

REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1631

2018

Interim Report

Condensed Consolidated Financial Statements

The board of directors (the “**Directors**” and the “**Board**”, respectively) 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 2018 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 2018

	Notes	Six months ended 30 June	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	4	92,006	109,534
Cost of services		(44,688)	(51,181)
Gross profit		47,318	58,353
Other income		1,071	1,011
Selling and distribution expenses		(7,260)	(8,015)
Administrative expenses		(17,557)	(17,855)
Finance costs	5	(8)	(8)
Profit before taxation	6	23,564	33,486
Taxation	7	(3,918)	(6,112)
Profit for the period		19,646	27,374
Profit and total comprehensive income for the period attributable to owners of the Company		19,646	27,374
Earnings per share			
— Basic and diluted (HK cents)	9	7.67	10.69

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

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Assets			
Non-current assets			
Plant and equipment	10	2,266	2,363
Deferred tax assets		407	429
		2,673	2,792
Current assets			
Work in progress		3,810	1,500
Trade receivables	11	35,217	35,875
Prepayments, deposits and other receivables	12	21,956	7,867
Fixed deposits	13	170,300	130,000
Bank balances and cash	13	14,661	57,039
		245,944	232,281
Current liabilities			
Trade payables	14	8,461	10,890
Accruals and other payables	15	10,042	24,726
Deposits received		31,834	24,719
Tax payables		8,344	4,448
		58,681	64,783
Net current assets		187,263	167,498
Total assets less current liabilities		189,936	170,290
Net assets		189,936	170,290

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

		As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
	Note		
<hr/>			
Capital and reserves			
Share capital	16	2,560	2,560
Reserves		187,376	167,730
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Total equity attributable to owners of the Company		189,936	170,290
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Approved and authorised for issue by the Board on 20 August 2018 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 2018

	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 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
As at 1 January 2018 (audited)	2,560	41,233	126,497	170,290
Profit and total comprehensive income for the period	–	–	19,646	19,646
As at 30 June 2018 (unaudited)	2,560	41,233	146,143	189,936

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Six months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before taxation	23,564	33,486
Adjustments for:		
Interest income	(1,069)	(1)
Depreciation of plant and equipment	399	195
Operating cash flows before movements in working capital	22,894	33,680
Increase in work in progress	(3,442)	(3,134)
Decrease/(increase) in trade receivables	658	(17,915)
(Increase)/decrease in prepayments, deposits and other receivables	(14,089)	234
(Decrease)/increase in trade payables	(1,297)	4,918
(Decrease)/increase in accruals and other payables	(14,684)	102
Increase in deposits received	7,115	6,286
Net cash (used in)/generated from operating activities	(2,845)	24,171
Cash flows from investing activities		
Purchase of plant and equipment	(302)	(2,103)
Placement of fixed deposits	(275,300)	–
Repayment of fixed deposits	235,000	–
Interest received	1,069	1
Net cash used in investing activities	(39,533)	(2,102)
Net (decrease)/increase in cash and cash equivalents	(42,378)	22,069
Cash and cash equivalents at the beginning of the period	57,039	111,311
Cash and cash equivalents at the end of the period	14,661	133,380

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

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 (the "**BVI**") and its ultimate parent is Rising Luck Management Limited ("**Rising Luck**"), a company incorporated in the BVI. Its ultimate controlling shareholder is Mr. Lau Man Tak ("**Mr. Lau**") who is also 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) since 12 March 2014. On 20 June 2017, the Company transferred the listing of its issued shares from GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") to the Main Board of the Stock Exchange.

The address of the registered office of the Company 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 has been changed to 6th Floor and 7th Floor, Nexus Building, 77 Des Voeux Road Central, Hong Kong with effect from 16 July 2018.

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 2018 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 2018

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 by the Board for issue on 20 August 2018.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2017 annual report, except for the changes in accounting policies that are expected to be reflected in the 2018 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, 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 the financial position and performance of the Group since the date of the 2017 annual report. The condensed consolidated financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”).

The financial information relating to the financial year ended 31 December 2017 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 2018

3. CHANGES IN ACCOUNTING POLICIES

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

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

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	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Financial printing services:		
Printing	65,396	78,277
Translation	20,653	23,910
Media placement	5,957	7,347
	92,006	109,534

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

5. FINANCE COSTS

	Six months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank charges	8	8

6. PROFIT BEFORE TAXATION

	Six months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Directors' emoluments	3,206	4,068
Other staff costs:		
— Salaries and other benefits	18,129	15,799
— Discretionary bonuses	3,163	7,258
— Retirement scheme contributions	769	588
Total employee benefit expense	22,061	23,645
Auditors' remuneration	420	420
Depreciation of plant and equipment	399	195
Operating lease rental expenses in respect of rented premises	8,231	5,136

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

7. TAXATION

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
— Hong Kong	3,896	6,158
Deferred tax		
Current period	22	(46)
	3,918	6,112

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 for 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 2018 (2017: Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

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	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	19,646	27,374
	'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)	7.67	10.69

Note:

The calculation of basic earnings per share for the six months ended 30 June 2018 and 2017 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 2018 and 2017, 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 the same as the basic earnings per share for the six months ended 30 June 2018 and 2017 as there were no potential dilutive ordinary shares in issue.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

10. PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired plant and equipment at a cost of HK\$302,000 (2017: HK\$2,103,000), which primarily consisted of office equipment and furniture and fixtures amounting to HK\$56,000 and HK\$246,000, respectively (2017: leasehold improvement, office equipment and furniture and fixtures amounting to HK\$987,000, HK\$400,000 and HK\$716,000, respectively). None of the plant and equipment were disposed of during the six months ended 30 June 2018 (2017: Nil).

11. TRADE RECEIVABLES

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Trade receivables (Note)	35,217	35,875

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 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Current — neither past due nor impaired	15,584	20,518
Under 31 days past due	8,773	10,551
31–60 days past due	7,344	1,533
61–120 days past due	3,261	2,285
121–150 days past due	37	152
Over 150 days past due	218	836
	35,217	35,875

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

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 the 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 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
0–60 days past due	16,117	12,084
61–120 days past due	3,261	2,285
121–150 days past due	37	152
Over 150 days past due	218	836
	19,633	15,357

The Group does not hold any collateral over the balances.

Note: Included above are trade receivables from a related company, TEM Holdings Limited (“TEM”), of approximately HK\$5,000 as at 31 December 2017. Mr. Lau, the non-executive Director, the Chairman and a controlling shareholder of the Company, is the controlling shareholder of TEM. The maximum outstanding balance during the six months ended 30 June 2018 and year ended 31 December 2017 were approximately HK\$32,000 and HK\$171,000, respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Rental, utility and other deposits	19,223	6,793
Prepayments and other receivables	2,733	1,074
	21,956	7,867

13. FIXED DEPOSITS/BANK BALANCES AND CASH

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Fixed deposits	170,300	130,000
Bank balances and cash	14,661	57,039
	184,961	187,039

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 2018 and 31 December 2017, these fixed deposits carried fixed interest rate ranging from 1.3% to 2.2% per annum and 1.10% to 1.45% per annum, respectively.

Bank balances and cash carrying interest at market rates ranging from 0.001% to 0.01% per annum for the six months ended 30 June 2018 and year ended 31 December 2017.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

14. TRADE PAYABLES

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Trade payables	8,461	10,890

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 periods:

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Current — up to 60 days	8,419	10,890
Under 31 days past due	42	—
	8,461	10,890

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

15. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Accruals	1,617	1,408
Other payables (Note)	8,425	23,318
	10,042	24,726

Note: Included above are provision of staff bonus of approximately HK\$4,634,000 and HK\$21,307,000 as at 30 June 2018 and 31 December 2017, respectively.

16. SHARE CAPITAL

	As at 30 June 2018		As at 31 December 2017	
	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 2018

17. 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 A RELATED PARTY

Name of company	Nature of transactions	Six months ended 30 June	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
TEM (Note)	Financial printing services income rendered	50	62

Note: Mr. Lau, the non-executive Director, the Chairman and a controlling shareholder of the Company, is the controlling shareholder of TEM. The shares of TEM were initially listed on GEM of the Stock Exchange on 18 May 2016.

(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.

18. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 28 March 2018, REF Financial Press Limited, a wholly-owned subsidiary of the Company, had entered into an early termination of the lease agreement with Mutual Capital Limited, the landlord, for the early termination of leasing of 3rd Floor, Nexxus Building, 77 Des Voeux Road Central, Hong Kong with effect from 17 July 2018.

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

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 is principally engaged in the provision of financial printing services for the financial sector in Hong Kong. The Group offers 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 2018 (the "Period") was approximately HK\$65.4 million (2017: approximately HK\$78.3 million), representing a decrease of approximately 16.5% as compared to that of the same period last year, which was primarily due to a decrease in the number of jobs completed. For the six months ended 30 June 2018 and 2017, the revenue generated from the printing services represented approximately 71.1% and 71.5% respectively of our total revenue.

TRANSLATION SERVICES

Translation revenue during the Period was approximately HK\$20.7 million (2017: approximately HK\$23.9 million), representing a decrease of approximately 13.4% as compared to that of the same period last year, which was primarily due to a decrease in the number of jobs completed. For the six months ended 30 June 2018 and 2017, the revenue generated from the translation services represented approximately 22.5% and 21.8% respectively of our total revenue.

MEDIA PLACEMENT SERVICES

Media placement revenue during the Period was approximately HK\$6.0 million (2017: approximately HK\$7.3 million), representing a decrease of approximately 17.8% as compared to that of the same period last year, which was primarily due to a decrease in the number of jobs completed. For the six months ended 30 June 2018 and 2017, the revenue generated from the media placement services represented approximately 6.5% and 6.7% respectively of our total revenue.

For the Period, the Group's turnover decreased by approximately 16.0% as compared to that of the same period last year.

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK *(Continued)*

With the increasing number of listed companies in Hong Kong, we see business opportunities in providing financial printing services. To further enhance our competitive edge, we continue improving and acquiring office facilities, equipment and software, and strengthening our design capabilities regularly. Therefore, the Group's principal place of business has been relocated from 3rd Floor, Nexxus Building, 77 Des Voeux Road Central, Hong Kong to 6th and 7th Floors of the same building on 16 July 2018, so as to accommodate the increasing needs of conference room facilities for in-house activities. We now occupy a total gross floor area of approximately 20,000 square feet with 14 conference rooms whereas the gross floor area of the previous place of business was approximately 13,000 square feet only. We shall continue to provide a comprehensive range of convenient and quality services to our customers and react to their changing needs more efficiently and effectively. Through the above, we aim to capture market opportunities so as to achieve a sustainable business growth and long-term benefits for our shareholders (the "**Shareholders**").

FINANCIAL REVIEW

REVENUE

The Group's revenue decreased by approximately HK\$17.5 million, or 16.0%, from approximately HK\$109.5 million for the six months ended 30 June 2017 to approximately HK\$92.0 million for the six months ended 30 June 2018. The decrease was primarily attributable to the decrease in printing activity, translation activity and media placement services.

COST OF SERVICES

The Group's cost of services decreased by approximately HK\$6.5 million, or 12.7%, from approximately HK\$51.2 million for the six months ended 30 June 2017 to approximately HK\$44.7 million for the six months ended 30 June 2018. The decrease was mainly due to the decrease in printing costs, translation costs, advertising cost, courier cost and design and other costs, amounting to approximately HK\$6.6 million in total, which was in line with the decrease in revenue generated from printing activity, translation activity and media placement services.

OTHER INCOME

Other income increased by approximately HK\$0.1 million, or 10%, from approximately HK\$1.0 million for the six months ended 30 June 2017 to approximately HK\$1.1 million for the six months ended 30 June 2018. The increase was primarily due to more interest income derived from placement of fixed deposits.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses decreased by approximately HK\$0.7 million, or 8.8%, from approximately HK\$8.0 million for the six months ended 30 June 2017 to approximately HK\$7.3 million for the six months ended 30 June 2018. The decrease was mainly due to the decrease of commission payment and bonus provision, which was in line with the decrease of revenue for the reporting period.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses decreased by approximately HK\$0.3 million, or 1.7%, from approximately HK\$17.9 million for the six months ended 30 June 2017 to approximately HK\$17.6 million for the six months ended 30 June 2018. The decrease was mainly due to (i) the non-incurrence of the one-off payment of legal and professional expenses in connection with the transfer of listing of the Company's issued shares from GEM to the Main Board of the Stock Exchange on 20 June 2017; and (ii) the decrease in bonus provision, which was in line with the decrease in profits for the reporting period. Such decrease was partly out-weighted by an increase of operating lease rental expenses caused by the new office leased for the Group's head office and principal place of business in Hong Kong under the new lease term with effect from 16 May 2018 and the new office leased for the in-house translation team commencing in April 2017.

DEPRECIATION OF PLANT AND EQUIPMENT

Depreciation expenses increased by approximately HK\$0.2 million, or 100.0%, from approximately HK\$0.2 million for the six months ended 30 June 2017 to approximately HK\$0.4 million for the six months ended 30 June 2018. The increase was primarily due to more fixed assets purchased during the reporting period.

FINANCE COSTS

Finance costs remained stable at approximately HK\$8,000 for the six months ended 30 June 2017 and 30 June 2018.

TAX EXPENSES

Profits tax expenses decreased by approximately HK\$2.2 million, or 36.1%, from approximately HK\$6.1 million for the six months ended 30 June 2017 to approximately HK\$3.9 million for the six months ended 30 June 2018. The decrease was primarily attributable to the decrease in profit before taxation.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

PROFIT FOR THE PERIOD

The profit for the six months ended 30 June 2018 was approximately HK\$19.6 million, representing a decrease of approximately HK\$7.8 million, or 28.5% as compared with approximately HK\$27.4 million for the six months ended 30 June 2017. The decrease was primarily attributable to a decrease in revenue.

GEARING RATIO

As at 30 June 2018 and 31 December 2017, the Group did not have any interest-bearing debt and hence, gearing ratio was not applicable.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, fixed deposits, bank balances and cash of the Group amounted to approximately HK\$185.0 million (31 December 2017: HK\$187.0 million). The current ratios (current assets divided by current liabilities) of the Group were 4.2 times and 3.6 times as at 30 June 2018 and 31 December 2017, respectively. In view of the Group's current level of fixed deposits, bank balances and cash 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.

CAPITAL STRUCTURE

As at 30 June 2018 and 31 December 2017, 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.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had 110 (30 June 2017: 102) 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\$27.7 million for the six months ended 30 June 2017 and approximately HK\$25.3 million for the six months ended 30 June 2018. The dedication and hard work of the Group's staff during the six months ended 30 June 2018 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 2018, the outstanding capital commitments of the Group amounted to approximately HK\$11.1 million (2017: Nil).

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 2018 and 2017, the Group did not hold any significant investments.

CHARGE ON THE GROUP'S ASSETS

As at 30 June 2018 and 2017, the Group had no charges on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2018 and 2017, the Group did not have any material contingent liabilities or guarantees.

Management Discussion and Analysis

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2018 except for all those as disclosed under the section of “CAPITAL COMMITMENT” above.

MATERIAL ACQUISITIONS OR DISPOSALS

During the six months ended 30 June 2018, 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.

SUBSEQUENT EVENTS

After the reporting period, there is no other major subsequent event of the Group save for that disclosed in note 18 to the Condensed Consolidated Financial Statements above.

INTERIM DIVIDEND

The Board does not declare the payment of any interim dividend for the six months ended 30 June 2018 (2017: 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 with the Group’s actual business progress for the period from 25 September 2015 (the “**Date of Listing**”) to 30 June 2018 is set out below:

Business objectives	Actual progress up to 30 June 2018
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 productivity.
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. As at 30 June 2018, 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 conditions to attain sustainable business growth of the Group.

Management Discussion and Analysis

USE OF PROCEEDS

The net proceeds from the placing of new Shares completed on the Date of Listing (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 2018, all of the unused proceeds were deposited in licensed banks in Hong Kong and a large portion of the net proceeds from the Placing was utilised and the corresponding explanations 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 2018	Amount estimated to be used for the next 6 to 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 (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
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

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 2018	Amount estimated to be used for the next 6 to 12 months	Changes and explanations
Set up an in-house translation team	HK\$18.5 million (extended from before 30 June 2017 to 30 June 2019)	HK\$1.8 million has been used to set up a new office for the in-house translation team; and HK\$5.5 million has been used as operating expenses for the new office and the newly recruited translation personnel	HK\$11.2 million will be used as operating expenses for the new office and the newly recruited translation personnel	Will be fully utilised as intended on or before 30 June 2019

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 2018, 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 any of 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 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. Rising Luck owns 47,500 ordinary shares, representing 95% of the entire issued share capital of 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 are associated corporations of the Company.

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 2018, 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 2018, 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 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 2018, 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.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted 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 all applicable code provisions as set out in the CG Code during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 the Model Code. All the Directors confirmed that they had fully complied with the required standard set out in the Model Code during the Period.

Other Information

CHANGES IN INFORMATION OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, changes of the information of the Directors, subsequent to the date of the annual report of the Company for the year ended 31 December 2017, required to be disclosed, are set out below:

Mr. Lum Chor Wah Richard ceased to be the chairman of the compliance committee of the Board and Ms. Kwok Kam Lai, Mr. Leung Chi Hung and Mr. Wong Kun Kau ceased to be a member of the above committee with effect from 15 March 2018.

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.

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 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 2018, there were a total of 25,600,000 underlying Shares, representing 10% of the issued Shares, available for issue under the Scheme.

No share option has been granted since the adoption of the Scheme and no share option was outstanding as at 30 June 2018 (2017: Nil) and no share option was exercised or cancelled or lapsed during the Period.

Other Information

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 reviews 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 Period 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.

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 wise counsel 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, 20 August 2018

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 (Chairman); 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

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
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

Estera 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

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STOCK CODE

1631