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 2019

HIGHLIGHTS

- Revenue for the year ended 31 December 2019 amounted to HK$71,507,000, representing a year-on-year decrease of 29.2%;
- Gross profit for the year the ended 31 December 2019 was 46.7% (2018: 36.9%);
- Profit attributable to shareholders of the Company for the year ended 31 December 2019 was HK$703,000, representing a year-on-year decrease of HK$8,520,000;
- Total comprehensive expense for the year ended 31 December 2019 was HK$2,168,000 (2018: total comprehensive income of HK$2,830,000); and
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019.

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 2019 together with the comparative figures for the year 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	**2019** **HK$'000**	2018 HK$'000
Revenue	4	**71,507**	101,043
Cost of sales		**(38,104)**	(63,774)
Gross profit		**33,403**	37,269
Other income and gains	5	**6,155**	6,078
Other losses	6	**(2,345)**	-
Selling and distribution costs		**(11,663)**	(9,623)
Administrative expenses		**(21,171)**	(17,397)
Profit before taxation		**4,379**	16,327
Taxation	7	**(3,676)**	(7,104)
Profit for the year		**703**	9,223
Other comprehensive expense for the year:			
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		**(2,871)**	(6,393)
Total comprehensive (expense) income for the year		**(2,168)**	2,830
Earnings per share	8	**HK cents**	HK cents
- Basic		0.09	1.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

	Notes	**2019** **HK$'000**	2018 HK$'000
Non-current assets			
Property, plant and equipment		**7,772**	9,215
Prepaid lease payment		**-**	2,357
Investment properties		**19,871**	19,811
Right-of-use assets		**2,700**	-
		30,343	31,383
Current assets			
Inventories		**39,549**	42,727
Prepaid lease payment		**-**	68
Trade and other receivables	10	**40,677**	43,752
Restricted bank deposits		**8,457**	9,265
Bank balances and cash		**70,207**	61,104
		158,890	156,916
Current liabilities			
Trade and other payables	11	**35,008**	39,768
Lease liabilities		**368**	-
Contract liabilities	12	**33,064**	25,599
Tax payable		**5,741**	5,283
		74,181	70,650
Net current assets		**84,709**	86,266
Total assets less current liabilities		**115,052**	117,649
Non-current liabilities			
Deferred tax liabilities		**1,901**	2,362
Lease liabilities		**32**	-
		1,933	2,362
		113,119	115,287
Capital and reserves			
Share capital		**2,010**	2,010
Share premium		**41,818**	41,818
Reserves		**78,871**	81,109
Accumulated losses		**(9,580)**	(9,650)
Total equity		**113,119**	115,287

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 16 *Leases*, 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 that are measured at fair values at the end of each reporting period.

4. REVENUE AND SEGMENT INFORMATION

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

	2019		
	Construction contracts of casing and flavouring system HK$'000	**Sales of goods HK$'000**	**Total HK$'000**
Type of products			
Construction works	**62,139**	**-**	**62,139**
	62,139	**-**	**62,139**
Sales of goods			
- pneumatic feeding system	**-**	**806**	**806**
- water treatment system	**-**	**2,329**	**2,329**
- others	**-**	**6,233**	**6,233**
	-	**9,368**	**9,368**
	62,139	**9,368**	**71,507**

	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

4. REVENUE AND SEGMENT INFORMATION (Continued)

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

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 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.

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 two 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, water treatment system 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.

4. REVENUE AND SEGMENT INFORMATION (Continued)

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, water treatment system 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 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.

During the years ended 31 December 2019 and 2018, there was one customer contributing over 10% of the total sales of the Group and HK$45,499,000 and HK$83,192,000 revenue had been recognised, respectively. The revenue from this customer included both sales of products and construction contracts of casing and flavouring system.

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

	2019 **HK$'000**	2018 HK$'000
Subsidy income (note)	**989**	-
Rental income from investment properties	**257**	176
Bank interest income	**1,327**	1,578
Other income	**2,573**	1,754
Sales of scrap materials, parts and components, net gain	**3,038**	3,138
Gain on fair value change of investment properties, unrealised	**454**	1,186
Gain on disposal of property, plant and equipment, net	**52**	-
Reversal of impairment losses on trade and bills receivables and retention money receivables	**38**	-
Other gains	**3,582**	4,324
	6,155	6,078

Note: 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.

6. OTHER LOSSES

	2019	2018
	HK$'000	HK$'000
Allowance for inventories	**2,275**	-
Impairment loss recognised on prepayments and deposits	**70**	-
	2,345	-

7. TAXATION

	2019	2018
	HK$'000	HK$'000
The charge comprises:		
Current Tax		
PRC Enterprise Income Tax	**3,255**	5,977
PRC withholding tax	**710**	-
	3,965	5,977
Deferred taxation	**(289)**	1,127
	3,676	7,104

No provision for Hong Kong Profits Tax has been made 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 PER SHARE

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

	2019	2018
	HK$'000	HK$'000
Profit		
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	**703**	9,223
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**804,000,000**	804,000,000

No diluted earnings per share is presented for the years ended 31 December 2019 and 2018 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 2019 (2018: Nil), nor was any dividend been proposed by the Company since the end of the reporting period.

10. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	HK$'000
Trade and bills receivables	**28,587**	27,160
Less: allowance for credit losses	**(2,948)**	(3,046)
	25,639	24,114
Retention money receivables	**11,447**	15,737
Prepayments and deposits	**1,345**	788
Other receivables	**2,714**	3,590
Less: allowance for credit losses	**(468)**	(477)
	40,677	43,752

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.

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

	2019	2018
	HK$'000	HK$'000
0 – 90 days	**10,164**	10,029
91 – 365 days	**8,598**	11,472
1 – 2 years	**6,877**	2,613
	25,639	24,114

As at 31 December 2019, included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of HK$15,475,000 (2018: 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.

11. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	HK$'000
Trade payables	**14,631**	17,984
Bills payables	**6,652**	9,005
	21,283	26,989
Amount due to a director (note)	**4,200**	4,200
Accrued welfare expenses	**1,602**	1,634
Valued added tax payables	**885**	894
Other payables	**6,870**	5,871
Other tax payables	**168**	180
	35,008	39,768

Note: The amount due to a director represented advance 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 on demand.

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

	2019	2018
	HK$'000	HK$'000
0 – 90 days	**13,967**	20,098
91 – 365 days	**6,195**	6,367
1 – 2 years	**704**	128
Over 2 years	**417**	396
	21,283	26,989

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

12. CONTRACT LIABILITIES

	2019	2018
	HK$'000	HK$'000
Construction contracts of casing and flavouring system	**18,644**	22,026
Sales of goods	**14,420**	3,573
	33,064	25,599

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.

13. EVENT AFTER THE REPORTING PERIOD

The outbreak of the 2019 Novel Coronavirus ("COVID-19") in PRC and the subsequent quarantine measures imposed by the PRC government has had an impact on the Group's operation in China. The Group had to suspend its manufacturing activities since late January 2020 due to mandatory government quarantine measures in an effort to contain the spread of the epidemic. The Group has resumed its manufacturing activities since mid of February 2020 and is already at full capacity as at the date hereof.

The directors of the Company are monitoring the financial impact that the COVID-19 will have on the Group's consolidated financial statements as at the date that these financial statements are authorised for issue.

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 and pre-pressing packing machine.

FINANCIAL REVIEW

For the year ended 31 December 2019, the Group recorded a profit for the year of HK$703,000, representing a drastic decrement by HK$8,520,000, or 92.4% in comparison to HK$9,223,000 for the year ended 31 December 2018. In both years, upset by the depreciation of RMB against HK$, an exchange loss of HK$2,871,000 (2018: HK$6,393,000) was arose on translation of foreign operations and a total comprehensive expense of HK$2,168,000 was resulted for the current year while it was a total comprehensive income of HK$2,830,000 in prior year.

Looking at the Group's results for the full year, the revenue was down by HK$29,536,000 or 29.2% from HK$101,043,000 for the year ended 31 December 2018 to HK$71,507,000 for the year ended 31 December 2019. Revenue from construction contracts of casing and flavouring systems were continued to found to have outperformed other type of products and goods, of which it contributed HK$62,139,000 or 86.9% of the total revenue in current year (2018: HK$88,815,000 or 87.9%). Sales of pneumatic feeding system and pre-pressing packing machine took a heavy beating; the sales plunged from HK$10,434,000 in the year ended 31 December 2018 to HK$806,000 in the current year. The sales of other goods which mainly include water treatment systems and retooling and repair services have a sharpest improvement with nearly 5 times increase in revenue from HK$1,794,000 to HK$8,562,000 for the current year in comparison with prior year.

Despite the revenue has been decreased by more than a quarter, the gross profit margin of the current year was in its highest peak in the past 3 years. The gross profit margin was 46.7% for the year ended 31 December 2019 (2018: 36.9%). During the current year, the number of construction contracts on casing and flavouring systems completed was more than prior year but the average contract sum has been decreased from HK$6,344,000 to HK$2,263,000. The revenue from the 3 largest construction contracts on casing and flavouring systems completed during the current year was HK$31,898,000 while it was HK54,619,000 for the preceding year. The design and complexity of the products varies by customers and therefore there is a wide range of contract prices. The gross profit margins of smaller scale contracts are traditionally higher.

Other income and gains amounted to HK$6,155,000 (2018: HK$6,078,000) in aggregate for the current year, which was in line with last year. During the current year, government grants of HK$989,000 were received while no subsidy income was received in prior year. The gain on fair value change of investment properties (unrealised) have been decreased by HK$732,000 from HK$1,186,000 in the year ended 31 December 2018 to HK$454,000 in the current year.

Allowance for inventories amounted to HK$2,275,000 have been recognised during the year ended 31 December 2019 while no such allowance loss was made in the prior year.

Operating expenditure of the Group, comprising the selling and distribution costs and administrative expenses, amounting to HK$32,834,000 for the current year (2018:HK$27,020,000), representing an increase of HK$5,814,000 or 21.5%. The deep increment in operating expenditure was mainly resulted from an increase in staff costs, research and development costs and other costs to undertaking new marketing initiatives to drive business and exploration of new business segment.

For the year ended 31 December 2019, tax expense of HK$3,676,000 was recorded and it was HK$7,104,000 for the prior year. The significant decrease in tax expense was resulted from decrease 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 2019 (2018: Nil).

BUSINESS REVIEW AND PROSPECT

During challenging times like what we are facing today, we maintain a constant focus on building a long-term sustainable business and quality control. We retain a conservative capital structure to help insulate our business against volatility. We continue to invest in research and development, along with developing our people with training, learning and development opportunities, as well as enhancing marketing efforts.

Benefiting from operating leverage, we are able to have significant improvement in our gross profit margin but revenue has remained a continuing challenge for the Company. The sale of catalogued special-purpose tobacco machinery products continued to contribute the majority of the revenue of the Group, amounting to HK$62,945,000 or 88.0% of total revenue for the current year (2018: HK$99,249,000 or 98.2% of total revenue).

During the reporting period, the outcome from manufacturing of water treatment system and retooling and repair services starts to gain more weight among the revenue yet these new businesses are still in a growing stage and we anticipated that these new businesses will only be predominated gradually. The Group regards this as a positive step forward as it will help enhance our product diversity, as well as widen our customer bases.

As at year end of 2019, the Group was working on a few construction contracts of casing and flavouring systems and pre-pressing packing machines which are expected to deliver to the customers during the first half in 2020. 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. As at 31 December 2019, the Group had over HK$80 million committed sales contacts and expected to finish in the coming two years.

The strategy on focusing quality control and cost effective measure has been 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. Meanwhile, keen competition among the cigarette manufacturers and tobacco redrying factories are expected. The market participants are expected to decrease and the financial performance and budget available would be adversely affected by the new tobacco policy. Under the Healthy China 2030 Plan (健康中國 2030 規劃), the government has clearly put forward specific development goals in terms of smoking bans and tobacco control which requires by year 2030, the current 27% of smokers in China has to be reduced to 20%. This will have a long-term impact on the development of China's tobacco industry.

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. In November 2019, the State Tobacco Monopoly Administration of the PRC has announced that in order to protect the youngsters, it is forbidden to sell and promote heat-not-burn tobacco products to people under 18 years old.

Since the COVID-19 outbreak in February 2020, authorities in the PRC have taken emergency public health measures including extending Chinese New Year holidays, and imposing travel and other work-related restrictions. Since mid of February 2020, a majority of the Group's manufacturing facilities have obtained government approvals and gradually resumed operation. The economic performance of the PRC may be impacted in the short run but we expect that the virus will not affect the trend of economic stability and transformation of the PRC 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 2019 amounted to HK$70,207,000 (2018: HK$61,104,000), which were mainly denominated in RMB and HK$.

As at 31 December 2019, other than an advance of HK$4,200,000 (2018: 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 and its gearing ratio was Nil (2018: Nil).

As at 31 December 2019, the Group's net current assets was HK$84,709,000 (2018: HK$86,266,000). Current ratio and quick ratio of the Group were 2.1 (2018: 2.2) and 1.6 (2018: 1.6), respectively.

SIGNIFICANT INVESTMENTS HELD

The Group's investing activities mainly include placement and withdrawal of short term fixed deposits and purchase of property, plant and equipment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had a total of 133 employees (2018: 129). Total staff costs (including directors' emoluments) were approximately HK$19,648,000 for the year ended 31 December 2019 (2018: HK$15,283,000).

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 2019.

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

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries had 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 June to 18 June 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 15 June 2020.

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 2019, 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 2019.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures as set out in the preliminary announcement 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 2019 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. 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 2019 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 2019 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, 30 March 2020

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.