

REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1631

2020

I N T E R I M R E P O R T

Condensed Consolidated Financial Statements

The board (the “**Board**”) of directors (the “**Directors**”) of REF Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2020 (the “**Period**”) together with the relevant comparative figures as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Notes	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	4	83,253	98,507
Cost of services		(43,303)	(48,096)
Gross profit		39,950	50,411
Other gains and losses	6	(1,395)	678
Selling and distribution expenses		(6,021)	(7,060)
Administrative expenses		(18,947)	(20,278)
Finance costs	7	(600)	(1,083)
Profit before taxation		12,987	22,668
Taxation	8	(2,386)	(3,769)
Profit and total comprehensive income for the period attributable to owners of the Company	9	10,601	18,899
Earnings per share			
— Basic and diluted (HK cents)	11	4.14	7.38

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

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

		As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
	Notes		
Assets			
Non-current assets			
Plant and equipment	12	7,018	8,852
Right-of-use assets	13	17,576	24,773
Deferred tax assets	20	330	230
		24,924	33,855
Current assets			
Trade receivables	14	33,815	23,644
Prepayments, deposits and other receivables	15	9,105	10,041
Other current assets		1,995	3,008
Tax recoverable		–	402
Financial assets at fair value through profit or loss	16	23,478	17,702
Fixed deposits	17	150,000	218,240
Bank balances and cash	17	81,339	14,011
		299,732	287,048
Current liabilities			
Trade payables	18	6,403	6,285
Accruals and other payables	19	13,585	12,195
Lease liabilities	13	17,409	18,652
Contract liabilities		31,057	34,627
Tax payable		3,130	–
		71,584	71,759
Net current assets		228,148	215,289
Total assets less current liabilities		253,072	249,144

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

		As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
	Notes		
Non-current liabilities			
Lease liabilities	13	1,904	8,471
Deferred tax liabilities	20	–	106
		1,904	8,577
Net assets			
		251,168	240,567
Capital and reserves			
Share capital	21	2,560	2,560
Reserves		248,608	238,007
Total equity attributable to owners of the Company			
		251,168	240,567

Approved and authorised for issue by the Board on 21 August 2020 and signed on its behalf by:

Lau Man Tak
Director

Kwok Kam Lai
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 2020

	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 2019 (audited)	2,560	41,233	163,236	207,029
Profit and total comprehensive income for the period	–	–	18,899	18,899
As at 30 June 2019 (unaudited)	2,560	41,233	182,135	225,928
As at 1 January 2020 (audited)	2,560	41,233	196,774	240,567
Profit and total comprehensive income for the period	–	–	10,601	10,601
As at 30 June 2020 (unaudited)	2,560	41,233	207,375	251,168

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before taxation	12,987	22,668
Adjustments for:		
Interest income	(1,769)	(1,655)
Interest on lease liabilities	594	1,075
Allowance for expected credit losses	248	–
Reversal of allowance for expected credit losses	(241)	–
Depreciation of plant and equipment	1,834	1,820
Depreciation of right-of-use assets	8,863	8,835
Unrealised loss on fair value of financial assets at fair value through profit or loss	4,281	1,033
Operating cash flows before movements in working capital	26,797	33,776
Increase in trade receivables	(10,178)	(23,735)
Increase in financial assets at fair value through profit or loss	(10,057)	(19,576)
Decrease in prepayments, deposits and other receivables	936	571
Decrease/(increase) in other current assets	1,013	(2,009)
Increase in trade payables	118	2,482
Increase/(decrease) in accruals and other payables	1,390	(7,868)
(Decrease)/increase in contract liabilities	(3,570)	6,469
Cash generated from/(used in) operations	6,449	(9,890)
Income taxes refund	940	–
Net cash generated from/(used in) operating activities	7,389	(9,890)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from investing activities		
Purchase of plant and equipment	–	(327)
Placement of fixed deposits	(1,149,000)	(807,496)
Uplift of fixed deposits	1,217,240	825,190
Interest received	1,769	1,655
Net cash generated from investing activities	70,009	19,022
Cash flows from financing activities		
Capital element of lease rentals paid	(9,476)	(8,975)
Interest element of lease rentals paid	(594)	(1,075)
Net cash used in financing activities	(10,070)	(10,050)
Net increase/(decrease) in cash and cash equivalents	67,328	(918)
Cash and cash equivalents at the beginning of the period	14,011	12,922
Cash and cash equivalents at the end of the period		
Bank balances and cash	81,339	12,004

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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 immediate holding company is Jumbo Ace Enterprises Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) and its ultimate holding company is Rising Luck Management Limited (“**Rising Luck**”), a company incorporated in the BVI. Its ultimate controlling party is Mr. Lau Man Tak (“**Mr. Lau**”), who is also the chairman and non-executive director of the Company. The Company has been registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap. 622) since 12 March 2014. The Company’s issued shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The address of the Company’s registered office is Clifton House, 75 Fort Street, PO 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 6th Floor and 7th Floor, Nexus Building, 77 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial printing services and investment holdings. The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This interim report is unaudited but has been reviewed by the audit committee of the Company (the “**Audit Committee**”) and it was authorised for issue on 21 August 2020.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2019 annual report, except for the changes in accounting policies that are expected to be reflected in the 2020 annual report. Details of any changes in accounting policies are set out in Note 3.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual report. The condensed consolidated financial statements and notes thereto do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The financial information relating to the financial year ended 31 December 2019 that is included in the interim report as comparative information does not constitute the Group’s annual financial statements for that financial year but is derived from those financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. CHANGES IN ACCOUNTING POLICIES

(A) APPLICATION OF AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to the HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts of application on Amendments to HKAS 1 and HKAS 8

Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendment, if any, will be reflected on the consolidated financial statements for the year ended 31 December 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(A) APPLICATION OF AMENDMENTS TO HKFRSs *(Continued)*

Impacts and accounting policies on application on Amendments to HKFRS 3 *Definition of a Business*

Accounting policies

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group.

Impacts and accounting policies on application on Amendments to HKFRS 9, HKAS 39 and HKFRS 7 *Interest Rate Benchmark Reform*

Accounting policies

Hedge accounting

For the purpose of determining whether a forecast transaction (or a component thereof) in a cash flow hedge is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Assessment of hedging relationship and effectiveness

In assessing the economic relationship between the hedged item and hedged instrument, the Group assumes that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(A) APPLICATION OF AMENDMENTS TO HKFRSs *(Continued)*

Impacts and accounting policies on application on Amendments to HKFRS 9, HKAS 39 and HKFRS 7 *Interest Rate Benchmark Reform (Continued)*

Accounting policies (Continued)

Hedge accounting (Continued)

Cash flow hedges

For the purpose of reclassifying the amount of accumulated in the cash flow hedge reserve in order to determine whether the hedged further cash flows are expected to occur, the Group assumes the interest rate benchmark on which the hedged cash flow (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group.

(B) ACCOUNTING POLICIES NEWLY APPLIED BY THE GROUP

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they are receivable. Such grants are presented under "other gains and losses".

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4. REVENUE

	Six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Financial printing services recognised at a point in time:		
Printing	54,940	68,912
Translation	21,643	23,072
Media placement	6,670	6,523
	83,253	98,507

(I) PERFORMANCE OBLIGATIONS FOR CONTRACTS WITH CUSTOMERS

The Group provides financial printing services including printing, translation and media placement.

Revenue is recognised when control of the services has transferred, being when the services have been delivered to the specific customer (“**delivery**”) as agreed in the service contracts. Following delivery, the customer has full discretion over the manner of distribution, the primary responsibility on utilising the services and bears the risks of loss in relation to the services. The normal credit term is 30 days.

(II) TRANSACTION PRICE ALLOCATED TO THE REMAINING PERFORMANCE OBLIGATION FOR CONTRACTS WITH CUSTOMERS

All provision of services is for the period of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

5. SEGMENT INFORMATION

During the six months ended 30 June 2020 and 2019, the Group operated in one operating segment which was the provision of financial printing services. A single management team reports to the directors of the Company (being the chief operating decision-maker) who comprehensively manage the entire business. Accordingly, the Group does not present separately segment information. In addition, all of the Group's revenue is generated in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, no business or geographical segment information is presented.

INFORMATION ABOUT MAJOR CUSTOMERS

No individual customer contributed over 10% of the total revenue of the Group during the six months ended 30 June 2020 and 2019.

6. OTHER GAINS AND LOSSES

	Six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividend income	18	–
Interest income	1,769	1,655
Unrealised loss on fair value of financial assets at fair value through profit or loss	(4,281)	(1,033)
Government grants (Note)	1,051	–
Sundry income	48	56
	(1,395)	678

Note:

During the six months ended 30 June 2020, the Group recognised government grants of approximately HK\$1,051,000 in respect of Covid-19-related subsidies, which relates to Employment Supporting Scheme provided by the Hong Kong government.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

7. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank charges	6	8
Interest on lease liabilities	594	1,075
	600	1,083

8. TAXATION

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
— Hong Kong	2,592	3,851
Deferred tax (Note 20)		
Current period	(206)	(82)
	2,386	3,769

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

8. TAXATION (Continued)

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax rates regime is applicable to the Group for the six months ended 30 June 2020 and 2019.

9. PROFIT FOR THE PERIOD

	Six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Directors' emoluments	1,268	3,074
Other staff costs:		
— Salaries and other benefits	21,040	20,599
— Discretionary bonuses	4,189	4,875
— Retirement scheme contributions	838	842
Total employee benefit expense	26,067	26,316
Auditors' remuneration	420	420
Depreciation of plant and equipment	1,834	1,820
Depreciation of right-of-use assets	8,863	8,835
Unrealised loss on fair value of financial assets at fair value through profit or loss	4,281	1,033
Allowance for expected credit losses	248	—
Reversal of allowance for expected credit losses	(241)	—
Interest on lease liabilities (Note 7)	594	1,075

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

10. DIVIDENDS

The directors of the Company declare an interim dividend of HK20 cents per share for the six months ended 30 June 2020 (the six months ended 30 June 2019: Nil) to shareholders of the Company whose names appear on the register of members of the Company on 11 September 2020, amounting to approximately HK\$51.2 million (the six months ended 30 June 2019: Nil). The above-mentioned interim dividend is expected to be paid on or before 15 September 2020.

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	10,601	18,899
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (Note)	256,000	256,000
Basic earnings per share (HK cents)	4.14	7.38

Note:

The calculation of basic earnings per share for the six months ended 30 June 2020 and 2019 is based on the profit attributable to owners of the Company for the periods and the weighted average number of ordinary shares for the relevant periods.

Diluted earnings per share is same as the basic earnings per share for the six months ended 30 June 2020 and 2019 as there were no potential dilutive ordinary shares in issue.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

12. PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group did not acquire plant and equipment (2019: acquired at a cost of approximately HK\$327,000). None of the plant and equipment were disposed of during the six months ended 30 June 2020 and 2019.

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
As at 1 January	24,773	42,443
Additions	1,666	–
Depreciation provided during the period/year	(8,863)	(17,670)
	17,576	24,773

The right-of-use assets represent the Group's rights to use underlying leased premises and equipment under lease arrangements over the lease terms.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

LEASE LIABILITIES

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Analysed as:		
— Current	17,409	18,652
— Non-current	1,904	8,471
	19,313	27,123
Minimum lease payments due:		
— Within one year	17,868	19,567
— More than one year but not later than two years	1,356	7,675
— More than two years but not later than five years	624	957
	19,848	28,199
Less: Future finance charges	(535)	(1,076)
Present value of lease liabilities	19,313	27,123
Present value of minimum lease payments:		
— Within one year	17,409	18,652
— More than one year but not later than two years	1,298	7,552
— More than two years but not later than five years	606	919
	19,313	27,123

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

14. TRADE RECEIVABLES

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Trade receivables (Note)	34,103	23,925
Less: Allowance for expected credit losses	(288)	(281)
	33,815	23,644

As at 30 June 2020 and 31 December 2019, trade receivables from contracts with customers amounted to approximately HK\$33,815,000 and HK\$23,644,000, respectively.

The following is an aged analysis of trade receivables, presented based on the invoice dates at the end of the reporting period:

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Current — neither past due nor impaired	10,210	8,664
Under 31 days past due	8,580	4,756
31–60 days past due	11,155	3,501
61–120 days past due	3,132	5,116
121–150 days past due	859	1,055
Over 150 days past due	167	833
	34,103	23,925

The Group generally allows a credit period of 30 days to its customers.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

14. TRADE RECEIVABLES *(Continued)*

The following is the movement in lifetime expected credit losses that has been recognised for trade receivables in accordance with the simplified approach set out in HKFRS 9 for the six months ended 30 June 2020 and the year ended 31 December 2019:

	Total HK\$'000
As at 1 January 2019 (audited)	–
Allowance for expected credit losses	281
As at 31 December 2019 and 1 January 2020 (audited)	281
Allowance for expected credit losses	248
Reversal of allowance for expected credit losses	(241)
As at 30 June 2020 (unaudited)	288

As at 30 June 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$23,893,000 (2019: HK\$15,261,000) which are past due as at the reporting date and the Group has provided for impairment loss of approximately HK\$288,000 (2019: HK\$281,000).

Trade receivables that are past due but not impaired related to a number of independent debtors that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Note:

Included above are trade receivables from a related party, TEM Holdings Limited, of approximately HK\$4,000 as at 30 June 2020 (2019: HK\$3,000). Mr. Lau, a substantial shareholder, non-executive director and the chairman of the Company, is the controlling shareholder of TEM Holdings Limited. The maximum outstanding balance during the six months ended 30 June 2020 and the year ended 31 December 2019 were approximately HK\$41,000 and HK\$168,000, respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Rental, utility and other deposits	8,315	8,622
Prepayments	739	852
Other receivables (Note)	51	567
	9,105	10,041

Note:

Included above are interest receivables from fixed deposits of approximately HK\$42,000 and HK\$565,000 as at 30 June 2020 and 31 December 2019, respectively.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Listed securities		
— Equity securities listed in Hong Kong	23,478	17,702

Financial assets at fair value through profit or loss are stated at fair values which are determined with reference to quoted market bid price.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

During the period/year, the following loss was recognised in profit or loss:

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Unrealised loss on fair value of financial assets at fair value through profit or loss	4,281	1,874

17. FIXED DEPOSITS/BANK BALANCES AND CASH

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Fixed deposits	150,000	218,240
Bank balances and cash	81,339	14,011
	231,339	232,251

The fixed deposits are short-term fixed deposits with an original maturity of six months or less which are held for the purpose of meeting short-term cash commitments and are subject to an insignificant risk of changes in value. As at 30 June 2020 and 31 December 2019, these fixed deposits carry fixed interest rate ranging from 0.55% to 2.20% per annum and 0.85% to 2.70% per annum, respectively.

Bank balances and cash carrying interest at market rates of 0.0001% per annum and 0.001% per annum for the six months ended 30 June 2020 and the year ended 31 December 2019, respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

18. TRADE PAYABLES

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Trade payables	6,403	6,285

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

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Current—up to 60 days	5,983	5,727
Under 31 days past due	215	—
31–60 days past due	84	—
61–120 days past due	121	558
	6,403	6,285

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

19. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Accruals	888	1,742
Other payables (Note)	12,697	10,453
	13,585	12,195

Note:

Included above are provision of staff bonus and government grants subsidy in respect of Covid-19-related subsidies, of approximately HK\$9,089,000 and HK\$2,102,000 as at 30 June 2020, respectively (2019: HK\$8,986,000 and HK\$Nil, respectively).

20. DEFERRED TAX ASSETS/(LIABILITIES)

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Deferred tax assets	330	230
Deferred tax liabilities	–	(106)
	330	124

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

21. SHARE CAPITAL

	As at 30 June 2020		As at 31 December 2019	
	Number of shares '000 (unaudited)	HK\$'000 (unaudited)	Number of shares '000 (audited)	HK\$'000 (audited)
Authorised:				
Ordinary shares of HK\$0.01 each	10,000,000	100,000	10,000,000	100,000
Issued and fully paid:				
At the beginning and at the end of the period/year	256,000	2,560	256,000	2,560

22. FAIR VALUE OF FINANCIAL INSTRUMENT

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

Fair value measurements recognised in the condensed consolidated statement of financial position.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 30 June 2020 and 31 December 2019.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

22. FAIR VALUE OF FINANCIAL INSTRUMENT (Continued)

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2020				
Financial assets at fair value through profit or loss	23,478	–	–	23,478
As at 31 December 2019				
Financial assets at fair value through profit or loss	17,702	–	–	17,702

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2020 HK\$'000	31 December 2019 HK\$'000		
Financial assets				
Financial assets at fair value through profit or loss	23,478	17,702	Level 1	Quoted bid prices in active market

There was no transfer between Level 1, 2 and 3 in the period/year.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The above table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

23. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

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

(A) TRANSACTIONS WITH RELATED PARTY

Name of related party	Nature of transactions	Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
TEM Holdings Limited (Note)	Financial printing services income rendered	72	57

Note:

Mr. Lau, a substantial shareholder, non-executive director and the chairman of the Company, is the controlling shareholder of TEM Holdings Limited. The issued shares of TEM Holdings Limited are listed on the GEM of the Stock Exchange.

On 29 May 2018 and 4 July 2019, the Company entered into service contracts with TEM Holdings Limited for the financial printing services in the contract sum of approximately HK\$226,000 and HK\$234,000 respectively. These transactions fall within the de minimis criteria of a connected transaction and are fully exempt from the reporting and shareholders' approval requirements in the Listing Rules. In the opinion of the directors of the Company, the balance was conducted in the normal course of business and based on the terms mutually determined and agreed by the respective parties.

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The directors of the Company are identified as key management members of the Group and their compensation during the reporting period is set out in Note 9.

24. EVENTS AFTER REPORTING PERIOD

The Covid-19 outbreak since early 2020 has brought additional uncertainties in the global macroeconomic situation. The Group's financial performance may have impact. The degree of impact could not be reasonably estimated at this stage. The Group will closely monitor the development of the epidemic and assess its impact on the financial position and operating results of the Group.

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of financial printing services for the financial sector and offers ancillary services such as provision of conference room facilities in Hong Kong. The Group aims to establish itself as one of the top-notch financial printing service providers in the financial sector by strengthening its core competitiveness in order to meet customers' expectations and provide them with a unique and perfect experience. 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 placement. Most of the Group's customers are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and/or other stock exchanges.

PRINTING SERVICES

Printing revenue during the six months ended 30 June 2020 (the "**Period**") was approximately HK\$55.0 million (the six months ended 30 June 2019: approximately HK\$68.9 million), representing a decrease of approximately 20.2% as compared to that of the six months ended 30 June 2019 (the "**Prior Period**"), which was primarily due to the number of the Company's successful initial public offering (the "**IPO**") projects was lower than the Prior Period, and the existing IPO projects on hand were either delayed or cancelled after the outbreak of coronavirus disease ("**COVID-19**"). For the six months ended 30 June 2020 and 2019, the revenue generated from the printing services represented approximately 66.0% and 70.0% respectively of our total revenue.

TRANSLATION SERVICES

Translation revenue during the Period was approximately HK\$21.6 million (the six months ended 30 June 2019: approximately HK\$23.1 million), representing a decrease of approximately 6.5% as compared to that of the Prior Period, which was mainly due to the drop in the number of IPO projects completed and the delay or cancellation of IPO projects, which were positively correlated with translation revenue. For the six months ended 30 June 2020 and 2019, the revenue generated from the translation services represented approximately 26.0% and 23.4% respectively of our total revenue.

MEDIA PLACEMENT SERVICES

Media placement revenue during the Period was approximately HK\$6.7 million (the six months ended 30 June 2019: approximately HK\$6.5 million), representing an increase of approximately 3.1% as compared to that of the Prior Period, which had no significant change. For the six months ended 30 June 2020 and 2019, the revenue generated from the media placement services represented approximately 8.0% and 6.6% respectively of our total revenue.

For the Period, the Group's turnover decreased by approximately 15.4% as compared to that of the Prior Period.

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK *(Continued)*

Looking ahead, the global economy and the financial markets had been adversely impacted by the outbreak of COVID-19. In Hong Kong, the weakened economic sentiment and investor confidence dampen both fund-raising activities and corporate activities of the listed companies, which will definitely bring unfavorable consequences on the Group's business and the entire financial printing industry to a certain extent.

Besides, the Stock Exchange has recently conducted the consultation of "Paperless Listing and Documents on Display Consultation", which aims to introduce the new regime by replacing the printed form listing documents by electronic means. With the launch of the paperless regime, this may negatively affect the Group's core business. The consultation period will be completed on 24 September 2020 and we will closely monitor the development and the outcome of this consultation.

Despite the challenging operating environment, we will continue enhancing and strengthening our competitiveness in an efficient and effective manner, so as to improve our profitability.

FINANCIAL REVIEW

REVENUE

The Group's revenue decreased by approximately HK\$15.2 million, or 15.4%, from approximately HK\$98.5 million for the Prior Period to approximately HK\$83.3 million for the Period. The decrease was primarily attributable to the decrease in printing services and translation services for the Period.

COST OF SERVICES

The Group's cost of services decreased by approximately HK\$4.8 million, or 10.0%, from approximately HK\$48.1 million for the Prior Period to approximately HK\$43.3 million for the Period. The decrease was in line with the decrease in revenue generated from printing services and translation services for the Period.

OTHER GAINS AND LOSSES

Other losses for the Period was approximately HK\$1.4 million, the other losses increased by approximately HK\$2.1 million, or 3 times, as compared to other gains of approximately HK\$0.7 million for the Prior Period. The increase in losses was mainly due to the unrealised loss on fair value of financial assets at fair value through profit or loss amounting to approximately HK\$4.3 million for the Period.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses decreased by approximately HK\$1.1 million, or 15.5%, from approximately HK\$7.1 million for the Prior Period to approximately HK\$6.0 million for the Period. The decrease was mainly attributable to the tighten control of cost by management's effort and decrease of staff costs which were directly linked to the decrease of revenue for the Period.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses decreased by approximately HK\$1.4 million, or 6.9%, from approximately HK\$20.3 million for the Prior Period to approximately HK\$18.9 million for the Period. The decrease was mainly attributable to the tighten control of cost by management's effort and decrease of staff costs which were directly linked to the decrease of profit for the Period.

FINANCE COSTS

Finance costs decreased by approximately HK\$0.5 million, or 45.5%, from approximately HK\$1.1 million for the Prior Period to approximately HK\$0.6 million for the Period. The decrease was mainly due to the decrease of interest on lease liabilities for the Period.

TAXATION

Profits tax expenses decreased by approximately HK\$1.4 million, or 36.8%, from approximately HK\$3.8 million for the Prior Period to approximately HK\$2.4 million for the Period. The decrease was primarily attributable to the decrease in profit before taxation for the Period.

PROFIT FOR THE PERIOD

The profit for the Period was approximately HK\$10.6 million, representing a decrease of approximately HK\$8.3 million, or 43.9% as compared with approximately HK\$18.9 million for the Prior Period. The decrease was primarily attributable to (i) the decrease in revenue of printing services and translation services for the Period and (ii) the unrealised loss on fair value of financial assets at fair value through profit or loss for the Period.

GEARING RATIO

As at 30 June 2020, the gearing ratio of the Group was 7.7% (31 December 2019: 11.3%). The decrease was due to the decrease in lease liabilities for the Period.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, fixed deposits, bank balances and cash of the Group amounted to approximately HK\$231.3 million (31 December 2019: HK\$232.3 million). The current ratios (current assets divided by current liabilities) of the Group were 4.2 times and 4.0 times as at 30 June 2020 and 31 December 2019, respectively. In view of the Group's current level of fixed deposits, bank balances and cash and funds generated internally from its operations, the Board is confident that the Group will have sufficient resources to meet the financial needs for its operations.

CAPITAL STRUCTURE

As at 30 June 2020 and 31 December 2019, 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 comprised Shares. There was no change in the share capital of the Company during the Period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had 124 (30 June 2019: 116) full-time employees. 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 costs (including remuneration of the Directors) amounted to approximately HK\$29.4 million for the Prior Period and approximately HK\$27.3 million for the Period. The dedication and hard work of the Group's staff during the Period are generally appreciated and recognised.

In addition, the Company adopted a share option scheme (the "**Scheme**") on 12 August 2015 (please refer to the section of "SHARE OPTION SCHEME" below for more information). The Group also provides and arranges on-the-job training for its employees.

CAPITAL COMMITMENT

As at 30 June 2020, the Group did not have any significant capital commitment (31 December 2019: Nil).

Management Discussion and Analysis

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 2020, the Group maintained a portfolio of equity investments with total carrying amount of approximately HK\$23.5 million (31 December 2019: HK\$17.7 million). The portfolio of equity investments as at 30 June 2020 are set out as follows:

	Percentage of fair value of the investment in listed securities/ total assets of the Group as at	Unrealised loss on fair value of financial assets at fair value through profit or loss for the period ended	Accumulated unrealised loss on fair value of financial assets at fair value through profit or loss recognised up to	Fair value of the investment in listed securities as at	
Investment cost	30 June 2020	30 June 2020	31 December 2019	30 June 2020	
HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Equity investments at fair value through profit or loss	29,633	7.2%	4,281	1,874	23,478

The Group held less than 0.1% of shareholding in each of the listed securities in the above equity investments portfolio.

During the Period, the stock market experienced a volatile condition due to the outbreak of COVID-19, the Group will continue to adopt the cautious approach in making investment decision in securities trading so as to obtain a balance between risk and return.

Save as disclosed above, the Group did not have any significant investment as at 30 June 2020 (31 December 2019: Nil).

Management Discussion and Analysis

CHARGE ON THE GROUP'S ASSETS

As at 30 June 2020 and 31 December 2019, the Group had no charges on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2020 and 31 December 2019, 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 2020.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Period, there was no acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling shareholders of the Company nor any of their respective close associates 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 or entity had or might have with the Group during the Period.

EVENTS AFTER REPORTING PERIOD

The COVID-19 outbreak since early 2020 has brought additional uncertainties in the global macroeconomic situation. The Group's financial performance may have impact. The degree of impact could not be reasonably estimated at this stage. The Group will closely monitor the development of the epidemic and assess its impact on the financial position and operating results of the Group.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK20 cents per share for the Period (the six months ended 30 June 2019: Nil) to shareholders of the Company whose names appear on the register of members of the Company on 11 September 2020, amounting to approximately HK\$51.2 million (the six months ended 30 June 2019: Nil). The above-mentioned interim dividend is expected to be paid on or before 15 September 2020.

Management Discussion and Analysis

CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT OF THE INTERIM DIVIDEND

The register of members of the Company will be closed from 9 September 2020 to 11 September 2020, both days inclusive, for the purposes of determining the entitlements of the shareholders of the Company to the interim dividend. No transfer of shares of the Company will be registered during this period. In order to qualify for the interim dividend, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on 8 September 2020.

USE OF PROCEEDS

The net proceeds from the placing of new Shares completed on 25 September 2015 (the "Placing") were approximately HK\$31.4 million, after deducting the expenses relating to the listing of the Shares on GEM of the Stock Exchange. As at 30 June 2020, all of the net proceeds from the Placing was utilised and the corresponding explanations, if applicable, are set out in the table below:

Proposed use of proceeds	Proposed amount to be used and time frame	Amount used as of 30 June 2020	Amount estimated to be used for the next 6 months	Changes and explanations
Enhance competitiveness through expansion of workforce as well as improving and acquiring office facilities, equipment and software	HK\$9.1 million (extended from before 30 June 2017 to 30 June 2018)	HK\$3.0 million has been used to purchase office facilities, equipment and software; and HK\$6.1 million has been used to expand workforce	Not applicable	Not applicable

Management Discussion and Analysis

USE OF PROCEEDS *(Continued)*

Proposed use of proceeds	Proposed amount to be used and time frame	Amount used as of 30 June 2020	Amount estimated to be used for the next 6 months	Changes and explanations
Strengthen design capabilities	HK\$2.1 million (extended from before 30 June 2017 to 30 June 2018)	HK\$1.3 million has been used to employ additional design personnel; and HK\$0.8 million has been used to purchase various equipment and software to improve the design efficiency	Not applicable	Not applicable
Set up an in-house translation team	HK\$18.5 million (extended from before 30 June 2017 to 30 June 2020)	HK\$1.8 million has been used to set up a new office for the in-house translation team; and HK\$16.7 million has been used as operating expenses for the new office and the newly recruited translation personnel	Not applicable	Not applicable

Other Information

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

As at 30 June 2020, the interests and short positions of the Directors and chief executives 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) ("**SFO**")) which were required 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 referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 ("**Model Code**") of the Listing Rules were as follows:

LONG POSITION IN THE SHARES OF HK\$0.01 EACH OF THE COMPANY

Name of director	Nature of interest	Number of Shares held	Percentage of issued share capital of the Company
Mr. Lau Man Tak (Note) ("Mr. Lau")	Interest in controlled corporations	192,000,000	75%

Note: Mr. Lau, the chairman of the Board and the non-executive Director, owns 7,625 ordinary shares in, representing 76.25% of the issued share capital of, Rising Luck Management Limited ("**Rising Luck**"), and the remaining 23.75% thereof is owned by an independent third party. Rising Luck owns 47,500 ordinary shares in, representing 95% of the entire issued share capital of, Jumbo Ace Enterprises Limited ("**Jumbo Ace**"). Mr. Lau also has a direct 5% interest (or 2,500 ordinary shares) 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. Mr. Lau is a director of each of Rising Luck and Jumbo Ace, both being associated corporations of the Company.

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executives 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 were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or 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 referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2020, the following persons/entities had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

LONG POSITION IN THE SHARES OF HK\$0.01 EACH OF THE COMPANY

Name of Shareholder	Nature of interest	Number of Shares held	Percentage of issued share capital of the Company
Jumbo Ace (Note 1)	Beneficial owner	192,000,000	75%
Rising Luck (Note 1)	Interest in controlled corporation	192,000,000	75%
Mr. Lau (Notes 1&2)	Interest in controlled corporation	192,000,000	75%
Ms. Lim Youngsook (Note 2)	Interest of spouse	192,000,000	75%

Note 1: Rising Luck owns 47,500 ordinary shares, representing 95% of the issued share capital of Jumbo Ace, the remaining 2,500 ordinary shares, representing 5% of which is owned by Mr. Lau. Mr. Lau owns 7,625 ordinary shares, representing 76.25% of the issued share capital of Rising Luck and the remaining 23.75% thereof is owned by an independent third party.

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

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any persons/entities who had interests or short positions in the shares or underlying shares of the Company 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 maintained by the Company pursuant to Section 336 of the SFO.

Other Information

CORPORATE GOVERNANCE

The Company adopted the principles and the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “CG Code”) as its own code of corporate governance and the Board is satisfied that the Company had complied with the applicable code provisions as set out in the CG Code during the Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code of the Listing Rules as its codes of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding directors’ securities transactions throughout the Period.

CHANGES IN INFORMATION OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes of the information of the Directors required to be disclosed, are set out below:

Mr. Lau, the chairman of the Board and the non-executive Director, was appointed as an authorised representative of the Company with effect from 24 January 2020.

Ms. Chiu Hok Yu resigned as an authorised representative, an executive director and a member of each of the remuneration committee and nomination committee of the Company with effect from 24 January 2020.

Mr. Wong Kun Kau was appointed as an independent non-executive director, the chairperson of the audit committee as well as a member of each of the remuneration committee, the nomination committee and the risk management committee of Jianzhong Construction Development Limited, a company listed on the Main Board of the Stock Exchange (stock code: 589), with effect from 17 March 2020.

Mr. Lee Hon Man Eric resigned as a managing director of investment banking department of Orient Capital (Hong Kong) Limited with effect from 6 June 2020.

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

Other Information

SHARE OPTION SCHEME

The Company adopted the Scheme on 12 August 2015. The purpose of the Scheme is to advance the interests of the Company and the shareholders of the Company (the “**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.

As at 30 June 2020, the total number of Shares available for issue under the Scheme is 25,600,000 Shares and represents 10% of the issued share capital of the Company.

No share option has been granted since the adoption of the Scheme and no share option was outstanding as at 30 June 2020 (2019: Nil) and no share option was exercised or cancelled or lapsed during the Period.

AUDIT COMMITTEE

The Audit Committee has reviewed and discussed with the management of the Company on the unaudited condensed consolidated results of the Group for the Period including this report of the Company and the accounting principles and practices adopted by the Group and is of the view that the financial information and report have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

APPRECIATION

On behalf of the Board and management, I would like to express my sincere gratitude to all our clients, investors, suppliers, business partners and Shareholders for their continued valuable support and trust. I would also like to take this opportunity to thank my fellow Directors for their advice and all of our staff for their dedication, hard work and contribution during the Period.

By Order of the Board
REF Holdings Limited
Lau Man Tak
Chairman

Hong Kong, 21 August 2020

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR

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. Lee Hon Man Eric

COMPANY SECRETARY

Mr. Ko Wai Lun Warren

AUTHORISED REPRESENTATIVES

Mr. Lau Man Tak

Ms. Kwok Kam Lai

AUDIT COMMITTEE

Mr. Leung Chi Hung (*Chairman*)

Mr. Wong Kun Kau

Mr. Lee Hon Man Eric

REMUNERATION COMMITTEE

Mr. Lee Hon Man Eric (*Chairman*)

Mr. Leung Chi Hung

Mr. Wong Kun Kau

NOMINATION COMMITTEE

Mr. Wong Kun Kau (*Chairman*)

Mr. Leung Chi Hung

Mr. Lee Hon Man Eric

INDEPENDENT AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

REGISTERED OFFICE

Clifton House

75 Fort Street

PO Box 1350

Grand Cayman

KY1-1108

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

6th Floor and 7th Floor, Nexus Building

77 Des Voeux Road Central

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited

Clifton House

75 Fort Street

PO Box 1350

Grand Cayman

KY1-1108

Cayman Islands

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

STOCK CODE

1631