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Renco Holdings Group Limited
融科控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

COMPLETION OF THE INTERNAL CONTROL REVIEW

This announcement is made by Renco Holdings Group Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Code Provision D.2.4 of Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 18 January 2023, 30 March 2023, 28 April 2023, 9 May 2023, 30 August 2023, 5 September 2023 and 11 September 2023 respectively (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

In order to review, among others, the effectiveness of the risk management and the internal control systems and to rectify and enhance the overall internal control system of the Company, an independent investigation committee was formed by the Board on 9 May 2023. The Company had conducted a comprehensive review of the internal control system concerning the audit qualifications (“**Qualifications**”) and the relevant aspects of the Company’s debt investments between the period from August 2016 to October 2023 of (1) the provision of financial assistance, (2) the asset and shareholding restructuring business of the Company and (3) the subscriptions of interest in offshore private funds (the “**Debt Investments**”). In addition, an independent internal control consultant, Roma Risk Advisory Limited (“**Roma**”), has been engaged to conduct an internal control review (the “**Internal Control Review**”) for the Company. On 11 September 2023, the Company published the Phase One Review (as described hereunder) particularly, the summary of Roma’s findings and recommendations and the status of the actions taken by the Company.

A. SCOPE AND STATUS OF THE INTERNAL CONTROL REVIEW

The scope of the Internal Control Review is divided into two phases, namely the “**Phase One Review**” and “**Phase Two Review**”. In essence, the Phase One Review focuses on the internal control issues relating to the Qualifications and the internal control issues in relation to the Debt Investments (the “**Internal Control Review Results**”), while the Phase Two Review primarily involved follow-up review on the issues identified during the Phase One Review.

As at the date of this announcement, Roma has completed the Phase Two Review. Set out below is a summary of Roma’s follow-up review on certain issues identified in the Phase One Review based on the relevant recommendations to the risk management and internal control systems of the Company.

B. SUMMARY OF PHASE TWO REVIEW

In the Phase Two Review, Roma followed up certain issues identified in the Phase One Review. In particular, issues concerning the post-investment supervision and reporting procedures of the Debt Investments. Roma confirmed that the Company has enhanced the post-investment supervision and reporting procedures of the Debt Investments, and updated the relevant policy. The Company will also continue to monitor the implementation of the measures.

As at the date of this announcement, Roma has completed the follow-up review for evaluating the internal control deficiencies identified in the Phase One Review and issued the follow-up report of the Internal Control Review (the “**Phase Two Report**”), summarised as follow:-

| Affected year | Issues identified | Remedial actions taken by the Company | Assessment conclusions by Roma in the Phase One Review | Follow-up review by Roma |
|---------------|-------------------|---------------------------------------|--|--------------------------|
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The Internal Control Review Results in relation to the Company’s Debt Investments between the period from August 2016 to October 2023.

Supervision and reporting process of the Debt Investments – Post-investment reporting process

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| 2016-2021 | The “Company Management Policy” stipulates that the investment management team is responsible for preparing monthly risk reports, reporting on the overall situation of projects carried out in that month, capital recovery status and project classification distribution status. However, in practice, the investment management team only prepared a report on the basic situation and recovery progress of investment projects every quarter and reported to the Board on the financial status and recovery progress of each project. | <p>The Company has issued the “Long-term Equity Investment Business Management Policy”, which stipulates that the investment management team is responsible for tracking and managing investment projects and cooperating with other relevant personnel assigned by the Company to regularly analyse investment quality, analyse important indicators such as the financial situation, operating conditions, and cash flow of the invested company, and prepare analysis reports.</p> <p>The investment management team should report significant events occurring in the invested company to the Executive Committee in a timely manner to facilitate the Company’s disposal of long-term equity investments and to ensure the safety and effectiveness of long-term equity investment business.</p> | <p>Roma suggested that the Company should implement the reporting process in accordance with the new “Long-term Equity Investment Business Management Policy”.</p> <p>Any deficiency in supervision and reporting process will be further reviewed and evaluated during the Phase Two Review.</p> | <p>No material findings were found.</p> <p>At present, the Company holds quarterly and irregular Board meeting and delivers weekly post-investment report in writing to the Board for monitoring the investment performance and provides supervision and reporting channels.</p> <p>Roma reviewed the minutes of quarterly investment meeting and the relevant meeting materials, weekly post-investment report to the Board. Roma confirmed that the Company has followed the Company’s supervision and reporting process in accordance with the “Long-term Equity Investment Business Management Policy”.</p> <p>In addition, the Company has already updated the policy related to the post-investment supervision and reporting process.</p> |
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C. VIEWS OF ROMA, THE AUDIT COMMITTEE AND THE BOARD

As set out in the Phase Two Report, prior to the Internal Control Review, the Group had already taken certain remedial actions in response to the issues identified in the Phase One Review. As at the date of this announcement, the deficiencies identified by Roma in the Phase One Review had been reviewed and evaluated in the Phase Two Review. The Board and the Audit Committee consider that the recommendations by Roma are adequate and appropriate.

Having considered the deficiencies identified by Roma and taking into account that all internal control deficiencies have been resolved, the Board and the Audit Committee acknowledge and concur with the findings by Roma and have accepted and implemented Roma's recommendations. The Board and the Audit Committee believe that the Company's internal control system is effective and adequate.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
Renco Holdings Group Limited
Su Zhiyang
Company Secretary

Hong Kong, 12 December 2023

As at the date of this announcement, the Board comprises Mr. Li Yongjun (chairman of the Board), Mr. Cheok Ho Fung and Ms. Xing Mengwei being executive Directors; and Mr. Lau Fai Lawrence, Mr. Mak Kwok Kei and Mr. Xu Xinwei being independent non-executive Directors.