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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 2018

HIGHLIGHTS

- Revenue for the year ended 31 December 2018 increased by HK$57,372,000 or 131.4% to HK$101,043,000 (2017: HK$43,671,000);
- Profit attributable to shareholders of the Company for the year ended 31 December 2018 was HK$9,223,000 (2017: loss attributable to shareholders of the Company of HK$3,230,000);
- Total comprehensive income for the year ended 31 December 2018 was HK$2,830,000 (2017: HK$3,351,000); and
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2018.

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 2018 together with the comparative figures for the year 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	**2018** **HK$'000**	2017 HK$'000
Revenue	4	**101,043**	43,671
Cost of sales		**(63,774)**	(25,343)
Gross profit		**37,269**	18,328
Other income and gains	5	**6,078**	6,741
Other losses	6	**-**	(482)
Selling and distribution costs		**(9,623)**	(9,853)
Administrative expenses		**(17,397)**	(15,677)
Profit (loss) before taxation		**16,327**	(943)
Taxation	7	**(7,104)**	(2,287)
Profit (loss) for the year		**9,223**	(3,230)
Other comprehensive (expense) income for the year:			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(6,393)**	6,581
Total comprehensive income for the year		**2,830**	3,351
Earnings (loss) per share	8	**HK cents**	HK cents
- Basic		**1.1**	(0.4)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December

	Notes	**2018 HK$'000**	2017 HK$'000
Non-current assets			
Property, plant and equipment		**9,215**	10,679
Prepaid lease payment		**2,357**	2,558
Investment properties		**19,811**	19,693
Other receivables	10	**-**	299
		31,383	33,229
Current assets			
Inventories		**42,727**	18,171
Prepaid lease payment		**68**	72
Trade and other receivables	10	**43,752**	46,221
Amounts due from customers for contract works		**-**	8,671
Financial assets at fair value through profit or loss	11	**-**	33,622
Restricted bank deposits		**9,265**	12,234
Bank balances and cash		**61,104**	16,836
		156,916	135,827
Current liabilities			
Trade and other payables	12	**39,768**	50,199
Contract liabilities	13	**25,599**	-
Tax payable		**5,283**	5,051
		70,650	55,250
Net current assets		**86,266**	80,577
Total assets less current liabilities		**117,649**	113,806
Non-current liabilities			
Deferred tax liabilities		**2,362**	1,349
		115,287	112,457
Capital and reserves			
Share capital		**2,010**	2,010
Share premium		**41,818**	41,818
Reserves		**81,109**	86,084
Accumulated losses		**(9,650)**	(17,455)
Total equity		**115,287**	112,457

NOTES TO ANNUAL RESULTS

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares were listed on 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 ultimate controlling shareholder is Ms. Liu Li, who is also the chairman and chief executive officer of the Company.

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 P.O. Box 309, Ugland 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 (“RMB”) 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

Except for the application of HKFRS 15 *Revenue from Contracts with Customers* and HKFRS 9 *Financial Instruments* and the related amendments, the application of these new, amendments to HKFRSs and new interpretation in the current year has had no material impact on the Group’s financial performance and positions 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 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

A. For the year ended 31 December 2018

(i) Disaggregation of revenue from contracts with customers and segment information

	2018		
	Construction contracts of casing and flavouring system HK$'000	**Sales of goods HK$'000**	**Total HK$'000**
Type of products			
Construction works	**88,815**	**-**	**88,815**
	88,815	**-**	**88,815**
Sales of goods			
- pneumatic feeding system	**-**	**10,125**	**10,125**
- pre-pressing packing machine	**-**	**309**	**309**
- others	**-**	**1,794**	**1,794**
	-	**12,228**	**12,228**
	88,815	**12,228**	**101,043**

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. Under the HKFRS 15, the revenue from construction contracts of casing and flavouring system and sales of goods are recognised at point in time.

(ii) Performance obligations for contracts with customers

Construction contracts of casing and flavouring system

The Group provides construction services of casing and flavouring system to its customers which are cigarette manufacturers in the PRC. For the contracts entered into with customers, the contract prices are fixed and the relevant casing and flavouring system specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant casing and flavouring system to customers. Revenue from construction contracts of casing and flavouring system is therefore recognised at a point in time when the completed casing and flavouring system is transferred to customers, being at the point that the customer obtains the control of the completed casing and flavouring system and the Group has unconditional right to payment and collection of the consideration is probable.

4. REVENUE AND SEGMENT INFORMATION (Continued)

A. For the year ended 31 December 2018 (Continued)

(ii) Performance obligations for contracts with customers (Continued)

Construction contracts of casing and flavouring system (Continued)

The Group receives 10% to 30% of the contract value as deposits from customers when they sign the construction agreement. Such advance payment schemes result in contract liabilities being recognised throughout the construction period for the full amount of the contract price.

The defect liability period, ranging from one to three years from the date of the practical completion of the construction, serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

Sales of goods

The Group sells pneumatic feeding system, pre-pressing packing machine and other products directly to the customers which are cigarette manufacturers and tobacco redrying factories in the PRC. For the sales of goods to the customers, revenue is recognised when control of the goods has transferred, being the point the goods has delivered to the customers. The normal credit term is 90 days upon delivery.

B. For the year ended 31 December 2017

	2017 HK$'000
Sales of goods	14,135
Revenue from construction contracts of casing and flavouring system	29,536
	43,671

The Group's operating activities are attributable to a single operating segment focusing on manufacture and sale of tobacco machinery products. 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 profit (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.

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:

	2018	2017
	HK$'000	HK$'000
Company A [1]	**83,192**	9,609
Company B [1]	**N/A***	4,586
Company C [2]	**N/A***	19,262

1 Revenue from sales of products and construction contracts of casing and flavouring system.

2 Revenue from construction contracts of casing and flavouring system.

* The revenue contributed did not exceed 10% of the total sales of the Group during the 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

	2018	2017
	HK$'000	HK$'000
Subsidy income (note a)	**-**	438
Rental income from investment properties (note b)	**176**	48
Bank interest income	**1,578**	1,164
Other income	**1,754**	1,650
Sales of scrap materials, parts and components, net gain	**3,138**	3,456
Gain on disposal of property, plant and equipment, net	**-**	4
Gain on fair value change of investment properties, unrealised	**1,186**	923
Forfeiture on receipt in advance (note c)	**-**	708
Other gains	**4,324**	5,091
	6,078	6,741

Notes:

a. These government grants were 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 2018, there is no (2017: nil) direct operating expenses incurred for the investment properties that generated rental income.

c. During the year ended 31 December 2017, the Group recognised the income for advance payment from a customer following its deregistration.

6. OTHER LOSSES

	2018 HK$'000	2017 HK$'000
Impairment losses of trade receivables	-	340
Others	-	142
	-	482

7. TAXATION

	2018 HK$'000	2017 HK$'000
The charge comprises:		
Current Tax		
PRC Enterprise Income Tax	**5,977**	572
Under-provision in prior year		
PRC Enterprise Income Tax	**-**	498
	5,977	1,070
Deferred taxation	**1,127**	1,217
	7,104	2,287

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.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

8. EARNINGS (LOSS) PER SHARE

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

	2018 HK$'000	2017 HK$'000
Profit (loss)		
Profit (loss) for the year attributable to owners of the Company for the purposes of basic earnings (loss) per share	**9,223**	(3,230)
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic earnings (loss) per share	**804,000,000**	804,000,000

No diluted earnings and loss per share is presented for the year ended 31 December 2018 and 2017 as there was no potential ordinary share in issue for both years.

9. DIVIDENDS

No dividend was paid or proposed for shareholders of the Company during the year ended 31 December 2018 (2017: nil), nor was any dividend been proposed by the Company since the end of the reporting period.

10. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	HK$'000
Trade and bills receivables	**27,160**	35,902
Less: impairment allowance	**(3,046)**	(3,212)
	24,114	32,690
Retention money receivables	**15,737**	6,445
Prepayments and deposits	**788**	4,362
Other receivables	**3,590**	3,526
Less: impairment allowance	**(477)**	(503)
	43,752	46,520

	2018	2017
	HK$'000	HK$'000
Analysed for reporting purpose as:		
Current assets	**43,752**	46,221
Non-current assets	**-**	299
	43,752	46,520

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.

Starting from 1 January 2018, the Group applied simplified approach to provide the expected credit losses prescribed by HKFRS 9.

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

	2018	2017
	HK$'000	HK$'000
0 – 90 days	**10,029**	23,238
91 – 365 days	**11,472**	8,192
1 – 2 years	**2,613**	60
Over 2 years	**-**	1,200
	24,114	32,690

10. TRADE AND OTHER RECEIVABLES (Continued)

As at 31 December 2018, included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of HK$14,085,000 which are past due as at the reporting date. The past due balances are not considered as in default as the Group considered such balances could be recovered based on historical experiences. Moreover, the management of the Group did not aware of any significant change in credit quality of the trade and bills receivables and the expected credit losses are insignificant. The Group does not hold any collateral over these balances.

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, 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 one to three years and presented as current assets as the receivables are within the normal operating cycle. Included in retention money receivables with carrying amount of HK$388,000 (2017: HK$101,000) which is past due but not credit impaired and the management of the Group considers that there has not been a significant change in credit quality so the expected loss on the retention money receivables outstanding is insignificant (2017: the Group's management considered those receivables that were neither past due nor impaired to be of a good credit quality). The Group has not hold any collateral over these balances.

As at 31 December 2017, included in the Group's trade and bills receivables balance were debtors with aggregate carrying amount of HK$9,452,000 which were past due as at the reporting date for which the Group had not provided for impairment loss. The Group does not hold any collateral over these balances.

11. FINANCIAL ASSETS 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 was accounted for measured 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 was insignificant. The structured deposit got matured on 5 January 2018 with a gain recognised.

12. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	HK$'000
Trade payables	**17,984**	17,783
Bills payables	**9,005**	8,661
	26,989	26,444
Advances from customers	**-**	13,931
Amount due to a director (note)	**4,200**	-
Accrued welfare expenses	**1,634**	1,723
Valued added tax payables	**894**	3,971
Other payables	**5,871**	4,101
Other tax payables	**180**	29
	39,768	50,199

Note: As at 31 December 2018, the amount due to a director represent advances from a director of the Company who is also the ultimate controlling shareholder of the Company. The amount is non-trade in nature, unsecured, non-interest bearing and repayable in one year term.

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

	2018	2017
	HK$'000	HK$'000
0 – 90 days	**20,098**	21,573
91 – 365 days	**6,367**	4,415
1 – 2 years	**128**	49
Over 2 years	**396**	407
	26,989	26,444

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

13. CONTRACT LIABILITIES

	31/12/2018	01/01/2018*
	HK$'000	HK$'000
Construction contracts of casing and flavouring system	**22,026**	11,231
Sales of goods	**3,573**	2,700
	25,599	13,931

*The amounts in this column are after the adjustments from the application of HKFRS 15.

The Group receives 10% to 30% of the contract value as deposits from customers when they sign the sale and purchase agreement, this will give rise to contract liabilities at the start of a contract. The deposits result in contract liabilities being recognised throughout the construction period until the performance obligation has been satisfied.

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 2018, the Group recorded a profit for the year of HK$9,223,000, representing a drastic improvement by HK$12,453,000, or 385.5 % in comparison to HK$3,230,000 loss for the year ended 31 December 2017. However, upset by the depreciation of RMB to HK$, an exchange loss of HK$6,393,000 is arose on translation of foreign operations and a total comprehensive income of HK$2,830,000 is resulted for the year ended 31 December 2018 while it was an exchange gain on translation of foreign operations of HK$6,581,000 and led to a total comprehensive income of HK$3,351,000 in prior year.

The revenue of the Group has increased by HK$57,372,000 or 131.4% from HK$43,671,000 for the year ended 31 December 2017 to HK$101,043,000 for the year ended 31 December 2018 which is mainly attributable to the completion of constructions of several large scale casing and flavouring systems during the year. Consistent with prior year, revenue from construction contracts of casing and flavouring systems contribute the substantial share on the total revenue by 87.9% (2017: 67.6%) and revenue of HK$88,815,000 (2017: HK$29,536,000) was recognised. The more denominated sales contributed by the construction contracts of casing and flavouring systems also led to an overall lower gross profit margin of the Group from 42.0% in prior year to 36.9% in current year. The gross profit margin from the construction contracts of casing and flavouring systems are traditionally in lower gross profit in comparison to the sales of PF system and pre-pressing packing machines as these constructions are larger in scale with longer construction durations and required more manpower to complete.

Despite the number of construction contracts on casing and flavouring systems completed during the year was less than prior year, the average contract sum has been increased from HK$1,641,000 to HK$6,344,000. The design and complexity of the products varies by customers and therefore there is a wide range of contract prices.

The Group has applied HKFRS 15 *Revenue from Contracts with Customers* for the first time in the current year. If HKFRS 15 had not been applied, the revenue and profit for the year would have been increased by HK$22,239,000 and HK$6,581,000, respectively.

Other income and gains have decreased by HK$663,000 or 9.8% and it was mainly due to HK$708,000 was recognised as income for advance payment from a customer following its deregistration during the year ended 31 December 2017 while no such income was recognised for current year.

Operating expenditure of the Group, comprising the selling and distribution costs and administrative expenses, amounting to HK$27,020,000 (2017: HK$25,530,000), representing an increase of HK$1,490,000 or 5.8%. The increment was mainly resulted from an increase in research and development cost as our strategy is to focus on the quality of the products and innovation to introduce new products' features.

For the year ended 31 December 2018, tax expense of HK$7,104,000 was recorded and it was HK$2,287,000 for the prior year. The significant increase in tax expense was resulted from increase in profit generation and provision of PRC withholding tax on undistributed profit from the PRC subsidiary.

The directors do not recommend the payment of dividend for the year ended 31 December 2018 (2017: nil).

BUSINESS REVIEW AND PROSPECT

The sales of catalogued special-purpose tobacco machinery products continued to contribute the majority of the revenue of the Group, amounting to HK$99,249,000 or 98.2% of total revenue (2017: HK$42,062,000 or 96.3% of total revenue). During the year ended 31 December 2018, the Group has concluded few large construction contracts of casing and flavouring systems with each contract summing over HK$20 million (net of tax) and delivered the machinery products to cigarette manufacturers. These customers are cigarette manufacturers in Zunyi and Tongren in Guizhou province and Liuzhou in Guangxi province of the PRC. Other customers of the Group are clustered in different provinces of the PRC.

As at year end of 2018, the Group was working on two construction contracts of casing and flavouring systems with total contract sum of HK$22 million (net of tax). These systems are expected to deliver to the customers during the first quarter in 2019. Other than these, the Group has around HK$69 million worth committed construction and sales contracts which are expected to finish in the coming two years. However the duration to complete the manufacturing and installation of the systems and machineries vary by the design and complexity of the products, as well as the supporting facilities owned by the cigarette manufacturers and tobacco redrying factories.

In 2018, the tobacco industry has implemented strategy on focusing quality control and cost effective measure. The tobacco industry has shifted its product mix to more expensive and high-end quality rather than just share the industry by its vast sales volume. This strategy has been further reinforced during the 2019 National Tobacco Work Conference (2019年全國煙草工作會議) and the cigarette manufacturers and tobacco redrying factories would constantly improve the level of scientific research and technology innovation. We, as a 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 strategy.

Heat-not-burn tobacco products, which use the system where tobacco leaves are not being burnt but instead tobacco constituents are heated and aerosolized, are gaining popularity among smokers in recent years. This heat-not-burn tobacco product industry is still at a very early stage in the PRC. Management of the Company expect that when additional effort and resources are devoted to this new market, the resources to spend on traditional tobacco may be reduced in the long run.

The Group will continue to strive to maintain and reinforce our competing power by promoting high-quality machinery and fortifying the long-standing relationship 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 2018 amounted to HK$61,104,000 (2017: HK$16,836,000), which were mainly denominated in RMB and HK$.

As at 31 December 2018, other than an advance of HK$4,200,000 from a director of the Company who is also the ultimate controlling shareholder of the Company, the Group had no bank borrowings, mortgages or charges (2017: Nil) and its gearing ratio was nil (2017: nil).

As at 31 December 2018, the Group's net current assets was HK$86,266,000 (2017: HK$80,577,000). Current ratio and quick ratio of the Group were 2.2 (2017: 2.5) and 1.6 (2017: 2.1), respectively.

SIGNIFICANT INVESTMENTS HELD

The Group's investing activities mainly include payment for acquisition and release of financial assets 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 2018, the Group had a total of 129 employees (2017: 121). Total staff costs (including directors' emoluments) were approximately HK$15,283,000 for the year ended 31 December 2018 (2017: HK$12,233,000).

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 2018.

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

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 May to 20 May 2019, 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 2019.

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 2018, save and except the Code Provisions A.2.1 regarding segregation of chairman and chief executive officer as explained below.

The roles of chairman and chief executive officer of the Company 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 2018.

SCOPE OF WORK OF MESSRS. 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 2018 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 HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW OF ANNUAL RESULTS

The audited consolidated results for the year ended 31 December 2018 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 2018 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, 21 March 2019

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.