

# REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8177

# 2016

## Interim Report

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

**Growth Enterprise Market (“GEM”) has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this interim report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this interim report.

This interim report, for which the directors of REF Holdings Limited (the “**Company**” and the “**Directors**”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this interim report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this interim report misleading.

# Condensed Consolidated Financial Statements

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2016 together with the unaudited comparative figures for the corresponding period in 2015, as follows:

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

		<b>Six months ended</b>	
		<b>30 June</b>	
	Notes	<b>2016</b>	2015
		<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
Revenue	4	<b>94,602</b>	66,426
Cost of services		<b>(44,302)</b>	(33,161)
Gross profit		<b>50,300</b>	33,265
Other income		<b>6</b>	43
Selling and distribution expenses		<b>(6,432)</b>	(5,076)
Administrative expenses		<b>(13,036)</b>	(9,297)
Finance costs	5	<b>(5)</b>	(4)
<b>Profit before taxation</b>	6	<b>30,833</b>	18,931
Taxation	7	<b>(5,238)</b>	(3,126)
<b>Profit for the period</b>		<b>25,595</b>	15,805
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<b>25,595</b>	15,805
<b>Earnings per share</b>			
— Basic and diluted (HK cents)	9	<b>10.00</b>	8.23

The accompanying notes form an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Financial Position

As at 30 June 2016

		<b>As at 30 June 2016 HK\$'000 (unaudited)</b>	As at 31 December 2015 HK\$'000 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
		<b>238</b>	290
		<b>283</b>	288
		<b>521</b>	578
<b>Current assets</b>			
		<b>2,283</b>	1,331
	10	<b>35,975</b>	23,419
	11	<b>5,098</b>	4,672
		<b>92,486</b>	69,183
		<b>135,842</b>	98,605
<b>Current liabilities</b>			
	12	<b>8,222</b>	8,749
	13	<b>15,265</b>	14,174
		<b>20,978</b>	15,190
		<b>6,015</b>	782
		<b>50,480</b>	38,895
		<b>85,362</b>	59,710
		<b>85,883</b>	60,288
		<b>85,883</b>	60,288

# Condensed Consolidated Statement of Financial Position

As at 30 June 2016

		<b>As at 30 June 2016 HK\$'000 (unaudited)</b>	As at 31 December 2015 HK\$'000 (audited)
<b>Capital and reserves</b>			
Share capital	14	<b>2,560</b>	2,560
Reserves		<b>83,323</b>	57,728
<b>Total equity attributable to owners of the Company</b>		<b>85,883</b>	60,288

Approved by the Board of Directors on 10 August 2016 and signed on its behalf by:

**Chiu Hok Yu**  
*Executive Director*

**Kwok Kam Lai**  
*Executive Director*

The accompanying notes form an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company			
	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
As at 1 January 2015 (audited)	–	–	10,823	10,823
Profit and total comprehensive income for the period	–	–	15,805	15,805
As at 30 June 2015 (unaudited)	–	–	26,628	26,628
As at 1 January 2016 (audited)	<b>2,560</b>	<b>41,233</b>	<b>16,495</b>	<b>60,288</b>
Profit and total comprehensive income for the period	–	–	<b>25,595</b>	<b>25,595</b>
<b>As at 30 June 2016 (unaudited)</b>	<b>2,560</b>	<b>41,233</b>	<b>42,090</b>	<b>85,883</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Cash flows from operating activities</b>		
Profit before taxation	<b>30,833</b>	18,931
<b>Adjustments for:</b>		
Interest income	<b>(1)</b>	(9)
Depreciation of plant and equipment	<b>106</b>	469
Operating cash flows before movements in working capital	<b>30,938</b>	19,391
Increase in work in progress	<b>(1,275)</b>	(1,361)
Increase in trade receivables	<b>(12,556)</b>	(14,012)
Increase in prepayments, deposits and other receivables	<b>(426)</b>	(2,339)
(Decrease)/increase in trade payables	<b>(204)</b>	2,500
Increase/(decrease) in accruals and other payables	<b>1,091</b>	(101)
Increase in deposits received	<b>5,788</b>	3,252
Cash generated from operations	<b>23,356</b>	7,330
Income taxes paid	–	(971)
<b>Net cash generated from operating activities</b>	<b>23,356</b>	6,359
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	<b>(54)</b>	(24)
Interest received	<b>1</b>	9
<b>Net cash used in investing activities</b>	<b>(53)</b>	(15)
<b>Net increase in cash and cash equivalents</b>	<b>23,303</b>	6,344
<b>Cash and cash equivalents at the beginning of the period</b>	<b>69,183</b>	18,303
<b>Cash and cash equivalents at the end of the period</b>	<b>92,486</b>	24,647

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 February 2014 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. Its parent company is Jumbo Ace Enterprises Limited ("**Jumbo Ace**"), a company incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Mr. Lau Man Tak ("**Mr. Lau**"), who is also the chairman of the Board (the "**Chairman**") and a non-executive Director. The Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) on 12 March 2014. Its shares were initially listed on the GEM of the Stock Exchange on 25 September 2015.

The Company's registered office address is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of its headquarters, head office and principal place of business in Hong Kong is 3/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company and the Company's subsidiaries are principally engaged in the provision of financial printing services. The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("**HK\$**") which is also the functional currency of the Company. All values are rounded to the nearest thousand ("**HK\$'000**") except otherwise indicated.

These condensed consolidated interim financial statements have not been audited.

## 2. REORGANISATION

Pursuant to the reorganisation (the "**Reorganisation**") as fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" of the Company's prospectus dated 17 September 2015 (the "**Prospectus**"), the Company became the holding company of the companies now comprising the Group on 17 August 2015. The companies now comprising the Group were under the common control of Mr. Lau before and after the Reorganisation. Accordingly, the unaudited condensed consolidated financial statements have been prepared on the basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the reporting period.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 2. REORGANISATION *(Continued)*

The unaudited condensed consolidated financial statements have been prepared as if the current group structure had been in existence throughout the reporting period or since the respective dates of incorporation of the companies now comprising the Group, where there was a shorter period.

All intra-group transactions and balances have been eliminated.

## 3. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and accounting principles generally accepted in Hong Kong. In addition, the unaudited condensed consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules and the Hong Kong Companies Ordinance.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the unaudited condensed consolidated statements of profit or loss and other comprehensive income for the six months ended 30 June 2016 and 2015, respectively and the unaudited condensed consolidated statements of changes in equity for the six months ended 30 June 2016 and 2015, respectively have been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the periods. The unaudited condensed consolidated financial statements have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger accounting under common control combination” issued by the HKICPA as if the group structure under the Reorganisation had been in existence throughout the abovementioned periods or since their respective dates of incorporation/establishment of the entities now comprising the Group, whichever was the shorter period.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in preparing the audited financial statements for year ended 31 December 2015.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 3. BASIS OF PREPARATION *(Continued)*

The HKICPA has issued a number of amendments to HKFRSs. The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

In addition, the Company has adopted the amendments to the GEM Listing Rules issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap.622) during the reporting period. The main impact to the unaudited condensed consolidated financial statements is on the presentation and disclosure of certain information in the unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of the unaudited condensed consolidated financial statements in conformity with the HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The condensed consolidated financial statements have not been audited by the Company's independent auditors, but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 4. REVENUE

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Financial printing services:</b>		
Printing	<b>64,066</b>	44,875
Translation	<b>23,143</b>	15,076
Media placement	<b>7,393</b>	6,475
	<b>94,602</b>	66,426

## 5. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank charges	<b>5</b>	4

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Auditors' remuneration	300	360
Depreciation of plant and equipment	106	469
Operating lease rental expenses in respect of rented premises	4,473	4,473

## 7. TAXATION

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
— Hong Kong	5,233	3,157
Deferred tax		
Current year	5	(31)
	5,238	3,126

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the relevant periods.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 7. TAXATION *(Continued)*

Deferred tax assets are measured at the tax rates of 16.5% that are expected to apply in the relevant period in which the liability is settled or the asset is realised.

The Company is an exempted company incorporated in the Cayman Islands. As such, there are no taxes on individuals or corporations based upon profits, income, gains or appreciations and there are no other taxes likely to be material to the Company levied by the government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

## 8. DIVIDENDS

The Board does not declare the payment of any dividend for the six months ended 30 June 2016 (2015: Nil).

## 9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Earnings:</b>		
Profit attributable to the owners of the Company for the purpose of calculating basic earnings per share	25,595	15,805
	'000	'000
<b>Number of shares:</b>		
Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings per share (Note)	256,000	192,000
Basic earnings per share (HK cents)	10.00	8.23

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 9. EARNINGS PER SHARE (Continued)

Note:

The calculation of basic earnings per share for the six months ended 30 June 2016 and 2015 is based on the profit attributable to the owners of the Company for the periods and the weighted average number of shares for the relevant periods.

For the six months ended 30 June 2016, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share is calculated based on 256,000,000 ordinary shares in issue.

For the six months ended 30 June 2015, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share is calculated based on the assumption that 192,000,000 ordinary shares had been in issue, comprising 100 ordinary shares in issue and 191,999,900 ordinary shares to be issued pursuant to the capitalisation issue as detailed in the subsection headed "Share Capital" set out in the Prospectus as if the shares had been outstanding throughout the period.

Diluted earnings per share is the same as the basic earnings per share for the six months ended 30 June 2016 and 2015 as there were no potential dilutive ordinary shares in issue.

## 10. TRADE RECEIVABLES

	<b>As at 30 June 2016 HK\$'000 (unaudited)</b>	As at 31 December 2015 HK\$'000 (audited)
Trade receivables	<b>35,975</b>	23,419

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 10. TRADE RECEIVABLES *(Continued)*

The following is an analysis of trade receivables by age, presented based on the invoice date at the end of the reporting periods:

	<b>As at 30 June 2016 HK\$'000 (unaudited)</b>	As at 31 December 2015 HK\$'000 (audited)
Current — neither past due nor impaired	<b>12,968</b>	16,053
Under 30 days past due	<b>9,514</b>	3,732
30–59 days past due	<b>10,074</b>	2,725
60–119 days past due	<b>2,910</b>	608
120–149 days past due	<b>52</b>	58
Over 150 days past due	<b>457</b>	243
	<b>35,975</b>	23,419

The Group generally allows a credit period of 30 days to its customers. Receivables that were neither past due nor impaired related to customers for whom there was no default. Receivables that were past due but not impaired related to customers that have good creditworthiness. Based on past experience, the management considered that no impairment is necessary as there has not been a significant change in credit quality of these balances, which are still considered fully recoverable.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 10. TRADE RECEIVABLES *(Continued)*

### AGE OF RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

	<b>As at 30 June 2016 HK\$'000 (unaudited)</b>	As at 31 December 2015 HK\$'000 (audited)
Under 30 days past due	<b>9,514</b>	3,732
30–59 days past due	<b>10,074</b>	2,725
60–119 days past due	<b>2,910</b>	608
120–149 days past due	<b>52</b>	58
Over 150 days past due	<b>457</b>	243
	<b>23,007</b>	7,366

The Group does not hold any collateral over the balances.

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>As at 30 June 2016 HK\$'000 (unaudited)</b>	As at 31 December 2015 HK\$'000 (audited)
Rental, utility and other deposits	<b>4,526</b>	4,098
Prepayments and other receivables	<b>572</b>	574
	<b>5,098</b>	4,672



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 12. TRADE PAYABLES

	<b>As at 30 June 2016 HK\$'000 (unaudited)</b>	As at 31 December 2015 HK\$'000 (audited)
Trade payables	<b>8,222</b>	8,749

The credit period from suppliers is up to 60 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>As at 30 June 2016 HK\$'000 (unaudited)</b>	As at 31 December 2015 HK\$'000 (audited)
Current — up to 60 days	<b>8,222</b>	8,749

## 13. ACCRUALS AND OTHER PAYABLES

	<b>As at 30 June 2016 HK\$'000 (unaudited)</b>	As at 31 December 2015 HK\$'000 (audited)
Accruals	<b>1,271</b>	1,086
Other payables (Note)	<b>13,994</b>	13,088
	<b>15,265</b>	14,174

Note:

Included above are provision of staff bonus of approximately HK\$11,653,000 and HK\$11,399,000 as at 30 June 2016 and 31 December 2015 respectively.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 14. SHARE CAPITAL

	As at 30 June 2016		As at 31 December 2015	
	Number of shares '000 (unaudited)	HK\$'000 (unaudited)	Number of shares '000 (audited)	HK\$'000 (audited)
<b>Authorised</b>				
Ordinary shares of HK\$0.01 each	<b>10,000,000</b>	<b>100,000</b>	10,000,000	100,000
<b>Issued and fully paid</b>				
At the beginning of the period	<b>256,000</b>	<b>2,560</b>	-	-
Issue of shares under capitalisation issue (Note (a))	-	-	192,000	1,920
Issue of new shares by way of placing (Note (b))	-	-	64,000	640
At the end of the period	<b>256,000</b>	<b>2,560</b>	256,000	2,560

Notes:

- (a) Pursuant to the written resolutions of the sole shareholder passed on 12 August 2015, conditional upon the share premium account of the Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of 64,000,000 placing shares by the Company pursuant to a listing by way of placing on the GEM of the Stock Exchange, the Directors were authorised to capitalise an amount of approximately HK\$1,920,000 from the amount standing to the credit of the share premium account of the Company and to appropriate such amount as to pay up in full at par 191,999,900 shares for allotment and issue to the persons whose names appeared on the register of members of the Company at the close of business on 10 September 2015 (or as each of them may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share would be allotted and issued) to their respective shareholdings in the Company, and the shares to be allotted and issued would rank pari passu in all respects with the then existing issued shares of the Company.
- (b) On 25 September 2015, the Company placed 64,000,000 new shares at HK\$0.75 per share for a total gross proceeds of HK\$48,000,000. The proceeds were proposed to be used to finance the implementation of the plans as set forth in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 15. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had also entered into the following material related party transactions during the reporting period:

### TRANSACTIONS WITH RELATED PARTIES

Name of company	Nature of transactions	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
TEM Holding Limited ("TEM") (Note)	Financial printing services income rendered	998	–

Note:

Mr. Lau, a non-executive Director and the Chairman, is the controlling shareholder of TEM, the issued shares of which are listed on the GEM of the Stock Exchange. In the opinion of the Directors, the transaction was conducted in the normal course of business and based on the terms mutually determined and agreed by the respective parties.

## 16. EVENTS AFTER REPORTING PERIOD

The Group had no significant events after the end of the reporting period of this report.

# Management Discussion and Analysis

## **BUSINESS REVIEW AND OUTLOOK**

The Group is principally engaged in the provision of financial printing services for the financial sector in Hong Kong. The Group provides a wide range of convenient and quality financial printing services, from typesetting, proofreading, translation, design, printing, web submitting, newspaper placement to distribution. The core financial printing services of the Group cover printing of listing documents, financial reports, debt offering circulars, compliance documents and other documents. The services of the Group can be broadly categorised into three types, namely printing, translation and media placements. Most of the Group's customers are listed on the Stock Exchange and/or other stock exchanges. The Group aims to offer one-stop financial printing services that can meet customers' expectations and provide them with a unique and perfect experience.

Looking ahead, the economic environment which is uncertain and may affect the financial market sentiment in particular relating to the various guideline(s) and letters that were published by the Stock Exchange concerning the suitability for listing of an applicant. The Board has considered that it is more appropriate to postpone the set-up of an in-house translation team and the aggressive expansion of its workforce as set out in the Prospectus under the section headed "Future Plans and Use of Our Proceeds".

The net proceeds from the placing of the Company's new shares were approximately HK\$31.4 million, after deducting the listing related expenses. During the period from 25 September 2015 (the date on which the Company's shares were initially listed on the GEM of the Stock Exchange (the "**Listing**")) to 30 June 2016, a small portion of the net proceeds from the Listing were utilised in accordance with the proposed applications set out in the Prospectus. The balance of funds would be utilised according to the use disclosed in the Prospectus except that the time schedule will be deferred, as mentioned in the Company's annual report for the year ended 31 December 2015 and the above paragraph. As at 30 June 2016, all of the unused proceeds were deposited in a licensed bank in Hong Kong.

Nevertheless, to further enhance our competitive edge, we have incurred additional cost for improving, acquiring office facilities and equipment and software for our existing working environment and strengthening our design capabilities. With these measures in place, we are able to react to the changing needs of our customers more efficiently and effectively. Moreover, we further enhance our multiple points of quality control and inspection throughout our production process to ensure the quality of our financial printing services.

# Management Discussion and Analysis

## **BUSINESS REVIEW AND OUTLOOK** *(Continued)*

We are optimistic about our core business and shall continue to capture market opportunities and expand our customer base, so as to achieve a sustainable business growth and long-term benefits for our shareholders (the “**Shareholders**”).

## **FINANCIAL REVIEW**

### **REVENUE**

The Group’s revenue increased by approximately HK\$28.2 million, or 42.5%, from approximately HK\$66.4 million for the six months ended 30 June 2015 to approximately HK\$94.6 million for the six months ended 30 June 2016. The increase was primarily attributable to the increase in printing activity and translation activity services.

### **COST OF SERVICES**

The Group’s cost of services increased by approximately HK\$11.1 million, or 33.4%, from approximately HK\$33.2 million for the six months ended 30 June 2015 to approximately HK\$44.3 million for the six months ended 30 June 2016. The increase was mainly due to (i) an increase in printing costs and translation costs, amounting to approximately HK\$6.9 million in total, which was in line with the increase in revenue generated from printing activity and translation activity; and (ii) an increase in staff cost, which amounted to approximately HK\$3.7 million in total caused by (a) an increase in the number of staff; (b) the annual/regular salary revision for the staff; and (c) an increase in bonus provision which was in line with the increase in profits for the reporting period.

### **OTHER INCOME**

Other income decreased by approximately HK\$37,000, or 86.0%, from approximately HK\$43,000 for the six months ended 30 June 2015 to approximately HK\$6,000 for the six months ended 30 June 2016. The decrease was primarily due to less sundry income.

### **SELLING AND DISTRIBUTION EXPENSES**

The Group’s selling and distribution expenses increased by approximately HK\$1.3 million, or 25.5%, from approximately HK\$5.1 million for the six months ended 30 June 2015 to approximately HK\$6.4 million for the six months ended 30 June 2016. The increase was mainly due to (i) increases in commission payment and bonus provision, which was in line with the increase in revenue; (ii) an increase in the number of staff; and (iii) the annual/regular salary revision for the staff.

# Management Discussion and Analysis

## **FINANCIAL REVIEW** *(Continued)*

### **ADMINISTRATIVE EXPENSES**

The Group's administrative expenses increased by approximately HK\$3.7 million, or 39.8%, from approximately HK\$9.3 million for the six months ended 30 June 2015 to approximately HK\$13.0 million for the six months ended 30 June 2016. The increase was mainly due to (i) professional and other costs in relation to the compliance with the GEM Listing Rules and other regulations applicable to the Group for maintaining the listing status; and (ii) staff cost (including remuneration of Directors), which was in line with the increase in profits for the reporting period and in line with the market conditions.

### **DEPRECIATION OF PLANT AND EQUIPMENT**

Depreciation expenses decreased by approximately HK\$0.4 million, or 80.0%, from approximately HK\$0.5 million for the six months ended 30 June 2015 to approximately HK\$0.1 million for the six months ended 30 June 2016. The decrease was primarily due to the fact that most fixed assets were fully depreciated.

### **FINANCE COSTS**

Finance costs remained stable at approximately HK\$4,000 and approximately HK\$5,000 for the six months ended 30 June 2015 and 30 June 2016, respectively.

### **TAX EXPENSES**

Profits tax expenses increased by approximately HK\$2.1 million, or 67.7%, from approximately HK\$3.1 million for the six months ended 30 June 2015 to approximately HK\$5.2 million for the six months ended 30 June 2016. The increase was primarily attributable to the increase in profit before taxation.

### **PROFIT FOR THE PERIOD**

The profit for the six months ended 30 June 2016 was approximately HK\$25.6 million, representing an increase of approximately HK\$9.8 million, or 62.0% as compared with approximately HK\$15.8 million for the six months ended 30 June 2015. The increase was primarily attributable to the increase in revenue.

# Management Discussion and Analysis

## GEARING RATIO

As at 30 June 2016 and 31 December 2015, the Group did not have any interest-bearing debt and hence gearing ratio was not applicable.

## LIQUIDITY AND FINANCIAL RESOURCES

At 30 June 2016, cash and bank balances of the Group amounted to approximately HK\$92.5 million (31 December 2015: HK\$69.2 million). The current ratios (current asset divided by current liabilities) of the Group were 2.7 times and 2.5 times as at 30 June 2016 and 31 December 2015, respectively. In view of the Group's current level of cash and bank balances and funds generated internally from our operations, the Board is confident that the Group will have sufficient resources to meet its finance needs for its operations.

## SHARE CAPITAL

As at 30 June 2016 and 31 December 2015, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 ordinary shares of par value of HK\$0.01 each (the "**Shares**") and the issued share capital of the Company was HK\$2,560,000 divided into 256,000,000 Shares. The share capital of the Company only comprises Shares. There was no change in the share capital of the Company during the period.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had 84 full-time employees (the "**Employees**") (30 June 2015: 71). Employees are remunerated according to their performance, qualification and work experience. On top of basic salaries, discretionary bonus may be granted to eligible staff by reference to the Group's performance, individual staff's performance and the market conditions. The total staff cost (including remuneration of Directors) amounted to approximately HK\$15.3 million for the six months ended 30 June 2015 and approximately HK\$23.0 million for the six months ended 30 June 2016. The dedication and hard work of the Group's staff during the six months ended 30 June 2016 are generally appreciated and recognised.

# Management Discussion and Analysis

## **CAPITAL COMMITMENT**

As at the end of the reporting period, the Group did not have any significant capital commitment.

## **FOREIGN CURRENCY EXPOSURE**

The Group's sales and purchases are denominated in Hong Kong dollars. The Group will review and monitor from time to time the risk relating to foreign exchanges whenever applicable.

## **SIGNIFICANT INVESTMENTS**

As at 30 June 2016 and 2015, the Group did not hold any significant investments.

## **CHARGE ON THE GROUP'S ASSETS**

As at 30 June 2016 and 2015, the Group had no charges on the Group's assets.

## **CONTINGENT LIABILITIES**

As at 30 June 2016 and 2015, the Group did not have any material contingent liabilities or guarantees.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

There was no specific plan for material investments or capital assets as at 30 June 2016.

## **MATERIAL ACQUISITIONS OR DISPOSALS**

During the six months ended 30 June 2016, there was no material acquisition or disposal by the Group.



## Other Information

### DISCLOSURE OF INTERESTS

#### (A) DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2016, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "Register"); or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange were as follows:

#### Long position in Shares

Name of Directors	Capacity/Nature of interest	Number of Shares held	Percentage of issued share capital of the Company
Mr. Lau	Interest in controlled corporations (Note 1)	192,000,000	75.0%
Ms. Lim Youngsook	Family interest (Note 2)	192,000,000	75.0%

Note 1: Mr. Lau owns 76.25% of the issued share capital of Rising Luck Management Limited ("Rising Luck"), the remaining 23.75% of which is owned by an independent third party. Rising Luck owns 85% of the entire issued share capital of Jumbo Ace. He also has a direct 5% interest in Jumbo Ace. Under the SFO, Mr. Lau is deemed to be interested in 192,000,000 Shares registered in the name of Jumbo Ace.

Note 2: Ms. Lim Youngsook is the spouse of Mr. Lau and is therefore deemed to be interested in the Shares owned by Mr. Lau (by himself and through his controlled corporations).

## Other Information

### DISCLOSURE OF INTERESTS *(Continued)*

#### (A) DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

Save as disclosed above, as at 30 June 2016, none of the Directors and the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the Register, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

#### (B) SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware of as at 30 June 2016, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company or any other members of the Group:

##### Long position in the Shares

Name	Capacity/Nature of interest	Number of Shares held	Percentage of issued share capital of the Company
Jumbo Ace	Beneficial owner	192,000,000	75.0%
Rising Luck	Interest in a controlled corporation (Note 1)	192,000,000	75.0%

Note 1: Rising Luck owns 85% of the entire issued share capital of Jumbo Ace, the remaining 10% and 5% of which are owned by independent third parties and Mr. Lau, respectively. Mr. Lau owns 76.25% of the issued share capital of Rising Luck, the remaining 23.75% of which is owned by an independent third party. Mr. Lau is deemed to be interested in 192,000,000 Shares registered in the name of Jumbo Ace.

## Other Information

### **DISCLOSURE OF INTERESTS** *(Continued)*

#### **(B) SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY** *(Continued)*

Save as disclosed above, as at 30 June 2016, the Directors were not aware of any persons who/entities which had any interest or short position in the securities in the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Register required to be kept under section 336 of the SFO.

### **COMPETING INTERESTS**

The Directors are not aware of any business or interest of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the six months ended 30 June 2016.

### **CORPORATE GOVERNANCE CODE**

The Company adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance and the Board is satisfied that the Company had complied with the code provisions of the CG Code during the six months ended 30 June 2016.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the six months ended 30 June 2016.

## Other Information

### CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors' information subsequent to the date of annual report for the year ended 31 December 2015, as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules, are set out below:

<b>Name of Director</b>	<b>Details of Changes</b>
Mr. Lau	Appointed as an executive director and chairman of TEM, a company listed on the GEM of the Stock Exchange (Stock Code: 8346), with effect from 22 October 2015.
Mr. Lum Chor Wah Richard	Appointed as an independent non-executive director of TEM with effect from 20 April 2016.
Mr. Wong Kun Kau	Retired as an independent non-executive director of Anhui Conch Cement Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 0914), with effect from 2 June 2016.

### INTERESTS OF COMPLIANCE ADVISER

As at 30 June 2016, as notified by the Company's compliance adviser, CLC International Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement dated 11 September 2015 and entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## Other Information

### **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 had purchased, sold or redeemed any of the Company's listed securities.

### **SHARE OPTION SCHEME**

The Company adopted a share option scheme (the "**Scheme**") on 12 August 2015 to provide incentives and/or to reward eligible persons for their contribution to, and continuing efforts to promote the interest of, the Group. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The purpose of the Scheme is to advance the interests of the Company and its Shareholders by enabling (i) the Company to grant options to attract, retain and reward the eligible persons and to provide them with an incentive or reward for their contribution to the Group and (ii) such persons' contribution to further advance the interests of the Group.

The Scheme is valid and effective for a period of ten years commencing on the date of adoption of the Scheme. As at 30 June 2016, there were a total of 25,600,000 Shares, representing 10% of the issued Shares, available for issue under the Scheme.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 June 2016.

### **AUDIT COMMITTEE**

The Company established the Audit Committee on 12 August 2015 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and review the Company's financial information.

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lum Chor Wah Richard. Mr. Leung Chi Hung is the chairman of the Audit Committee.

## Other Information

### **AUDIT COMMITTEE** *(Continued)*

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2016 and this interim report and is of the view that such statements and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

By order of the Board  
**REF Holdings Limited**  
**Lau Man Tak**  
*Chairman*

Hong Kong, 10 August 2016

*As at the date of this interim report, the executive Directors are Ms. Chiu Hok Yu and Ms. Kwok Kam Lai; the non-executive Director is Mr. Lau Man Tak; and the independent non-executive Directors are Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lum Chor Wah Richard.*

# Corporate Information

## **BOARD OF DIRECTORS**

### **EXECUTIVE DIRECTORS**

Ms. Chiu Hok Yu  
Ms. Kwok Kam Lai

### **CHAIRMAN AND NON-EXECUTIVE DIRECTOR**

Mr. Lau Man Tak

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

Mr. Leung Chi Hung  
Mr. Wong Kun Kau  
Mr. Lum Chor Wah Richard

## **COMPANY SECRETARY**

Mr. Ko Wai Lun Warren

## **COMPLIANCE OFFICER**

Ms. Kwok Kam Lai

## **AUTHORISED REPRESENTATIVES**

Ms. Chiu Hok Yu  
Ms. Kwok Kam Lai

## **AUDIT COMMITTEE**

Mr. Leung Chi Hung (*chairman*)  
Mr. Wong Kun Kau  
Mr. Lum Chor Wah Richard

## **REMUNERATION COMMITTEE**

Mr. Lum Chor Wah Richard (*chairman*)  
Mr. Leung Chi Hung  
Mr. Wong Kun Kau  
Ms. Chiu Hok Yu

## **NOMINATION COMMITTEE**

Mr. Wong Kun Kau (*chairman*)  
Mr. Leung Chi Hung  
Mr. Lum Chor Wah Richard  
Ms. Chiu Hok Yu

## **INDEPENDENT AUDITORS**

HLB Hodgson Impey Cheng Limited  
Certified Public Accountants

## **REGISTERED OFFICE**

Clifton House  
75 Fort Street  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

## **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

3/F., Nexus Building  
77 Des Voeux Road Central  
Hong Kong

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Estera Trust (Cayman) Limited  
Clifton House  
75 Fort Street  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

# Corporate Information

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Union Registrars Limited  
Suites 3301–04, 33/F.  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

## **PRINCIPAL BANKER**

The Hongkong and Shanghai  
Banking Corporation Limited

## **WEBSITE**

[www.ref.com.hk](http://www.ref.com.hk)

## **STOCK CODE**

8177