

# **REF Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8177)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**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. 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.**

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*This announcement, for which the directors (the “Directors”) of REF Holdings Limited (the “Company”) 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 and its subsidiaries (collectively, the “Group”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.*

## ANNUAL RESULTS

The board of Directors (the “Board”) is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2015 together with the comparative audited figures for the year ended 31 December 2014. The financial information has been approved by the Board.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	5	<b>142,355</b>	134,132
Cost of services		<b>(67,777)</b>	(65,247)
Gross profit		<b>74,578</b>	68,885
Other income		<b>287</b>	29
Selling and distribution expenses		<b>(11,560)</b>	(11,163)
Administrative expenses		<b>(27,633)</b>	(26,113)
Finance costs		<b>(24)</b>	(11)
Profit before taxation		<b>35,648</b>	31,627
Taxation	7	<b>(6,976)</b>	(6,064)
<b>Profit for the year</b>	8	<b>28,672</b>	25,563
<b>Other comprehensive income</b> <i>Item that may be reclassified subsequently to profit or loss:</i>			
Other comprehensive income for the year, net of tax		<b>—</b>	—
<b>Total comprehensive income for the year</b>		<b>28,672</b>	25,563
<b>Profit and total comprehensive income for the year attributable to owners of the Company</b>		<b>28,672</b>	25,563
<b>Earnings per share</b> — Basic and diluted ( <i>HK cents</i> )	10	<b>13.71</b>	13.31

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment		<b>290</b>	1,151
Deferred tax assets		<b>288</b>	178
		<u>578</u>	<u>1,329</u>
<b>Current assets</b>			
Work in progress		<b>1,331</b>	1,167
Trade receivables	<i>11</i>	<b>23,419</b>	13,649
Prepayments, deposits and other receivables		<b>4,672</b>	4,592
Bank balances and cash		<b>69,183</b>	18,303
		<u>98,605</u>	<u>37,711</u>
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>8,749</b>	6,033
Accruals and other payables		<b>14,174</b>	11,583
Deposits received		<b>15,190</b>	7,188
Tax payables		<b>782</b>	3,413
		<u>38,895</u>	<u>28,217</u>
<b>Net current assets</b>		<u>59,710</u>	9,494
<b>Total assets less current liabilities</b>		<u>60,288</u>	10,823
<b>Net assets</b>		<u>60,288</u>	10,823
<b>Capital and reserves</b>			
Share capital		<b>2,560</b>	–
Reserves		<b>57,728</b>	10,823
<b>Total equity attributable to owners of the Company</b>		<u>60,288</u>	10,823

# **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 2015*

## **1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands on 5 February 2014 as an exempted company with limited liabilities under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. Its parent and ultimate parent is Jumbo Ace Enterprises Limited (“Jumbo Ace”), a company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Lau Man Tak (“Mr. Lau”), who is also the chairman and a non-executive director of the Company. 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 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 headquarter, 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 its subsidiaries are principally engaged in the provision of financial printing services. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is also the functional currency of the Company.

## **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 prospectus of the Company dated 17 September 2015 (the “Prospectus”), the Company become 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 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.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows include the results and cash flows of the companies now comprising the Group have been prepared as if the current group structure upon completion of the Reorganisation had been in existence throughout the reporting period or since their respective date of incorporation, where there is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2014 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Reorganisation had been in existence as at those dates, taking into account the respective dates of incorporation.

All intra-group transactions and balances have been eliminated.

## **3. STATEMENT OF COMPLIANCE**

The consolidated financial statements have been prepared in accordance with 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 (the “HKICPA”), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules and the Hong Kong Companies Ordinance.

#### 4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions

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

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the "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 financial statements is on the presentation and disclosure of certain information in the financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>1</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39 <sup>4</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an investor and its Associate or Joint Venture <sup>4</sup>
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operation <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>3</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKAS 1 (Amendments)	Disclosure Initiative <sup>1</sup>
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants <sup>1</sup>
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements <sup>1</sup>

<sup>1</sup> Effective for first annual HKFRS financial statements beginning on or 1 January 2016, with earlier application permitted.

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or 1 January 2018, with earlier application permitted.

<sup>3</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group.

<sup>4</sup> No mandatory effective date is determined but is available for early adoption.

The Group is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application but is not yet in a position to state whether the above new and revised HKFRSs, will have a significant impact on the Group's results of operations and financial position.

## 5. REVENUE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Financial printing services:</b>		
Printing	92,347	91,087
Translation	36,324	28,850
Media placement	13,684	14,195
	<u>142,355</u>	<u>134,132</u>

## 6. SEGMENT INFORMATION

During the years ended 31 December 2014 and 2015, the Group operates in one operating segment which is the provision of financial printing services. A single management team reports to the directors of the Group (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 customers contributed over 10% of the total revenue of the Group during the years ended 31 December 2014 and 2015.

## 7. TAXATION

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax		
— Hong Kong	7,106	6,326
Over provision in prior year		
—Hong Kong	(20)	(10)
Deferred tax:		
Current year	<u>(110)</u>	<u>(253)</u>
	<u>6,976</u>	<u>6,064</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 December 2014 and 2015.

At 31 December 2015, the Group has unused tax losses of approximately HK\$60,000 (2014: HK\$11,000) available for offset against the assessable profit for each particular year.

## 8. PROFIT FOR THE YEAR

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Directors' emoluments	4,387	3,625
Other staff costs:		
— Salaries and other benefits	21,869	20,496
— Discretionary bonuses	8,643	7,588
— Retirement scheme contributions	926	848
	<u>31,438</u>	<u>28,932</u>
Total employee benefit expense		
	<u>31,438</u>	<u>28,932</u>
Auditors' remuneration		
— Audit services:		
Annual audit services	500	48
Listing services (included in listing expenses)	1,260	700
— Non-audit services	115	52
Depreciation of plant and equipment	942	981
Written off of plant and equipment	—	2
Operating lease rental expenses in respect of rented premises	8,946	8,946
Listing expenses	6,399	6,041
	<u>6,399</u>	<u>6,041</u>

## 9. DIVIDENDS

The Directors do not propose any payment of final dividend for the years ended 31 December 2014 and 2015.

Prior to the Reorganisation, a subsidiary of the Company (i) had declared and paid the special dividends amounting to HK\$25 million to its shareholder during the year ended 31 December 2014; and (ii) had declared and paid the special dividends amounting to HK\$23 million to its shareholder during the year ended 31 December 2015.

## 10. EARNINGS PER SHARE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Earnings:</b>		
Profit attributable to the owners of the Company for the purpose of calculating basic earnings per share	<u>28,672</u>	<u>25,563</u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares:</b>		
Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings per share ( <i>Note</i> )	<u>209,184</u>	<u>192,000</u>
	<u>13.71</u>	<u>13.31</u>
Basic earnings per share ( <i>HK cents</i> )		

*Note:*

The calculation of basic earnings per share for the years ended 31 December 2014 and 2015 is based on the profit attributable to the owners of the Company for the years and the weighted average number of shares for the relevant period.

For the year ended 31 December 2015, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share have been adjusted for the effect of placing completed on 25 September 2015.

For the year ended 31 December 2014, 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 sub-section 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 years ended 31 December 2014 and 2015 as there was no potential dilutive ordinary shares in issue.

## 11. TRADE RECEIVABLES

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	<u><b>23,419</b></u>	<u>13,649</u>

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current — neither past due nor impaired	<b>16,053</b>	5,061
Under 30 days past due	<b>3,732</b>	2,957
30–59 days past due	<b>2,725</b>	2,271
60–119 days past due	<b>608</b>	1,467
120–149 days past due	<b>58</b>	365
Over 150 days past due	<u><b>243</b></u>	<u>1,528</u>
	<u><b>23,419</b></u>	<u>13,649</u>

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 no impairment is necessary as there has not been a significant change in credit quality of these balances, which are still considered fully recoverable.

The Group does not hold any collateral over the balances.



## 12. TRADE PAYABLES

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	<u><b>8,749</b></u>	<u>6,033</u>

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>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current — up to 60 days	<u><b>8,749</b></u>	<u>6,033</u>

## 13. EVENTS AFTER THE REPORTING DATE

There is no material subsequent event undertaken by the Company or by the Group after 31 December 2015 and up to the date of this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview

The financial printing business in Hong Kong has been facing numerous challenges apart from the ongoing intense market competition as stated in the Prospectus under the section headed “Industry Overview”.

During 2015, our business was inevitably affected by the unpredictable and volatile economic environment, slowdown of global economic growth and fluctuations of the financial market.

Despite the above factors, the Company’s management considers the Group’s financial performance in 2015 was satisfactory.

Being one of the financial printers serving the financial sector in Hong Kong, we, with the rich industry experience and expertise of our Directors and management, managed the Group’s operations in a proficient and effective manner in 2015.

For the year ended 31 December 2015 (the “Year”), the Group’s turnover increased by approximately 6.1% as compared to 31 December 2014 (the “Year 2014”). The profit attributable to owners of the Company for the Year was approximately HK\$28.7 million (2014: approximately HK\$25.6 million), representing an increase of about 12.2% as compared to last year. Basic earnings per share for the Year was approximately HK cents 13.71 (2014: approximately HK cents 13.31).

### Financial Review

#### *Revenue*

The Group’s revenue increased by approximately HK\$8.2 million, or approximately 6.1%, for the Year. The increase was primarily attributable to the increase in revenue from both the printing activity and translation activity, which was partly offset by the decrease in revenue from media placement activity since there were less media placement services in newspapers ordered by the Group’s customers.

#### *Gross Profit and Gross Profit Margin*

The Group’s gross profit increased by approximately HK\$5.7 million, or approximately 8.3%, for the Year, which was due to the increase in revenue. Our gross profit margin of approximately 52.4% for the Year and 51.4% for the Year 2014 was maintained at a stable level.

#### *Selling and Distribution Expenses*

The Group’s selling and distribution expenses increased by approximately HK\$0.4 million, or approximately 3.6%, for the Year. The increase, in line with the increase in revenue, was mainly attributable to an increase in the commission payment and sales incentive bonus.

### *Administrative Expenses*

The Group's administrative expenses increased mildly by approximately HK\$1.5 million, or approximately 5.8%, for the Year. The increase was mainly attributable to (i) an increase in staff cost; and (ii) an increase in the one-off payment of the expenses in connection with the listing of the Company's shares on the GEM of the Stock Exchange on 25 September 2015 (the "Listing").

### *Taxation*

Profits tax expense increased by approximately HK\$0.8 million, or approximately 12.2%, for the Year. The increase was primarily attributable to the increase in profit before taxation, excluding the effect of non-deductible expenses such as listing expenses.

Deferred tax income decreased by approximately HK\$0.1 million, or approximately 56.2%, for the Year. The decrease was primarily attributable to the decrease in accelerated depreciation allowances.

### *Profit for the Year and Net Profit Margin*

Profit for the Year increased by approximately HK\$3.1 million, or approximately 12.2%. Out of which listing expenses of approximately HK\$6.4 million was deducted as expenses in connection with the Listing. Our net profit margin of approximately 20.1% for the Year and 19.1% for the Year 2014 was maintained at a stable level.

## **FINANCIAL RESOURCES, LIQUIDITY AND GEARING**

As at 31 December 2015,

- (a) the Group's total assets increased to approximately HK\$99.2 million (2014: approximately HK\$39.0 million) while the total equity increased to approximately HK\$60.3 million (2014: approximately HK\$10.8 million);
- (b) the Group's total current assets increased to approximately HK\$98.6 million (2014: approximately HK\$37.7 million) while the total current liabilities increased to approximately HK\$38.9 million (2014: approximately HK\$28.2 million);
- (c) the Group had approximately HK\$69.2 million in bank balances and cash available and the current ratio of the Group was approximately 2.5 (2014: approximately 1.3);
- (d) the Group did not have any bank borrowings, bank overdrafts, tax loans and finance lease liabilities (2014: nil); and
- (e) the gearing ratio (being the total of finance lease, tax loans and interest-bearing borrowings divided by total equity attributable to the owners of the Company) was not applicable to the Group (2014: N/A).

## OUTLOOK

We opine that 2016 will be a difficult year for all economies and industries around the world, e.g. the continuation of a sharp decline in commodity and oil prices and the growing concerns over China's slowing economic growth and credit crunch, followed by poor corporate results. Fiscal priorities continue to focus on controlling spending, an emphasis replicated in the private sector as weak revenue growth persists in many industries. As a result, our Group considers that the investors' interest on continuous investment in the financial market may be seriously affected.

The current economic environment is uncertain and in light of the sluggish economic condition, the Group has decided to postpone the set-up of an in-house translation team and the expansion of workforce as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds".

However, in a bid to further enhance our competitive edge, we continue to deploy resources for improving and acquiring office facilities and equipment and software for our existing working environment and strengthen our design capabilities as set out in the abovementioned section of the Prospectus.

Meanwhile, we shall continue to provide a wide range of financial printing services to meet our customers' demands and requirements. In addition, we shall further enhance our multiple points of quality control and inspection throughout our production process to ensure the quality of our financial printing services. We believe that our one-stop service model will provide a wide range of convenient and quality services to our customers, attract potential customers and enable us to react to the changing needs of our customers quickly and effectively.

Though the current financial year should continue to be challenging for the financial printing sector, the Group remains cautiously optimistic about the outlook of the industry in Hong Kong. In addition, we have noticed that more and more Mainland China enterprises are planning to list their securities on the Stock Exchange, which should create more listing activities and our Group expects that more fund raising activities will be conducted/proceeded by the listed companies so as to cope with their business development and/or restructuring of their groups' organisation. Pursuant to the need of those activities, our Group considers that more financial printing services will be demanded by our customers or potential customers.

Lastly, to meet the financial needs of the Group in relation to its future business developments, whenever appropriate, and to cater for any business opportunities that may arise for the forthcoming period, the Board does not recommend the payment of a final dividend for the Year so as to preserve sufficient funds for the Group to encounter all those purposes, in the future.

## **CAPITAL EXPENDITURE**

The capital expenditure during the Year was primarily related to expenditures on additions of office equipment, amounting to approximately HK\$66,000, and furniture and fixtures, amounting to approximately HK\$15,000, to cope with our operation needs, respectively (2014: approximately HK\$144,000). As at 31 December 2015 and 2014, the Group did not have any outstanding capital commitments.

## **SIGNIFICANT INVESTMENTS**

As at 31 December 2015 and 2014, the Group did not hold any significant investments.

## **CONTINGENT LIABILITIES**

As at 31 December 2015 and 2014, the Group did not have any significant contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2015, the Group had 79 (2014: 76) employees in Hong Kong. We believe that hiring, motivating and retaining qualified employees are crucial to our success as a reliable financial printer. Total staff costs (including Directors' emoluments) were approximately HK\$35.8 million (2014: HK\$32.6 million). The remuneration packages of the Group's employees include basic salary, allowances, insurance, medical schemes, mandatory provident fund scheme, commission and bonuses. The remuneration policies of the Group, including promotion, bonus, salary increment and other benefits, are formulated based on the Group's operating results, employees' individual performance, working experience, respective responsibilities, merit, qualifications and competence, as well as comparable to the prevailing market practice, standards and statistics. The remuneration policies of the Group are reviewed by the management of the Group regularly.

In addition, the Group adopted a share option scheme (the "Scheme"). Since its adoption, no options have been granted or agreed to be granted pursuant to the Scheme and, therefore, there were no outstanding options as at 31 December 2015.

## **INDEBTEDNESS AND CHARGES ON GROUP ASSETS**

As at 31 December 2015, the Group had no charges on the Group's assets (2014: nil).

## **MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES**

To rationalise the current structure of the Group for the Listing, the Company underwent a Reorganisation of the business comprising the Group, pursuant to which the Company became the holding company of the subsidiaries of the Company now comprising the Group. Details of the Reorganisation have been set out in the Prospectus under the section headed "History, Reorganisation and Corporate Structure".

Save for the Reorganisation, during the Year, there was no other material acquisition or disposal of subsidiaries or associated companies of the Company.

## **FOREIGN CURRENCY EXPOSURE**

The Group's businesses are solely operated in Hong Kong and mainly denominated in Hong Kong dollars and on some rare occasions, customers may request to settle our billing by other foreign currencies such as United States dollars ("USD").

The Group's assets, liabilities and transactions are mainly denominated in Hong Kong dollars. Only a little portion of the Group's deposits with bank are denominated in USD which is freely convertible into Hong Kong dollars. The Directors are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risks and, therefore, no hedging arrangements were made during the Year. However, the Group will review and monitor the relevant foreign exchange exposure from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when appropriate.

## **CORPORATE GOVERNANCE PRACTICES**

As the Company's ordinary shares of HK\$0.01 each (the "Shares") were initially listed on the GEM of the Stock Exchange on 25 September 2015 (the "Listing Date"), the Corporate Governance Code (the "CG Code") as contained in Appendix 15 to the GEM Listing Rules was not applicable to the Company for the period from 1 January 2015 to 24 September 2015, being the date immediately before the Listing Date. The Company has complied with all applicable code provisions as set out in the CG Code during the period from the Listing Date to 31 December 2015 (the "Period").

## **PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY**

During the Period, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such listed securities.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the required standard of dealings in the securities (the "Required Standard of Dealings") as contained in Rules 5.46 to 5.67 of the GEM Listing Rules as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on the Directors, all of the Directors confirmed that they had complied with the Required Standard of Dealings during the Period.

## **USE OF NET PROCEEDS FROM THE COMPANY'S PLACING OF NEW SHARES**

The net proceeds received by the Company from the placing of 64,000,000 Shares at a price of HK\$0.75 each on the Listing Date, after the deduction of listing related expenses, amounted to approximately HK\$31.4 million. During the Period, a small portion of the net proceeds from the Listing were utilised in accordance with the proposed applications set out in the Prospectus under the section headed "Future Plans and Use of Proceeds". The balance of funds would be utilised according to the use disclosed in the Prospectus except that in view of the current economic environment which is uncertain and in light of the sluggish economic condition, the Group has decided to postpone the set-up of an in-house translation team and the expansion of workforce.

In a bid to further enhance its competitive edge, the Group will continue to deploy resources for improving and acquiring office facilities and equipment and software for its existing working environment and strengthen the design capabilities as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds". As at 31 December 2015, all of the unused proceeds were deposited in a licensed bank in Hong Kong.

## **EVENTS AFTER THE BALANCE SHEET DATE**

As from 31 December 2015 to the date of this announcement, no significant events have occurred.

## **DIVIDENDS**

The Directors do not recommend the payment of a final dividend for the Year (2014: nil).

## **ANNUAL GENERAL MEETING**

The annual general meeting ("AGM") of the Company for the Year will be held on Tuesday, 24 May 2016. A notice convening the AGM will be published in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 23 May 2016 to Tuesday, 24 May 2016, both days inclusive, during which period no transfer of Shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the AGM of the Company, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong (as from 5 April 2016: Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong) no later than 4:30 p.m. on Friday, 20 May 2016 for registration.

## AUDIT COMMITTEE

The Company had 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 independent auditors, and review the Company's financial information.

The Audit Committee comprises three members, all being independent non-executive Directors, namely Mr. Leung Chi Hung (chairman of the Audit Committee), Mr. Wong Kun Kau and Mr. Lum Chor Wah Richard. It has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters, including review of the audited consolidated financial statements of the Group for the Year.

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

Hong Kong, 16 March 2016

*As at the date of this announcement, 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.*

*This announcement will remain on the "Latest Company Information" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be published on the Company's website at [www.ref.com.hk](http://www.ref.com.hk).*