



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)



Interim Report **2016**

HIGHLIGHTS

- Revenue for the six months ended 30 June 2016 was approximately HK\$20,760,000, representing a decrease of approximately 48.7% as compared with the corresponding period in 2015;
- Loss attributable to shareholders of the Company for the six months ended 30 June 2016 was approximately HK\$1,711,000. For the corresponding period in 2015, profit attributable to shareholders of the Company was approximately HK\$5,655,000 and
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016.

The board (the “Board”) of directors (the “Directors”) of RENHENG Enterprise Holdings Limited (the “Company”) is hereby to present the unaudited consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2016 together with the unaudited comparative figures for the corresponding year in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	4	20,760	40,461
Cost of sales		(13,212)	(22,637)
Gross profit		7,548	17,824
Other income and gains	5	1,962	4,220
Selling and distribution costs		(3,340)	(6,140)
Administrative expenses		(7,170)	(7,782)
Research and development costs		–	(1,009)
(Loss) Profit before taxation	6	(1,000)	7,113
Taxation	7	(711)	(1,458)
(Loss) Profit for the period		(1,711)	5,655
Other comprehensive expense for the period:			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation		(419)	(3,570)
Total comprehensive (expense) income for the period		(2,130)	2,085
(Loss) Earnings per share	8	HK cents	HK cents
– Basic		(0.2)	0.7
– Diluted		(0.2)	0.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> <i>(Audited)</i>
	Notes		
Non-current assets			
Property, plant and equipment	10	11,925	12,271
Land use rights		2,661	2,686
Investment properties		18,320	18,735
		<u>32,906</u>	<u>33,692</u>
Current assets			
Inventories	11	18,040	16,130
Trade and other receivables	12	62,849	50,939
Land use rights		70	72
Amounts due from customers for contract work		8,814	903
Amounts due from related companies		549	2,379
Restricted bank deposits	13	46,742	1,894
Bank balances and cash	13	6,548	60,919
		<u>143,612</u>	<u>133,236</u>
Current liabilities			
Trade and other payables	14	38,231	31,251
Amounts due to customers for contract work		4,932	–
Tax payable		5,839	6,007
		<u>49,002</u>	<u>37,258</u>
Net current assets		<u>94,610</u>	<u>95,978</u>
Total assets less current liabilities		127,516	129,670
Non-current liabilities			
Deferred tax liabilities		1,040	1,064
		<u>126,476</u>	<u>128,606</u>
Capital and reserves			
Share capital	15	2,010	2,010
Reserves		124,466	126,596
Total equity		<u>126,476</u>	<u>128,606</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Discretionary Merger surplus reserve	Statutory surplus reserve	Capital reserve	Property revaluation reserve	Share option reserve	Translation reserve	Accumulated profits (loss)	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
At 1 January 2015	2,000	52,940	49,091	3,338	19,842	999	2,775	571	14,519	107,990	254,065
Profit for the period	-	-	-	-	-	-	-	-	-	5,655	5,655
Exchange differences arising on translation	-	-	-	-	-	-	-	-	(3,570)	-	(3,570)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(3,570)	5,655	2,085
Shares issued under pre- IPO Share Options Scheme	4	224	-	-	-	-	(228)	-	-	-	-
Transfer	-	-	-	-	1,250	-	-	-	-	(1,250)	-
At 30 June 2015	2,004	53,164	49,091	3,338	21,092	999	2,775	343	10,949	112,395	256,150
At 1 January 2016	2,010	41,818	49,091	3,338	21,055	999	2,775	-	7,520	-	128,606
Loss for the period	-	-	-	-	-	-	-	-	-	(1,711)	(1,711)
Exchange differences arising on translation	-	-	-	-	-	-	-	-	(419)	-	(419)
Total comprehensive expense for the period	-	-	-	-	-	-	-	-	(419)	(1,711)	(2,130)
Transfer	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2016	2,010	41,818	49,091	3,338	21,055	999	2,775	-	7,101	(1,711)	126,476

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
<i>Notes</i>	(Unaudited)	(Unaudited)
Net cash (used in) from operating activities	(8,993)	12,030
Net cash used in investing activities	(45,430)	(124,794)
Net cash from financing activities	228	384
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(54,195)	(112,380)
Cash and cash equivalents at the beginning of period	60,919	158,337
Effect of foreign exchange rate changes	(176)	(54)
	<hr/>	<hr/>
Cash and cash equivalents at the end of period	6,548	45,903
<i>13</i>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM REPORT

1. GENERAL

The Company was incorporated in the Cayman Islands on 2 February 2011 and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands. 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 addresses of the registered office and principal place of business of the Company are PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands and Room 3805, 38/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, respectively.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The financial results for the six months ended 30 June 2016 were unaudited but have been reviewed by the audit committee of the Company. The unaudited consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and the disclosure requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (The "Stock Exchange").

The accounting policies used in the preparation of the unaudited consolidated financial statements for the six months ended 30 June 2016 are consistent with those adopted in preparing the audited financial statements of the Group for the year ended 31 December 2015.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied all the standards, amendments and interpretations issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2016. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and presentation of the Group's unaudited consolidated financial statements.

4. REVENUE

Revenue represents revenue arising from sale of goods and construction contracts of casing and flavouring system. An analysis of the Group's revenue is as follows:

	For the six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Sales of goods	5,660	6,154
Revenue from construction contracts of casing and flavouring system	15,100	34,307
	<u>20,760</u>	<u>40,461</u>

The Group's operating activities are attributable to a single operating segment focusing on manufacture and sale of tobacco machinery products. An analysis of the Group's revenue by products is as follows:

	For the six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from construction contracts of casing and flavouring system	15,100	34,307
Sales of		
– pneumatic feeding system	1,420	4,379
– pre-pressing packing machine	134	–
– other products	4,106	1,775
	<u>20,760</u>	<u>40,461</u>

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Sales of materials, parts and components, net gain	842	1,263
Rental income	204	448
Interest income	293	1,960
Subsidy income (note)	623	490
Others	—	59
	1,962	4,220

Note: Based on the document issued by the People's Government of Baoying, Baoying Renheng is entitled to tax refunds representing approximately 12.5% of the excess value added tax paid in prior year as compared with the reference amount as stated in that document.

There were no unfulfilled conditions attached to the subsidy and the refund, therefore, the Group recognised the income and refund upon receipts.

6. (LOSS) PROFIT BEFORE TAXATION

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss) Profit before taxation has been arriving at after charging:		
Directors' emoluments	700	525
Other staff costs:		
Salaries, bonus and allowances	5,853	6,320
Retirement benefits scheme contributions	368	406
	<hr/>	<hr/>
Total staff costs	6,921	7,251
	<hr/>	<hr/>
Depreciation of property, plant and equipment	962	925
Auditor's remuneration	375	375
Cost of inventories recognised as an expense	2,540	2,737
Construction contract costs recognised as an expense	10,672	19,900
Release of land use rights	37	38
Operating lease rentals in respect of office premise	132	132
	<hr/> <hr/>	<hr/> <hr/>

7. TAXATION

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The charge comprise:		
PRC Enterprise Income Tax – current period	711	1,458
	<hr/> <hr/>	<hr/> <hr/>

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

The provision for PRC Enterprise Income Tax is based on the estimated taxable income for PRC taxation purposes at 25% (six months ended 30 June 2015: 15%) pursuant to the Law of the PRC on Enterprise Income Tax and Implementation Legislation.

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share for both periods is based on the following data:

	For the six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Adjusted)
(Loss) Earnings		
(Loss) Profit for the period attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	<u>(1,711)</u>	<u>5,655</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic (loss) earnings per share	804,000,000	800,266,667
Effect of dilutive potential shares		
Share options	<u>-</u>	<u>794,578</u>
Weighted average number of ordinary shares for the purposes of calculating diluted (loss) earnings per share	<u>804,000,000</u>	<u>801,061,245</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the share subdivision on 2 October 2015.

9. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group purchased property, plant and equipment amounting to approximately HK\$875,000 (six months ended 30 June 2015: approximately HK\$697,000).

11. INVENTORIES

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Raw materials	6,613	10,319
Work in progress	11,427	5,811
	18,040	16,130

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Trade receivables	47,461	30,455
Less: Allowance for doubtful debts	(2,237)	(2,287)
	45,224	28,168
Retention money receivables	6,505	15,367
Prepayments and deposits	4,180	2,087
Sundry receivables	7,439	5,828
Less: Allowance for doubtful debts	(499)	(511)
	17,625	22,771
	62,849	50,939

The Group normally allows a credit period of three months to its trade customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and define appropriate credit limits. Retention money receivables refer to the sum retained by customers after the delivery and completion of the contracts but before the expiry of the warranty period given by the Group, which in general, a period of 12 months.

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

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
0 – 90 days	13,568	17,465
91 – 365 days	22,138	3,946
1 – 2 years	3,365	1,837
Over 2 years	6,153	4,920
	<hr/> 45,224 <hr/>	<hr/> 28,168 <hr/>

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date at the end of the reporting period which are past due but not impaired as the management of the Group considers that there has not been a significant change in credit quality and the amounts are considered recoverable. The Group does not hold any collateral over these balances.

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
91 – 365 days	22,138	3,946
1 – 2 years	3,365	1,837
Over 2 years	6,153	4,920
	<hr/> 31,656 <hr/>	<hr/> 10,703 <hr/>

13. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances comprising cash and short-term deposits with an original maturity of three months or less carried at prevailing market deposit rate. The effective interest rate of these deposits ranged from 0.001% to 1.35% (31.12.2015: 0.001% to 3.25%) per annum.

As at 30 June 2016, restricted bank deposits represent deposits of approximately HK\$46,742,000 (31.12.2015: HK\$1,894,000) with effective interest rate of 1.61% (31.12.2015: 3.25%) per annum reserved to banks, not available for use in the Group's daily operation.

14. TRADE AND OTHER PAYABLES

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Trade payables	18,408	16,674
Bills payables	1,594	1,776
	20,002	18,450
Advances from customers	12,071	6,185
Accrued welfare expense	1,675	1,713
Valued added tax payable	2,776	2,111
Other payables	1,693	2,570
Other tax payables	14	222
	38,231	31,251

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

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
0 – 90 days	15,859	16,795
91 – 365 days	3,060	832
1 – 2 years	73	125
Over 2 years	1,010	698
	<u>20,002</u>	<u>18,450</u>

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

15. SHARE CAPITAL

The movement in share capital of the Company is as follows:

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 1 January 2015 (Audited)	1,000,000,000	10,000
Subdivision of each of the existing issued and unissued ordinary shares of HK\$0.01 each in the share capital into four subdivided shares of HK\$0.0025 each	<u>3,000,000,000</u>	<u>–</u>
Ordinary shares of HK\$0.0025 each at 31 December 2015 (Audited) and 30 June 2016 (Unaudited)	<u>4,000,000,000</u>	<u>10,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each at 1 January 2015 (Audited)	200,000,000	2,000
Issue of shares upon exercise of share options	1,000,000	10
Subdivision of each of the existing issued and unissued ordinary shares of HK\$0.01 each in the share capital into four subdivided shares of HK\$0.0025 each	<u>603,000,000</u>	<u>–</u>
Ordinary shares of HK\$0.0025 each at 31 December 2015 (Audited) and 30 June 2016 (Unaudited)	<u>804,000,000</u>	<u>2,010</u>

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 generate our turnover primarily from projects related to three types of catalogued special-purpose tobacco machinery products, namely the casing and flavouring systems, pneumatic feeding systems ("PF systems") and pre-pressing packing machines ("PP systems").

FINANCIAL REVIEW

For the six months ended 30 June 2016, the Group's revenue was approximately HK\$20,760,000, decreased by approximately 48.7% or HK\$19,701,000 (six months ended 30 June 2015: approximately HK\$40,461,000) as compared to the corresponding period last year. Such decrease in revenue was mainly due to the decrease of revenue generated from catalogued special-purpose tobacco machinery as a result of re-schedule of installation by cigarette manufacturers. Revenue from our three types of catalogued special-purpose tobacco machinery products, namely the casing and flavouring systems, PF systems and PP systems for the six months ended 30 June 2016 was approximately HK\$15,100,000, HK\$1,420,000 and HK\$134,000, while the corresponding revenue in last year was approximately HK\$34,307,000, HK\$4,379,000 and nil respectively. Gross profit margin for the six months ended 30 June 2016 was 36.4% (six months ended 30 June 2015: 44.1%). The decrease in gross profit margin was because size of projects completed during the current period was small with lower profit margin when compared to that in prior period.

The operating expenditure of the Group, comprising the selling and distribution costs and administrative expenses, amounted to approximately HK\$13,922,000 and HK\$10,510,000 for the six months ended 30 June 2015 and 2016 respectively. The decrease in operating expenditure was mainly due to less entertainment resulted for the six months ended 30 June 2016. The other income and gains decreased from approximately HK\$4,220,000 for the six months ended 30 June 2015 to approximately HK\$1,962,000 for the six months ended 30 June 2016, because we received less interest income amounting to approximately HK\$293,000 during the current period (six months ended 30 June 2015: HK\$1,960,000). The net loss for the six months ended 30 June 2016 was approximately HK\$1,711,000 (net profit for the six months ended 30 June 2015: approximately HK\$5,655,000). The loss for the current period was due to re-schedule of installation by cigarette manufacturers, which made our revenue decreased by approximately 48.7% or HK\$19,701,000.

As at 30 June 2016, the Group had a sound capital structure with a net current assets of approximately HK\$94,610,000 (31 December 2015: approximately HK\$95,978,000) and continued with zero bank borrowings (31 December 2015: zero). As at 30 June 2016, trade receivables balance (net of allowance for doubtful debt) increased by approximately HK\$17,056,000 or 60.6% to HK\$45,224,000 (31 December 2015: approximately HK\$28,168,000).

BUSINESS REVIEW

For the six months ended 30 June 2016, the Group generated majority of the revenue from the sale of catalogued special-purpose tobacco machinery products, amounting to approximately HK\$16,654,000 (six months ended 30 June 2015: approximately HK\$38,686,000) with a decrease of approximately HK\$22,032,000 or 57.0% as compared with the same period last year. During the period under review, the Group has provided our casing and flavouring systems to customers mainly located in Shandong and Gansu.

Revenue arising from PF systems for the six months ended 30 June 2016 amounted to HK\$1,420,000, representing a decrease of approximately 67.6% or HK\$2,959,000 as compared to approximately HK\$4,379,000 for the six months ended 30 June 2015. During the period under review, the Group has provided our PF system to customer located in Chongqing.

Meanwhile, our sales and marketing personnel were still actively identifying and discussing with respective tobacco redrying factories in respect of contracting PP system projects in the market. The revenue arising from PP systems for the six months ended 30 June 2016 amounted to HK\$134,000 (six months ended 30 June 2015: nil).

Based on the current economic, political and social developments in the PRC, the Group estimates that the average replacement cycle of our tobacco machinery products will be lengthened, notwithstanding the Group continues to acquire new contracts from our customers. The Group expects that the second half of 2016 is still challenging.

PRE-IPO SHARE OPTION SCHEME

The Company's pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") was adopted pursuant to a written resolution passed by the shareholders on 20 October 2011. The purpose of the Pre-IPO Share Option Scheme is to grant options to the participants as incentive or rewards for their contributions to the Group.

Options to subscribe for an aggregate of 1,300,000 shares at an exercise price of HK\$0.96 were originally granted to 10 participants including one executive Director, four members of the senior management of the Group and five employees of the Group, each at a consideration of HK\$10.00 under the Pre-IPO Share Option Scheme on 20 October 2011.

Up to 31 December 2015 and 30 June 2016, all options granted to Directors, eligible employees under the pre-IPO Share Option Scheme were exercised or cancelled.

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a written resolution passed by the shareholders on 20 October 2011 for the primary purpose of providing the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

Up to 30 June 2016, no options were granted to Directors, eligible employees and other outside third parties under the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the interests of Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (The "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange pursuant to the required standard of dealings by Directors as referred to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to The Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"), were as follows:

Long positions

Ordinary shares of HK\$0.0025 each of the Company

Name	Capacity/ Nature of Interest	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Directors			
Mr. Wei Sheng Peng ⁽¹⁾	Interest of a controlled corporation and family interest	600,000,000	74.6%
Ms. Liu Li ⁽²⁾	Interest of a controlled corporation and family interest	600,000,000	74.6%
Mr. Xu Jiagui	Personal interest	800,000	0.1%

Notes:

1. LinkBest Capital Group Limited (“LinkBest”), which is wholly owned by Mr. Wei Sheng Peng, is interested in 360,000,000 shares of the Company. Mr. Wei Sheng Peng is also the spouse of Ms. Liu Li, so he is deemed to be interested in 240,000,000 shares held by Open Venture Global Limited (“Open Venture”), being a corporation wholly owned by Ms. Liu Li.

Mr. Wei Sheng Peng passed away in May 2016 and his heritage is still under process as at 30 June 2016.

2. Open Venture, which is wholly owned by Ms. Liu Li, is interested in 240,000,000 shares of the Company. Ms. Liu Li is also the spouse of Mr. Wei Sheng Peng, so she is deemed to be interested in 360,000,000 shares held by LinkBest, being a corporation wholly owned by Mr. Wei Sheng Peng.

Save as disclosed above, none of the Directors and the chief executive of the Company nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2016.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, according to the register of interests required to be kept by the Company under Section 336 of the SFO other than the interests disclosed above in respect of Directors and chief executive of the Company, the following parties had interests in shares of the Company, as notified to the Company and The Stock Exchange, as follows:

Long positions

Ordinary shares of HK\$0.0025 each of the Company

Name of shareholders	Capacity/Nature of Interest	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
LinkBest ⁽¹⁾	Beneficial owner	360,000,000	44.8%
Open Venture ⁽²⁾	Beneficial owner	240,000,000	29.8%
Mr. Wei Sheng Peng ⁽³⁾	Interest of a controlled corporation and family interest	600,000,000	74.6%
Ms. Liu Li ⁽⁴⁾	Interest of a controlled corporation and family interest	600,000,000	74.6%

Notes:

1. LinkBest is wholly owned by Mr. Wei Sheng Peng.

Mr. Wei Sheng Peng passed away in May 2016 and his heritage is still under process as at 30 June 2016.

2. Open Venture is wholly owned by Ms. Liu Li.

3. Mr. Wei Sheng Peng is the sole shareholder of LinkBest which is interested in 360,000,000 shares of the Company and as the spouse of Ms. Liu Li, he is deemed to be interested in 240,000,000 shares held by Open Venture, being a corporation wholly owned by Ms. Liu Li.

Mr. Wei Sheng Peng passed away in May 2016 and his heritage is still under process as at 30 June 2016.

4. Ms. Liu Li is the sole shareholder of Open Venture which is interested in 240,000,000 shares of the Company and as the spouse of Mr. Wei Sheng Peng, she is deemed to be interested in 360,000,000 shares held by LinkBest, being a corporation wholly owned by Mr. Wei Sheng Peng.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2016.

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company nor their respective associates (as defined under the Listing Rules) had any interest in a business that competes or may compete with the business of the Group.

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

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares of the Company.

CORPORATE GOVERNANCE PRACTICES

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 six months ended 30 June 2016, except for the Code Provisions A.2.1 of the CG Code as follows:

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

DIRECTORS' SECURITIES TRANSACTIONS

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 six months ended 30 June 2016.

AUDIT COMMITTEE

The Company has established an audit committee on 20 October 2011, currently comprising three independent non-executive Directors and is chaired by Mr. Wong Yiu Kit, Ernest. The rest of the members are Mr. Kong Hing Ki and Mr. Wu Wei. The interim report for the six months ended 30 June 2016 have been reviewed by the audit committee in accordance with Listing Rules. The audit committee was of the opinion that such results complied with the applicable accounting standards and that adequate disclosures had been made.

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

Hong Kong, 30 August 2016

As at the date of this report, 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.