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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 2024

HIGHLIGHTS

- Revenue for the year ended 31 December 2024 amounted to HK\$114,896,000, representing a year-on-year decrease of 7.7%;
- Gross profit margin for the year ended 31 December 2024 was 33.5% (2023: 36.7%);
- Profit attributable to shareholders of the Company for the year ended 31 December 2024 was HK\$7,035,000 (2023: profit for the year of HK\$13,558,000);
- Total comprehensive income for the year ended 31 December 2024 was HK\$4,625,000 (2023: total comprehensive expense of HK\$12,065,000); and
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2024.

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 2024 together with the comparative figures for the year 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Revenue	4	114,896	124,423
Cost of sales		<u>(76,369)</u>	<u>(78,699)</u>
Gross profit		38,527	45,724
Other income	5	1,913	1,545
Impairment losses under expected credit loss model, net of reversal	6	(114)	322
Other gains and losses, net	7	804	1,787
Selling and distribution expenses		(6,452)	(10,210)
Administrative expenses		(19,739)	(16,578)
Research and development expenses		<u>(4,605)</u>	<u>(4,672)</u>
Profit before taxation		10,334	17,918
Taxation	8	<u>(3,299)</u>	<u>(4,360)</u>
Profit for the year		7,035	13,558
Other comprehensive expense for the year:			
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation from functional currency to presentation currency		<u>(2,410)</u>	<u>(1,493)</u>
Total comprehensive income for the year		<u>4,625</u>	<u>12,065</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	9		
– Basic and diluted		<u>0.88</u>	<u>1.69</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		18,697	21,061
Right-of-use assets		4,620	5,021
		<u>23,317</u>	<u>26,082</u>
Current assets			
Inventories		56,296	72,554
Trade and other receivables	11	49,380	38,780
Financial assets at fair value through profit or loss ("FVTPL")		21,598	–
Restricted bank deposits		19,848	12,001
Fixed deposits		15,500	–
Cash and cash equivalents		59,532	86,100
		<u>222,154</u>	<u>209,435</u>
Current liabilities			
Trade and other payables	12	34,506	42,024
Tax payable		9,280	10,387
Lease liabilities		–	212
Contract liabilities	13	71,847	57,828
		<u>115,633</u>	<u>110,451</u>
Net current assets		<u>106,521</u>	<u>98,984</u>
Total assets less current liabilities		<u>129,838</u>	<u>125,066</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current liability		
Deferred tax liabilities	<u>1,827</u>	<u>1,680</u>
	<u>1,827</u>	<u>1,680</u>
	<u>128,011</u>	<u>123,386</u>
Capital and reserves		
Share capital	2,010	2,010
Share premium and reserves	<u>126,001</u>	<u>121,376</u>
Total equity	<u>128,011</u>	<u>123,386</u>

NOTES TO ANNUAL RESULTS

1. GENERAL INFORMATION

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 (collectively referred to as the “Group”) 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, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The address of the principal place of business of the Company are Room 3805, 38/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is different from the Company’s functional currency of Renminbi (“RMB”). The directors of the Company adopted HK\$ as presentation currency as the Company’s shares are listed on the Stock Exchange and the management considers this presentation to be more useful for its current and potential investors.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s for the annual periods beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards 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.

4. REVENUE AND SEGMENT INFORMATION

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

	2024		
	Construction contracts of casing and flavouring system <i>HK\$'000</i>	Sales of other products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of products			
Construction works	108,722	–	108,722
Sales of other products			
– pneumatic feeding system	–	3,509	3,509
– other goods	–	2,665	2,665
	–	6,174	6,174
	<u>108,722</u>	<u>6,174</u>	<u>114,896</u>

	2023		
	Construction contracts of casing and flavouring system <i>HK\$'000</i>	Sales of other products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of products			
Construction works	102,897	–	102,897
Sales of other products			
– pneumatic feeding system	–	18,803	18,803
– water treatment system	–	271	271
– other goods	–	2,452	2,452
	–	21,526	21,526
	<u>102,897</u>	<u>21,526</u>	<u>124,423</u>

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 other products are recognised at point in time.

(ii) **Performance obligations for contracts with customers and revenue recognition policies**

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 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 other products

The Group sells pneumatic feeding system, water treatment system and other goods directly to the customers which are cigarette manufacturers and tobacco redrying factories in the PRC. For the sales of other products to the customers, revenue is recognised at a point in time 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.

(iii) Segment information

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 HKFRS Accounting Standards, 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, 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 goods. 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. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

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 substantially all located in the PRC (excluding Hong Kong).

5. OTHER INCOME

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Subsidy income (<i>Note</i>)	1,047	574
Bank interest income	866	971
	<u>1,913</u>	<u>1,545</u>

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. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Impairment losses recognised on trade receivables and retention money receivables (“Trade-related Receivables”)	<u>114</u>	<u>(322)</u>

7. OTHER GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of scrap materials, parts and components, net gain	1,221	2,076
Net foreign exchange loss	<u>(417)</u>	<u>(289)</u>
	<u>804</u>	<u>1,787</u>

8. TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The charge comprises:		
Current Tax		
PRC Enterprise Income Tax (“EIT”)	2,939	5,284
PRC withholding tax	<u>–</u>	<u>(880)</u>
	2,939	4,404
Underprovision (overprovision) in prior year:		
PRC EIT	<u>173</u>	<u>(244)</u>
	<u>3,112</u>	<u>4,160</u>
Deferred taxation	<u>187</u>	<u>200</u>
	<u>3,299</u>	<u>4,360</u>

No provision for taxation in Hong Kong has been made as the Group has no assessable profit arisen in, or was derived from Hong Kong.

The provision for EIT is based on the estimated taxable income for PRC taxation purposes at 25% for the current period (2023: 25%) under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law.

Under the EIT Law, a qualified High and New-Tech Enterprise (“HNTE”) can enjoy a reduced tax rate at 15%. A PRC subsidiary of the Company had been recognised and approved as a HNTE during the year ended 31 December 2023. The HNTE qualification is effective since 2023 and the PRC subsidiary will be expired in 2026, therefore the PRC subsidiary entitled to a reduced tax rate at 15% for the years ended 31 December 2024 and 2023.

9. EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	<u>7,035</u>	<u>13,558</u>
	Number of shares	
	2024	2023
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share	<u>804,000,000</u>	<u>804,000,000</u>

No diluted earnings per share is presented for both 2024 and 2023 as there was no potential ordinary share in issue for both years.

10. DIVIDENDS

No dividend was paid or proposed for shareholders of the Company during 2024 (2023: Nil), nor was any dividend been proposed by the Company since the end of the reporting period.

11. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	39,274	24,787
Less: allowance for credit losses	<u>(3,563)</u>	<u>(3,215)</u>
	<u>35,711</u>	<u>21,572</u>
Retention money receivables	8,660	7,271
Less: allowance for credit losses	<u>(607)</u>	<u>(931)</u>
	<u>8,053</u>	<u>6,340</u>
	<u>43,764</u>	<u>27,912</u>
Prepayments and deposits	1,572	5,161
Other receivables from third parties	3,689	5,802
Less: allowance for credit losses	<u>(452)</u>	<u>(462)</u>
Cash advance to staff	<u>807</u>	<u>367</u>
	<u>49,380</u>	<u>38,780</u>

The Group normally allows a credit period of three months to its trade customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and define appropriate credit limits.

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

	2024	2023
	HK\$'000	HK\$'000
0–90 days	7,550	20,048
91–365 days	21,438	1,524
1–2 years	6,723	–
	<u>35,711</u>	<u>21,572</u>

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$28,161,000 (2023: HK\$1,524,000) 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 experience. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

	2024	2023
	HK\$'000	HK\$'000
Trade payables	12,509	16,622
Bills payables	7,521	9,176
	<u>20,030</u>	<u>25,798</u>
Accrued warranty provision (<i>Note</i>)	5,206	5,406
Accrued welfare expenses	3,060	2,687
Other payables	5,000	5,274
Other tax payables	1,210	2,859
	<u>34,506</u>	<u>42,024</u>

Note: The balance of accrued warranty provision represents management's best estimate of the Group's liability under the relevant contracts with customers for the construction contracts of casing and flavouring system and sales of other products, based on prior experience and industry averages for defective products at the end of each reporting period.

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

	2024 HK\$'000	2023 <i>HK\$'000</i>
0–90 days	12,019	14,587
91–365 days	7,122	9,164
1–2 years	96	1,443
Over 2 years	793	604
	20,030	25,798

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

13. CONTRACT LIABILITIES

	2024 HK\$'000	2023 <i>HK\$'000</i>
Construction contracts of casing and flavouring system	47,540	45,113
Sales of other products	24,307	12,715
	71,847	57,828

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.

14. EVENT AFTER THE REPORTING PERIOD

The directors of the Company are not aware of any other significant events that have taken place subsequent to 31 December 2024 and up to the date of approval of this report.

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 two types of catalogued special-purpose tobacco machinery products, namely the casing and flavouring system and pneumatic feeding system.

FINANCIAL REVIEW

For the year ended 31 December 2024, the Group recorded a profit of HK\$7,035,000 while it was a profit of HK\$13,558,000 for the year ended 31 December 2023. In the current year, the Group experienced decreases of the business of the product of the construction contracts of casing and flavouring system and pneumatic feeding system, resulting in a year-on-year decrease in revenue of approximately 7.7% in comparison to the prior year.

Revenue from construction contracts of casing and flavouring systems continued to have outperformed other type of products and goods, contributing HK\$108,722,000, accounting for 94.6% of the total revenue in the current year (2023: HK\$102,897,000 or 82.7%).

Revenue from pneumatic feeding system has decreased by approximately 81.3% from HK\$18,803,000 for the year ended 31 December 2023 to HK\$3,509,000 for the year ended 31 December 2024. There was no sales of water treatment system in the current year (2023: HK\$271,000). The sales of other goods increased from HK\$2,452,000 for the year ended 31 December 2023 to HK\$2,665,000 for the year ended 31 December 2024.

The gross profit margin for the current year was 33.5% and has dropped by 3.2% when comparing with the gross profit margin for the prior year which was 36.7%. The gross profit margin for the construction contracts on casing and flavouring systems has decreased by 1.4% from 34.3% for the year ended 31 December 2023 to 32.9% for the year ended 31 December 2024. The gross profit of construction contracts on casing and flavouring systems is HK\$35,728,000 for the current year and it was HK\$35,283,000 for the prior year. The gross profit of pneumatic feeding system amounted to HK\$1,971,000 for the year ended 31 December 2024 (2023: HK\$9,193,000).

Allowance for inventories (included in cost of sales) amounted to HK\$1,088,000 had been recognised during the year ended 31 December 2024 while HK\$351,000 allowance loss was made in the prior year. The identification of obsolete inventories required the use of judgement and estimates on the conditions and usefulness of the inventories.

The average contract sum of construction contracts on casing and flavouring systems completed was HK\$4,727,000 for the year ended 31 December 2024 while it was HK\$6,431,000 for the year ended 31 December 2023. The revenue from the 3 largest construction contracts on casing and flavouring systems completed during the current year was HK\$58,265,000. The design and complexity of the products varies by customers and therefore there is a wide range of contract prices.

Other income increased by HK\$368,000 or 23.8% and amounted to HK\$1,913,000 in aggregate for the year ended 31 December 2024 (2023: HK\$1,545,000) due to the increment on the the subsidy income. In the current year, the bank interest income is HK\$866,000 (2023: HK\$971,000) and subsidy income of HK\$1,047,000 was received while HK\$574,000 was received in the prior year.

The other gains and losses had decreased by HK\$983,000 or 55.0% to HK\$804,000 for the year ended 31 December 2024 (2023: HK\$1,787,000), mainly due to the decrease of the sales of scrap materials, parts and components amounted to HK\$1,221,000 for the year ended 31 December 2024 (2023: HK\$2,076,000) resulting in a decrease of HK\$855,000 or 41.2% compared to the prior year. The net foreign exchange loss amounted to HK\$417,000 for the year ended 31 December 2024 (2023: HK\$289,000).

An impairment loss on trade-related receivables under expected credit loss model amounting to HK\$114,000 had been recognised during the year ended 31 December 2024, while it was an impairment loss reversal of HK\$322,000 for the year ended 31 December 2023.

Operating expenditure of the Group, comprising of the selling and distribution expenses and administrative expenses, amounted to HK\$26,191,000 for the year ended 31 December 2024 (2023: HK\$26,788,000), representing a decrease of HK\$597,000 or 2.2%.

The selling and distribution expenses decreased by HK\$3,758,000 from HK\$10,210,000 for the year ended 31 December 2023 to HK\$6,452,000 for the year ended 31 December 2024. The decrement of the selling and distribution expenses attributed to the concentration of certain projects requiring communication within specific regional sectors of a limited number of major clients.

The administrative expenses increased by HK\$3,161,000 or 19.1% from the prior year to the year ended 31 December 2024 amounting to HK\$19,739,000 (2023: HK\$16,578,000) due to the increment of travelling expense, welfare expense and the security expense of the Company.

The research and development expenses amounted to HK\$4,605,000 for the year ended 31 December 2024 (2023: HK\$4,672,000), and it had slightly decreased by HK\$67,000 or 1.4%.

The tax expense of HK\$3,299,000 was recorded for the year ended 31 December 2024 and it was HK\$4,360,000 for the year ended 31 December 2023. The tax expense was resulted from 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 2024 (2023: Nil).

BUSINESS REVIEW AND PROSPECT

The Group mainly deals with the customer named “Tobacco Monopoly Administration of the PRC”, which is one of the world’s largest tobacco manufacturer. China produces more than two million metric tons of tobacco each year. The majority of China’s tobacco production serves its massive domestic market, so tobacco industry occupies an important position in China’s economic development. In the annual fiscal revenue of the Chinese government, tax revenue from the tobacco industry has always maintained a relatively high share, contributing nearly one-tenth of the country’s fiscal revenue in the recent year. The tobacco factories in China own the most automatic factory. It is believed that the tobacco machinery industry would maintain in a steady momentum in the coming years.

The tobacco machinery industry renders our company’s technical developments especially the innovations on the machinery related technologies. Being one of the suppliers of Tobacco Monopoly Administration of the PRC and its subsidiaries provides a stable financial proposition to our Group.

The volatilities, uncertainties, complexities and ambiguities existed in the current economic environment. However, the tobacco machinery business provides a good condition and chances for our new developments on diversifying our revenue structure including different products on tobacco industry and the Group has the change to serve different industries which need to have technical supports of non-standardised automatic machinery service. Leveraging on the Group’s competitive strengths in product customisation, development capabilities and our brand on machinery industry, our sales and technical personnel can obtain good and timely understanding of customers’ requests in the tobacco machinery industry and other industries. The Group intends to capture the market opportunities for its specialised products and secure contracts more than one machinery industry and will try to dedicate to innovate the key technologies for the customised automatic machinery industry, hence hope to deliver greater value to our shareholders.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, there was no change in the capital structure of the Group and fixed deposits, financial assets at FVTPL and cash and cash equivalents of the Group as at 31 December 2024 amounted to HK\$96,630,000 (2023: HK\$86,100,000, which was mainly denominated in RMB and HK\$).

During the year ended 31 December 2024, there was no repayment to advance from a director (2023: Nil). The Group had no bank borrowings, mortgages or charges and its gearing ratio was nil at 31 December 2024 (2023: Nil).

As at 31 December 2024, the Group's net current assets was HK\$106,521,000 (2023: HK\$98,984,000). Current ratio and quick ratio of the Group were 1.9 (2023: 1.9) and 1.4 (2023: 1.2), 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 2024, the Group had a total of 136 employees (2023: 147). Total staff costs (including directors' emoluments) were approximately HK\$19,798,000 for the year ended 31 December 2024 (2023: HK\$19,981,000).

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 2024.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CHANGE OF DIRECTOR

With effect from 10 July 2024, (1) Mr. Xu Jiagui has resigned as an executive Director; and (2) Ms. Lew Lai Kuen has been appointed as an executive Director. Please refer to the announcement of the Company dated 10 July 2024 for more details.

With effect from 6 December 2024, Mr. Wen Yuan has been appointed as an executive Director. Please refer to the announcement of the Company dated 6 December 2024 for more details.

CORPORATE GOVERNANCE

Pursuant to the Corporate Governance Code (the “CG Code”) contained in Appendix C1 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 2024, save and except the Code Provisions C.2.1 regarding segregation of chairman and chief executive as explained below.

The roles of chairman and chief executive of the Company are both performed by the same individual – Ms. Liu Li. Ms. Liu Li will ensure that all the Board members keep abreast of the conduct, business activities and development of the Group and adequate, complete and reliable information is provided to Directors on issues to be considered by the Board.

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 C3 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 2024.

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 2024 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 audited consolidated financial statements of the Group for the year as approved by the Board on 26 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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 2024 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 2024 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, 26 March 2025

As at the date of this announcement, the executive Directors are Ms. Liu Li, Ms. Lew Lai Kuen and Mr. Wen Yuan; and the independent non-executive Directors are Dr. Lam, Lee G., Mr. Lam Chi Wing and Mr. Wu Wei.