

REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1631

2017

Interim Report

Condensed Consolidated Financial Statements

The board of directors (the “**Directors**” and the “**Board**”, respectively) of REF Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2017 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 2017

		Six months ended 30 June	
	Notes	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	4	109,534	94,602
Cost of services		(51,181)	(44,302)
Gross profit		58,353	50,300
Other income		1,011	6
Selling and distribution expenses		(8,015)	(6,432)
Administrative expenses		(17,855)	(13,036)
Finance costs	5	(8)	(5)
Profit before taxation	6	33,486	30,833
Taxation	7	(6,112)	(5,238)
Profit for the period		27,374	25,595
Profit and total comprehensive income for the period attributable to owners of the Company		27,374	25,595
Earnings per share			
— Basic and diluted (HK cents)	9	10.69	10.00

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

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

		As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Assets			
Non-current assets			
	10	2,376	468
Plant and equipment			
Deferred tax assets		283	237
		2,659	705
Current assets			
		3,209	2,397
Work in progress			
Trade receivables	11	48,907	30,992
Prepayments, deposits and other receivables	12	6,429	6,663
Bank balances and cash		133,380	111,311
		191,925	151,363
Current liabilities			
	13	10,156	7,560
Trade payables			
Accruals and other payables	14	13,275	13,173
Deposits received		29,483	23,197
Tax payables		8,389	2,231
		61,303	46,161
Net current assets		130,622	105,202
Total assets less current liabilities		133,281	105,907
Net assets		133,281	105,907

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

		As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
	Note		
<hr/>			
Capital and reserves			
Share capital	15	2,560	2,560
Reserves		130,721	103,347
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Total equity attributable to owners of the Company		133,281	105,907
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Approved and authorised for issue by the Board on 28 August 2017 and signed on its behalf by:

Chiu Hok Yu
Executive Director

Kwok Kam Lai
Executive Director

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to owners of the Company			Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	
As at 1 January 2016 (audited)	2,560	41,233	16,495	60,288
Profit and total comprehensive income for the period	–	–	25,595	25,595
As at 30 June 2016 (unaudited)	2,560	41,233	42,090	85,883
As at 1 January 2017 (audited)	2,560	41,233	62,114	105,907
Profit and total comprehensive income for the period	–	–	27,374	27,374
As at 30 June 2017 (unaudited)	2,560	41,233	89,488	133,281

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended	
	30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before taxation	33,486	30,833
Adjustments for:		
Interest income	(1)	(1)
Depreciation of plant and equipment	195	106
Operating cash flows before movements in working capital	33,680	30,938
Increase in work in progress	(3,134)	(1,275)
Increase in trade receivables	(17,915)	(12,556)
Decrease/(increase) in prepayments, deposits and other receivables	234	(426)
Increase/(decrease) in trade payables	4,918	(204)
Increase in accruals and other payables	102	1,091
Increase in deposits received	6,286	5,788
Cash generated from operations	24,171	23,356
Income taxes paid	-	-
Net cash generated from operating activities	24,171	23,356
Cash flows from investing activities		
Purchase of plant and equipment	(2,103)	(54)
Interest received	1	1
Net cash used in investing activities	(2,102)	(53)
Net increase in cash and cash equivalents	22,069	23,303
Cash and cash equivalents at the beginning of the period	111,311	69,183
Cash and cash equivalents at the end of the period	133,380	92,486

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

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 parent is Jumbo Ace Enterprises Limited ("**Jumbo Ace**"), a company incorporated in the British Virgin Islands and its ultimate parent is Rising Luck Management Limited ("**Rising Luck**"), a company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Lau Man Tak ("**Mr. Lau**") who is the chairman of the Board (the "**Chairman**") and the non-executive Director. The Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 12 March 2014. Its issued shares were initially listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 25 September 2015 and were subsequently transferred from listing on GEM to the Main Board of the Stock Exchange (the "**Transfer of Listing**") on 20 June 2017.

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

The Company is an investment holding company and the Group is principally engaged in the provision of financial printing services. The unaudited condensed consolidated financial statements for the six months ended 30 June 2017 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 2017

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 28 August 2017.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2016 annual report, except for the changes in accounting policies that are expected to be reflected in the 2017 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 judgements, 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 2016 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 2016 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 2017

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company.

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE

	Six months ended	
	30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Financial printing services:		
Printing	78,277	64,066
Translation	23,910	23,143
Media placement	7,347	7,393
	109,534	94,602

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

5. FINANCE COSTS

	Six months ended	
	30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank charges	8	5

6. PROFIT BEFORE TAXATION

	Six months ended	
	30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Directors' emoluments	4,068	3,290
Other staff costs:		
— Salaries and other benefits	15,799	13,531
— Discretionary bonuses	7,258	5,628
— Retirement scheme contributions	588	533
Total employee benefit expense	23,645	19,692
Auditors' remuneration	420	300
Depreciation of plant and equipment	195	106
Operating lease rental expenses in respect of rented premises	5,136	4,473

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

7. TAXATION

	Six months ended	
	30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
— Hong Kong	6,158	5,233
Deferred tax		
Current period	(46)	5
	6,112	5,238

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

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

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

8. DIVIDENDS

The Board does not declare the payment of any dividend for the six months ended 30 June 2017 (2016: Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

9. 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	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	27,374	25,595
	'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)	10.69	10.00

Note:

The calculation of basic earnings per share for the six months ended 30 June 2017 and 2016 is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares for the relevant periods.

For the six months ended 30 June 2017 and 2016, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share is calculated based on 256,000,000 ordinary shares in issue.

Diluted earnings per share is same as the basic earnings per share for the six months ended 30 June 2017 and 2016 as there were no potential dilutive ordinary shares in issue.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

10. PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired plant and equipment at a cost of HK\$2,103,000 (2016: HK\$54,000), which primarily consisted of leasehold improvement, office equipment and furniture and fixtures amounting to HK\$987,000, HK\$400,000 and HK\$716,000 respectively (2016: office equipment amounting to HK\$54,000). None of the plant and equipment were disposed of during the six months ended 30 June 2017 (2016: furniture and fixtures with no net book value were written off).

11. TRADE RECEIVABLES

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Trade receivables (Note)	48,907	30,992

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

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Current — neither past due nor impaired	20,242	15,554
Under 31 days past due	9,715	8,662
31–60 days past due	14,714	1,805
61–120 days past due	3,921	4,879
121–150 days past due	48	90
Over 150 days past due	267	2
	48,907	30,992

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

11. TRADE RECEIVABLES *(Continued)*

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

AGE OF RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
0–60 days past due	24,429	10,467
61–120 days past due	3,921	4,879
121–150 days past due	48	90
Over 150 days past due	267	2
	28,665	15,438

The Group does not hold any collateral over the balances.

Note: Included above are trade receivable from a related company, TEM Holdings Limited (“**TEM**”), of approximately HK\$2,000 as at 31 December 2016. Mr. Lau, a controlling shareholder of the Company, the non-executive Director and the Chairman, is the controlling shareholder of TEM. The maximum outstanding balance during the six months ended 30 June 2017 and year ended 31 December 2016 were approximately HK\$33,000 and HK\$497,000 respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Rental, utility and other deposits	5,616	5,931
Prepayments and other receivables	813	732
	6,429	6,663

13. TRADE PAYABLES

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Trade payables	10,156	7,560

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:

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Current — up to 60 days	10,156	7,136
Under 31 days past due	—	424
	10,156	7,560

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

14. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Accruals	718	888
Other payables (Note)	12,557	12,285
	13,275	13,173

Note:

Included above are provision of staff bonus of approximately HK\$9,896,000 and HK\$11,073,000 as at 30 June 2017 and 31 December 2016, respectively.

15. SHARE CAPITAL

	As at 30 June 2017		As at 31 December 2016	
	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	256,000	2,560	256,000	2,560

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

16. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

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

(A) TRANSACTIONS WITH RELATED PARTY

Name of company	Nature of transactions	Six months ended	
		2017	2016
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
TEM (Note)	Financial printing services income rendered	62	998

Note:

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

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The Directors are identified as key management members of the Group and their compensation during the reporting period is set out in Note 6.

17. EVENTS AFTER REPORTING PERIOD

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

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of financial printing services for the financial sector in Hong Kong. The Group 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 Group offers a wide range of convenient and quality financial printing services, from typesetting, proofreading, translation, design, printing, web submission, newspaper placement to distribution. Moreover, it also provides ancillary services such as provision of conference room facilities in Hong Kong. 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 and/or other stock exchanges.

PRINTING SERVICES

Printing revenue during the six months ended 30 June 2017 (the "**Period**") was approximately HK\$78.3 million (2016: approximately HK\$64.1 million), representing an increase of about 22.2% as compared to same period last year, was primarily due to the increase in number of jobs completed. For the six months ended 30 June 2017 and 2016, the revenue generated from the printing services represented approximately 71.5% and 67.8% respectively of our total revenue.

TRANSLATION SERVICES

Translation revenue during the Period was approximately HK\$23.9 million (2016: approximately HK\$23.1 million), representing an increase of about 3.5% as compared to same period last year, was primarily due to the increase in number of jobs completed. For the six months ended 30 June 2017 and 2016, the revenue generated from the translation services represented approximately 21.8% and 24.4% respectively of our total revenue.

MEDIA PLACEMENT SERVICES

Media placement revenue remained stable at approximately HK\$7.3 million and approximately HK\$7.4 million for the six months ended 30 June 2017 and 30 June 2016 respectively. For the six months ended 30 June 2017 and 2016, the revenue generated from the media placement services represented approximately 6.7% and 7.8% respectively of our total revenue.

For the Period, the Group's turnover increased by approximately 15.8% as compared to that of same period last year.

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK *(Continued)*

Looking ahead, the economic environment is uncertain and may affect the financial market sentiment and exert pressure on the business of the Group, such as keen competition in the financial printing industry and fluctuations of the local financial market. In addition, in mid-June 2017, the Stock Exchange issued a consultation paper on the review of the GEM and the changes to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) and the Listing Rules (the “**Changes**”), which aimed to ensure that the Changes can reflect currently acceptable standards in the market and address the concerns on the quality and performance of the GEM applicants and other listed companies. The consultation period has recently ended and the outcome of consultation may, to a certain extent, affect the number of applications for listing on both the GEM and the Main Board of the Stock Exchange as from early 2018. This would, in turn, affect the business of the Group in the coming years. In order to maximize profits and returns of the Group and its shareholders, the Group has been focusing on enhancing the competitiveness of its core business and will continue exploring new business opportunities. By achieving these goals, the Group has established a translation team so as to enhance our services. Moreover, the Group will expand its workforce, improve and acquire more office facilities, equipment and software; and strengthen its design capabilities in order to meet the changing needs of our customers.

The Group is optimistic about its core business and continues to enhance multiple points of quality control and inspection throughout the production process in terms of quality and variety and increase its professional expertise. The Group will continue to capture market opportunities and expand customer base so as to achieve a sustainable business growth and long-term benefits for our shareholders.

FINANCIAL REVIEW

REVENUE

The Group’s revenue increased by approximately HK\$14.9 million, or 15.8%, from approximately HK\$94.6 million for the six months ended 30 June 2016 to approximately HK\$109.5 million for the six months ended 30 June 2017. The increase was primarily attributable to the increase in printing activity and translation activity services.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

COST OF SERVICES

The Group's cost of services increased by approximately HK\$6.9 million, or 15.6%, from approximately HK\$44.3 million for the six months ended 30 June 2016 to approximately HK\$51.2 million for the six months ended 30 June 2017. The increase was mainly due to (i) an increase in printing costs, translation costs and design and other costs, amounting to approximately HK\$3.8 million in total, which was in line with the increase in revenue generated from printing activity and translation activity; and (ii) an increase in staff cost, which amounted to approximately HK\$2.1 million in total caused by (a) an increase in the number of staff; (b) the annual/regular salary revision for the staff; and (c) an increase in bonus provision which was in line with the increase in profits for the reporting period.

OTHER INCOME

Other income increased by approximately HK\$1.0 million, or 165.7 times, from approximately HK\$6,000 for the six months ended 30 June 2016 to approximately HK\$1.0 million for the six months ended 30 June 2017. The increase was primarily due to more sundry income.

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses increased by approximately HK\$1.6 million, or 25.0%, from approximately HK\$6.4 million for the six months ended 30 June 2016 to approximately HK\$8.0 million for the six months ended 30 June 2017. The increase was mainly due to (i) increases in marketing expenses, commission payment and bonus provision, which was in line with the increase in revenue; (ii) an increase in the number of staff; and (iii) the annual/regular salary revision for the staff.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased by approximately HK\$4.9 million, or 37.7%, from approximately HK\$13.0 million for the six months ended 30 June 2016 to approximately HK\$17.9 million for the six months ended 30 June 2017. The increase was mainly due to (i) professional and other costs in relation to the transfer of listing from GEM to the Main Board of the Stock Exchange; (ii) an increase of operating lease rental expenses caused by the inflated monthly rental expenses of the Group's head office and principal place of business in Hong Kong under the new lease term and the new office leased for the in-house translation team commencing in April 2017; and (iii) staff cost (including remuneration of Directors), which was in line with the increase in profits for the reporting period and in line with the market conditions.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

DEPRECIATION OF PLANT AND EQUIPMENT

Depreciation expenses increased by approximately HK\$0.1 million, or 100.0%, from approximately HK\$0.1 million for the six months ended 30 June 2016 to approximately HK\$0.2 million for the six months ended 30 June 2017. The increase was primarily due to more fixed assets purchased during the reporting period.

FINANCE COSTS

Finance costs remained stable at approximately HK\$5,000 and approximately HK\$8,000 for the six months ended 30 June 2016 and 30 June 2017, respectively.

TAX EXPENSES

Profits tax expenses increased by approximately HK\$0.9 million, or 17.3%, from approximately HK\$5.2 million for the six months ended 30 June 2016 to approximately HK\$6.1 million for the six months ended 30 June 2017. The increase was primarily attributable to the increase in profit before taxation.

PROFIT FOR THE PERIOD

The profit for the six months ended 30 June 2017 was approximately HK\$27.4 million, representing an increase of approximately HK\$1.8 million, or 7.0% as compared with approximately HK\$25.6 million for the six months ended 30 June 2016. The increase was primarily attributable to the increase in revenue.

GEARING RATIO

As at 30 June 2017 and 31 December 2016, the Group did not have any interest-bearing debt and hence, gearing ratio was not applicable.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, cash and bank balances of the Group amounted to approximately HK\$133.4 million (31 December 2016: HK\$111.3 million). The current ratios (current asset divided by current liabilities) of the Group were 3.1 times and 3.3 times as at 30 June 2017 and 31 December 2016, respectively. In view of the Group's current level of cash and bank balances and funds generated internally from our operations, the Board is confident that the Group will have sufficient resources to meet the financial needs for its operations.

Management Discussion and Analysis

CAPITAL STRUCTURE

As at 30 June 2017 and 31 December 2016, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 ordinary shares of par value of HK\$0.01 each (the “**Shares**”) and the issued share capital of the Company was HK\$2,560,000 divided into 256,000,000 Shares. The share capital of the Company only comprises Shares. There was no change in the share capital of the Company during the Period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2017, the Group had 102 (30 June 2016: 84) full-time employees (the “**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 cost (including remuneration of the Directors) amounted to approximately HK\$23.0 million for the six months ended 30 June 2016 and approximately HK\$27.7 million for the six months ended 30 June 2017. The dedication and hard work of the Group’s staff during the six months ended 30 June 2017 are generally appreciated and recognised.

CAPITAL COMMITMENT

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

FOREIGN CURRENCY EXPOSURE

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

SIGNIFICANT INVESTMENTS

As at 30 June 2017 and 2016, the Group did not hold any significant investments.

Management Discussion and Analysis

CHARGE ON THE GROUP'S ASSETS

As at 30 June 2017 and 2016, the Group had no charges on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2017 and 2016, 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 2017.

MATERIAL ACQUISITIONS OR DISPOSALS

During the six months ended 30 June 2017, there was no material acquisition or disposal 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 had or might have with the Group during the six months ended 30 June 2017.

SUBSEQUENT EVENTS

After the reporting period, there is no other major subsequent event of the Group.

INTERIM DIVIDEND

The Board does not declare the distribution of any interim dividend for the six months ended 30 June 2017 (2016: Nil).

Management Discussion and Analysis

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 17 September 2015 (the "**Prospectus**") with the Group's actual business progress for the period from 25 September 2015 (the "**Date of Listing**") to 30 June 2017 is set out below:

Business objectives	Actual progress up to 30 June 2017
Set up an in-house translation team	The Group's translation team has been established and commenced business in May 2017. The Group is still in the process of recruiting suitable staff to work for the team so as to strengthen the productivities.
Enhance our competitiveness through expansion of our workforce as well as improving and acquiring office facilities, equipment and software	The Group has from time to time recruited additional staff to enhance our competitiveness. During the reporting period, the Group had renovated the operating office to improve the office facilities, and purchased more software and equipment to maintain the quality of work and services.
Strengthen our design capabilities	The Group has hired additional design personnel and purchased various software to strengthen the design efficiency and capability.
Enhance our brand awareness and recognition	The Group has conducted additional marketing promotional activities to promote its branding in the market and attract new customers.

The Board will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

Management Discussion and Analysis

USE OF PROCEEDS

The net proceeds from the Company's listing on the GEM of the Stock Exchange by way of placing new Shares were approximately HK\$31.4 million, after deducting the listing related expenses. As at 30 June 2017, all of the unused proceeds were deposited in a licensed bank in Hong Kong. During the period from the Date of Listing to 30 June 2017, a portion of the net proceeds from the placing were utilised and the unused amount as at 30 June 2017 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 2017	Amount committed/ estimated to be used for the next 12 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 (extend from before 30 June 2017 to 30 June 2018)	HK\$2.6 million has been used to purchase office facilities, equipment and software; and HK\$3.8 million has been used to expand workforce	HK\$2.7 million will be used to expand workforce	Will be fully utilised as intended before 30 June 2018
Strengthen design capabilities	HK\$2.1 million (extend from before 30 June 2017 to 30 June 2018)	HK\$0.7 million has been used to employ additional design personnel; and HK\$0.2 million has been used to purchase various equipment and software to improve the design efficiency	HK\$0.6 million will be used to employ additional design personnel; and HK\$0.6 million will be used to purchase various equipment and software to improve the design efficiency	Will be fully utilised as intended before 30 June 2018

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 2017	Amount committed/estimated to be used for the next 12 months	Changes and explanations
Set up an in-house translation team	HK\$18.5 million (extend from before 30 June 2017 to 31 December 2018)	HK\$1.2 million has been used to set up an office for the in-house translation team including purchase cost of equipment, software and furniture and fixtures; and HK\$0.6 million has been used as operating expenses for the new office and the newly recruited translation personnel	HK\$10.5 million will be used as operating expenses for the new office and the newly recruited translation personnel	Will be fully utilised as intended before 31 December 2018

Other Information

DISCLOSURE OF INTERESTS

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

As at 30 June 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "Register"); or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

Long Position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Percentage of issued share capital of the Company
Mr. Lau	Interest in controlled corporations (Note)	192,000,000	75.0%

Note: Mr. Lau, the Chairman and the non-executive Director, owns 76.25% of the issued share capital of Rising Luck, the remaining 23.75% of which is owned by an independent third party. Rising Luck owns 95% of the entire issued share capital of Jumbo Ace. Mr. Lau also has a direct 5% interest in Jumbo Ace. Under the SFO, Mr. Lau is deemed to be interested in 192,000,000 Shares registered in the name of Jumbo Ace. In addition, Mr. Lau is a director of each of Rising Luck and Jumbo Ace.

Other Information

DISCLOSURE OF INTERESTS *(Continued)*

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

Save as disclosed above, as at 30 June 2017, none of the Directors and the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the Register, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

So far as the Directors are aware of, as at 30 June 2017, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO (the "**Substantial Shareholders' Register**"), or who were directly or indirectly interested in 5% or more of the issued voting Shares:

Long Position in the Shares

Name	Capacity/Nature of interest	Number of Shares held	Percentage of issued share capital of the Company
Jumbo Ace	Beneficial owner	192,000,000	75.0%
Rising Luck	Interest in a controlled corporation (Note 1)	192,000,000	75.0%
Ms. Lim Youngsook	Family interest (Note 2)	192,000,000	75.0%

Other Information

DISCLOSURE OF INTERESTS *(Continued)*

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

Note 1: Rising Luck owns 95% of the entire issued share capital of Jumbo Ace, the remaining 5% of which is owned by Mr. Lau. Mr. Lau owns 76.25% of the issued share capital of Rising Luck, the remaining 23.75% of which is owned by an independent third party.

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 2017, the Directors were not aware of any persons who/entities which had any interest or short position in the Shares or underlying Shares that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Substantial Shareholders' Register required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE CODE

The Transfer of Listing took place on 20 June 2017. Prior to the Transfer of Listing, the Company had adopted the Corporate Governance Code (the "**GEM CG Code**") contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. It adopted all the requirements of the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Main Board CG Code**") as its code provisions, which took effect immediately after the Transfer of Listing.

The Board is satisfied that the Company has complied with the code provisions of:

- (i) the GEM CG Code to the extent applicable to the Company during the period from 1 January 2017 to 19 June 2017; and
- (ii) the Main Board CG Code to the extent applicable to the Company during the period from 20 June 2017 to 30 June 2017.

Other Information

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Prior to the Transfer of Listing, the Company had adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Immediately after the Transfer of Listing, the Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. The Company has made specific enquiries with all Directors regarding any non-compliance with the required standard of dealings as set out in Chapter 5 of the GEM Listing Rules and the Model Code. All the Directors confirmed that they had fully complied with the required standard set out in Chapter 5 of the GEM Listing Rules for the period from 1 January 2017 to 19 June 2017 (being the date immediately before the Transfer of Listing taking place) and the Model Code for the period from 20 June 2017 (being the date on which the Transfer of Listing took place) to 30 June 2017.

CHANGES IN INFORMATION OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, changes of the information of Directors, subsequent to the date of annual report of the Company for the year ended 31 December 2016, required to be disclosed are set out below:

Name of Director	Details of Changes
Mr. Wong Kun Kau	Retired as an independent non-executive director of China Shengmu Organic Milk Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1432), with effect from 28 June 2017. Resigned as an independent non-executive director of Lifestyle Properties Development Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 2183), with effect from 31 May 2017.

Other Information

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

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

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

The Scheme is valid and effective for a period of ten years commencing on the Date of Adoption. As at 30 June 2017, there were a total of 25,600,000 Shares, representing 10% of the issued Shares, available for issue under the Scheme.

No share option has been granted since the Date of Adoption and there was no share option outstanding as at 30 June 2017.

AUDIT COMMITTEE

The primary duties of the Audit Committee are to review, monitor and supervise the financial reporting process, internal control and risk management systems of the Group. The Audit Committee makes recommendations to the Board on the appointment, reappointment and removal of the external auditor, and review the Company's financial information.

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017 and this interim report and is of the view that such statements and report have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

Other Information

APPRECIATION

It is saddened to advise the recent pass-away of Mr. So Ka Lung, Creative Director of the Group, and the Board offers its deep sympathy to his family and expresses its gratitude to him for his past contribution to the Group.

Besides, the Group would like to express its sincere gratitude to all our shareholders and investors for their support and our customers for their patronage. The Group would like to thank all its staff for their dedication and contribution to the Group.

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

Hong Kong, 28 August 2017

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

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Ms. Chiu Hok Yu
Ms. Kwok Kam Lai

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Lau Man Tak

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Mr. Ko Wai Lun Warren

COMPLIANCE OFFICER

Ms. Kwok Kam Lai

AUTHORISED REPRESENTATIVES

Ms. Chiu Hok Yu
Ms. Kwok Kam Lai

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

INDEPENDENT AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

REGISTERED OFFICE

Clifton House
75 Fort Street
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Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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77 Des Voeux Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

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

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STOCK CODE

1631