gross profit margin for the current year is mainly resulted from less cost having been incurred to manufacture the PF systems resulting from tight cost control and there were several PF system sales contracts with low gross profit margin that led to a lower overall gross profit margin in the year ended 31 December 2016.

Other income and gains mainly represented the unrealised gain on fair value changes of the Group’s investment properties situated in the PRC for HK\$923,000 in 2017 while it was an unrealised fair value loss of HK\$116,000 (included in other losses) for prior year. In addition, the sales of scrap materials, parts and components recorded a net gain of HK\$3,456,000 in the current year while it was HK\$2,701,000 for the 2016.

Operating expenditure of the Group, comprising the selling and distribution costs and administrative expenses, amounted to HK\$23,678,000 (2016: HK\$24,894,000), representing a decrease of HK\$1,216,000 or 4.9%. The decrement was resulted from decrease in legal and professional fee and less staff costs were incurred for the year ended 31 December 2017.

For the year ended 31 December 2017, tax expense of HK\$2,287,000 was recorded while it was tax credit of HK\$179,000 for the prior year. Tax expense for the 2017 was resulted from an under-provision in PRC enterprise income tax of HK\$498,000 in prior year and profit generated from the PRC subsidiary.

The Directors do not recommend the payment of dividend for the year ended 31 December 2017 (2016: Nil).

## **BUSINESS REVIEW AND PROSPECT**

The sale of catalogued special-purpose tobacco machinery products continued to contribute the majority of the revenue of the Group, amounting to HK\$42,062,000 or 96.3% of total revenue (2016: approximately HK\$36,200,000 or 90.3% of total revenue). During the year ended 31 December 2017, the Group concluded 18 construction contracts of casing and flavouring systems and delivered the machinery products to cigarette manufacturers. The Group also completed 10 contracts on the sale of PF system to tobacco redrying factories. Among the sales during the year under review, a construction contract of casing and flavouring systems signed with a cigarette manufacturer in Shanghai Province has contributed around 44.1% of the total sales. Other clients of the Group are clustered in different provinces of the PRC including Shandong, Shanxi, Sichuan and etc.

In 2017, we have been transforming our strategies in products by focusing on the quality improvement and technology upgrade while continuing to maintain stable costs of production. Our marketing personnel have been endeavouring great effort to promote our products and explore new opportunities. As at 31 December 2017, there are around 35 ongoing sales contracts with a total contract sum of HK\$129 million which are expected to finish in the coming two years. Our Group is committed to completing the manufacturing process after the contracts are set. However the duration to complete the manufacturing and installation of the systems and machinery vary by the design and complexity of the products, as well as the supporting facilities owned by the cigarette manufacturers/ tobacco redrying factories.

Under the “13<sup>th</sup> Five-Year Plan” of China, in which China began to implement the Proposal on Formulating the 13<sup>th</sup> Five Year Plan on National Economic and Social Development (“the Plan”). The Plan raises the five development concepts of “Innovation, Coordination, Environmental Protection, Open-mindedness and Sharing”. Under this Plan, tobacco industry should constantly improve the level of scientific research and technology innovation to reduce the harm on tobacco intake and reduce the content of tar and other harmful ingredients in the cigarette. We, as the catalogued special-purpose tobacco machinery manufacturer, would cooperate with the cigarette manufacturers and tobacco redrying factories to provide custom-built machines and modification services to achieve this Plan.

Benefiting from favourable national policies and stable market demand, the Group has made solid achievements in the market and stood out from the keen market competition. We will continue to strive to maintain and reinforce our leading position in the industry by promoting high-quality machinery and fortifying the long-standing relationships with customers.

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

During the year under review, there was no change in the capital structure of the Group. Bank balances and cash of the Group as at 31 December 2017 amounted to HK\$16,836,000 (2016: HK\$68,291,000), which were mainly denominated in Renminbi and Hong Kong dollars. As at 31 December 2017, the Group had no bank borrowings, mortgages or charges (2016: Nil) and its gearing ratio was nil (2016: Nil).

As at 31 December 2017, the Group's net current assets was HK\$80,577,000 (2016: HK\$78,278,000). Current ratio and quick ratio of the Group were 2.5 (2016: 3.0) and 2.0 (2016: 2.7), respectively.

## **SIGNIFICANT INVESTMENTS HELD**

The Group's investing activities mainly include the purchase of financial assets designated as at fair value through profit or loss, placement and withdrawal of short term fixed deposits and purchase of property, plant and equipment.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2017, the Group had a total of 121 employees (2016: 149). Total staff costs (including directors' emoluments) were approximately HK\$12,233,000 for the year ended 31 December 2017 (2016: HK\$15,018,000).

Remuneration in the form of salaries and bonus is determined by reference to our employees' respective experience, responsibilities, qualifications and competence displayed and our operation results. Our employees also receive reimbursements for expenses which are necessarily and reasonably incurred for providing services to our Group or executing their functions in relation to our operations. Our Directors and employees may also receive options granted under the share option scheme.

## **MATERIAL ACQUISITION AND DISPOSAL**

The Group had no material acquisition and disposal of subsidiaries during the year ended 31 December 2017.

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

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares of the Company.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 16 May to 18 May 2018, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to be eligible for the attendance of the forthcoming annual general meeting of the Company, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 15 May 2018.

## **CORPORATE GOVERNANCE**

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 year ended 31 December 2017, save and except the Code Provisions A.2.1 of the CG Code.

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

The Company has applied the principles of the required standard of securities transactions by our Directors as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company was confirmed that all Directors have complied with or they were not aware of any non-compliance with the required standard of dealings as set out in the Listing Rules during the year ended 31 December 2017.

## **SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

## **REVIEW OF ANNUAL RESULTS**

The audited consolidated results for the year ended 31 December 2017 have been reviewed by the audit committee of the Company. The audit committee was of the opinion that such results complied with the applicable accounting standards and that adequate disclosures had been made.

## **PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.renhengenterprise.com>). The annual report for the year ended 31 December 2017 will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**RENHENG Enterprise Holdings Limited**  
**Liu Li**  
*Chairman and Chief Executive Officer*

Hong Kong, 20 March 2018

*As at the date of this announcement, 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.*