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REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1631)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

ANNUAL RESULTS

The board of directors (the "**Directors**" and the "**Board**", respectively) of REF Holdings Limited (the "**Company**") announces the audited consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018 (the "**Year**") together with the comparative audited figures for the year ended 31 December 2017. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*4*	**192,392**	236,284
Cost of services		**(92,938)**	(103,921)
Gross profit		**99,454**	132,363
Other income		**3,270**	1,147
Selling and distribution expenses		**(17,141)**	(19,345)
Administrative expenses		**(42,033)**	(36,194)
Finance costs		**(15)**	(14)
Profit before taxation		**43,535**	77,957
Taxation	*6*	**(6,796)**	(13,574)
Profit for the year	*7*	**36,739**	64,383
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year		**36,739**	64,383
Profit and total comprehensive income for the year attributable to owners of the Company		**36,739**	64,383
Earnings per share			
— Basic and diluted (HK cents)	*9*	**14.35**	25.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Assets			
Non-current assets			
Plant and equipment		**11,940**	2,363
Deferred tax assets		**330**	429
		12,270	2,792
Current assets			
Work in progress		**–**	1,500
Trade receivables	*10*	**28,560**	35,875
Prepayments, deposits and other receivables		**10,700**	7,867
Other current assets		**1,551**	–
Tax recoverable		**7,412**	–
Fixed deposits		**195,190**	130,000
Bank balances and cash		**12,922**	57,039
		256,335	232,281
Current liabilities			
Trade payables	*11*	**6,003**	10,890
Accruals and other payables		**19,661**	24,726
Deposits received		**–**	24,719
Contract liabilities		**35,394**	–
Tax payables		**–**	4,448
		61,058	64,783
Net current assets		**195,277**	167,498
Total assets less current liabilities		**207,547**	170,290
Non-current liability			
Deferred tax liabilities		**518**	–
Net assets		**207,029**	170,290
Capital and reserves			
Share capital		**2,560**	2,560
Reserves		**204,469**	167,730
Total equity attributable to owners of the Company		**207,029**	170,290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 holding company is Jumbo Ace Enterprises Limited, a company incorporated in the British Virgin Islands (the "**BVI**") and its ultimate holding company is Rising Luck Management Limited, a company incorporated in the BVI. Its ultimate controlling party is Mr. Lau Man Tak, who is also the chairman and non-executive director of the Company. The Company has been registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap. 622) since 12 March 2014. The Company's issued shares are listed on the Main Board of the Stock Exchange.

The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of its headquarters, head office and principal place of business in Hong Kong is 6th Floor and 7th Floor, Nexxus Building, 77 Des Voeux Road Central, Hong Kong.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs (the "**New and Amendments to HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time in the current year:

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 and the related Amendments
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

Except as described below, the application of the New and Amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the Consolidated Financial Statements.

HKFRS 9 ***Financial Instruments***

HKFRS 9 replaces the provisions of HKAS 39 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

There was no impact on the Group's retained profits as at 1 January 2018 upon adoption of HKFRS 9.

(i) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

The financial assets currently held by the Group include loans and receivables which continue to be measured at amortised cost under HKFRS 9. Accordingly, there is no impact on the classification and measurement of the Group's financial assets upon adoption of HKFRS 9.

There is no impact on the Group's accounting for financial liabilities upon adoption of HKFRS 9.

(ii) Impairment of financial assets

The Group has five types of financial assets that are subject to HKFRS 9's expected credit loss model:

— trade receivables;

— other receivables;

— deposits;

— fixed deposits; and

— bank balances and cash.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. There is no impact of the change in impairment methodology on the Group's retained profits and equity.

While fixed deposits and bank balances and cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables, other receivables and deposits

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and deposits. There was no loss allowance on both 1 January 2018 and 31 December 2018.

HKFRS 15 ***Revenue from Contracts with Customers***

The Group has adopted HKFRS 15 from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in HKFRS 15, the Group has adopted the simplified transition method and did not restate the comparatives. In summary, the following adjustments were made to the amounts recognised in the consolidated statement of financial position at the date of initial application on 1 January 2018. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Carrying amounts previously reported as at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 as at 1 January 2018
	HK$'000	*HK$'000*	*HK$'000*
Current assets			
Work in progress	1,500	(1,500)	–
Other current assets	–	1,500	1,500
Current liabilities			
Deposits received	24,719	(24,719)	–
Contract liabilities	–	24,719	24,719

Impact on the consolidated statement of cash flows

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Cash flows from operating activities			
Increase in work in progress	–	1,463	(1,463)
Increase in other current assets	(1,463)	(1,463)	–
Increase in deposits received	–	(1,522)	1,522
Increase in contract liabilities	1,522	1,522	–

(i) Accounting for costs to fulfil a contract

In 2017, costs amounting to approximately HK$1,500,000 related directly to the contracts generate resources used in satisfying the contract and are expected to be recovered. They were therefore capitalised as costs to fulfil a contract following the adoption of HKFRS 15 and included in other current assets in the consolidated statement of financial position as at 1 January 2018.

(ii) Presentation of costs and liabilities related to contracts with customers

The Group has also voluntarily changed the presentation of certain amounts in the consolidated statement of financial position to reflect the terminology of HKFRS 15:

— Contract liabilities in relation to deposits received from customers for the provision of financial printing services not yet delivered to customers, were previously included in deposits received of approximately HK$24,719,000 as at 1 January 2018.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following New and Amendments to HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle[1]
HKFRS 3 (Amendments)	Definition of a Business[4]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HKAS 1 and HKAS 8 (Amendments)	Definition of Material[5]
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement[1]
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures[1]
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]

[1] Effective for annual periods beginning on or after 1 January 2019.
[2] Effective for annual periods beginning on or after 1 January 2021.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
[5] Effective for annual periods beginning on or after 1 January 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the Consolidated Financial Statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Hong Kong Companies Ordinance.

4. REVENUE

	2018	2017
	HK$'000	*HK$'000*
Financial printing services recognised at a point in time:		
Printing	**136,472**	172,538
Translation	**42,845**	48,641
Media placement	**13,075**	15,105
	192,392	236,284

5. SEGMENT INFORMATION

During the years ended 31 December 2018 and 2017, the Group operated in one operating segment which was the provision of financial printing services. A single management team reports to the Directors (being the chief operating decision-maker) who comprehensively manage the entire business. Accordingly, the Group does not present separately segment information. In addition, all of the Group's revenue is generated in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, no business or geographical segment information is presented.

Information about major customers

No individual customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2018 and 2017.

6. TAXATION

	2018	2017
	HK$'000	*HK$'000*
Current tax		
— Hong Kong	**6,209**	13,786
Over provision in prior year		
— Hong Kong	**(30)**	(20)
Deferred tax:		
Current year	**617**	(192)
	6,796	13,574

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2017.

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

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

The two-tiered profits tax rates regime is applicable to the Group for the year ended 31 December 2018.

At the end of the reporting period, the Group had unused tax losses of approximately HK$8,021,000 (2017: HK$6,076,000) available for offset against the future assessable profits.

7. PROFIT FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' emoluments	**6,949**	9,193
Other staff costs:		
— Salaries and other benefits	**36,900**	33,589
— Discretionary bonuses	**10,972**	15,623
— Retirement scheme contributions	**1,525**	1,284
Total employee benefit expense	**49,397**	50,496
Auditors' remuneration		
— Audit services	**840**	840
— Non-audit services	**16**	118
Depreciation of plant and equipment	**1,927**	544
Loss on disposal of plant and equipment	**680**	–
Operating lease rental expenses in respect of rented premises	**17,785**	10,486

8. DIVIDENDS

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2018 (2017: Nil).

9. EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	**36,739**	64,383
	'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)	**14.35**	25.15

Note:

The calculation of basic earnings per share for the years ended 31 December 2018 and 2017 is based on the profit attributable to owners of the Company for the years and the weighted average number of shares for the relevant period.

Diluted earnings per share is the same as the basic earnings per share for the years ended 31 December 2018 and 2017 as there were no potential dilutive ordinary shares in issue.

10. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**28,560**	35,875

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

	2018	2017
	HK$'000	*HK$'000*
Current — neither past due nor impaired	**12,147**	20,518
Under 31 days past due	**7,131**	10,551
31–60 days past due	**5,454**	1,533
61–120 days past due	**3,532**	2,285
121–150 days past due	**239**	152
Over 150 days past due	**57**	836
	28,560	35,875

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

The Group does not hold any collateral over the balances.

11. TRADE PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**6,003**	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 period:

	2018	2017
	HK$'000	*HK$'000*
Current — up to 60 days	**6,003**	10,890

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Major economies around the world continue to navigate in uncertain waters during the Year. The capital markets have demonstrated steadiness backed by cautious optimism despite a delicate economic outlook, such as the more recent trade disputes between the United States (the "**US**") and the People's Republic of China (the "**PRC**"). It is likely to linger in the near future and continue to cast a shadow on the outlook.

Facing the fast-changing external environment, we, being one of the quality financial printers serving the financial sector in Hong Kong, will keep on strengthening its competitive edge by managing the Group's operations in a proficient and effective manner.

For the Year, the Group's turnover decreased by approximately 18.6% as compared to that of the year ended 31 December 2017 (the "**Year 2017**"). The profit attributable to owners of the Company for the Year was approximately HK$36.7 million (2017: approximately HK$64.4 million), representing a decrease of about 43.0% as compared to that of Year 2017. Basic earnings per share for the Year was approximately HK cents 14.35 (2017: approximately HK cents 25.15).

Financial Review

Revenue

The Group's revenue decreased by approximately HK$43.9 million, or 18.6%, from approximately HK$236.3 million for the Year 2017 to approximately HK$192.4 million for the Year. The decrease was attributable to the decreases in revenue from (i) printing services, amounting to approximately HK$36.1 million, (ii) translation services, amounting to approximately HK$5.8 million, and (iii) media placement services, amounting to approximately HK$2.0 million.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK$32.9 million, or 24.8%, from approximately HK$132.4 million for the Year 2017 to approximately HK$99.5 million for the Year, which was due to the decrease in revenue. Our gross profit margin for the Year and for the Year 2017 were approximately 51.7% and 56.0% respectively.

Other Income

Other income increased by approximately HK$2.2 million, or 200.0% from approximately HK$1.1 million for the Year 2017 to approximately HK$3.3 million for the Year. The increase was primarily due to more interest income were generated from fixed deposits maintained with licensed banks in Hong Kong.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately HK$2.2 million, or 11.4%, from approximately HK$19.3 million for the Year 2017 to approximately HK$17.1 million for the Year. The decrease was mainly due to the decrease in commission, which was in line with the decrease in profit for the year.

Administrative Expenses

The Group's administrative expenses increased by approximately HK$5.8 million, or 16.0%, from approximately HK$36.2 million for the Year 2017 to approximately HK$42.0 million for the Year. The increase was mainly due to the increases of (i) rental expenses for the new office premises; and (ii) depreciation for the new assets purchased.

Taxation

Taxation expense decreased by approximately HK$6.8 million, or 50.0%, from approximately HK$13.6 million for the Year 2017 to approximately HK$6.8 million for the Year. The decrease was primarily attributable to the decrease in profit tax expenses by approximately HK$7.6 million from approximately HK$13.8 million for the Year 2017 to approximately HK$6.2 million for the Year which was resulting from the decrease in profit before taxation.

Profit for the Year and Net Profit Margin

Profit for the Year decreased by approximately HK$27.7 million, or 43.0%, from approximately HK$64.4 million for the Year 2017 to approximately HK$36.7 million for the Year. The decrease was primarily attributable to the decrease in revenue. The net profit margins for the Year and the Year 2017 were approximately 19.1% and 27.2%, respectively.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 31 December 2018,

(a) the Group's total assets increased to approximately HK$268.6 million (2017: approximately HK$235.1 million) while the total equity increased to approximately HK$207.0 million (2017: approximately HK$170.3 million);

(b) the Group's current assets increased to approximately HK$256.3 million (2017: approximately HK$232.3 million) whereas the current liabilities decreased to approximately HK$61.1 million (2017: approximately HK$64.8 million);

(c) the Group had approximately HK$208.1 million in fixed deposits, bank balances and cash available (2017: approximately HK$187.0 million) and the current ratio of the Group was approximately 4.2 (2017: approximately 3.6);

(d) the Group did not have any bank borrowings, bank overdrafts, tax loans and finance lease liabilities (2017: Nil); and

(e) the gearing ratio (being the total of finance lease, tax loans and interest-bearing borrowings divided by total equity attributable to owners of the Company) was not applicable to the Group (2017: not applicable).

PROSPECT

Looking ahead to 2019, certain unfavourable factors such as fluctuation of the global financial market and trade war between the PRC and the US may exert pressure on the Hong Kong financial market, thus may have an impact on the number of applications for new listing activities on the Stock Exchange. This would, in turn, affect the business of the Group in the coming years.

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

To further enhance our competitive edge, we have been incurring additional cost for improving and acquiring office facilities, equipment and software for our existing working environment and strengthening our design capabilities regularly. During the Year, the Group relocated its office premises from approximately 13,000 square feet to approximately 20,000 square feet with more high standard conference rooms. With these measures in place, we are able to react to the changing needs of our customers more efficiently and effectively.

We are optimistic about our core business and shall continue to capture market opportunities so as to achieve a sustainable business growth and long-term benefits of our shareholders (the "**Shareholders**").

CAPITAL EXPENDITURE

The capital expenditure during the Year was related to expenditures on additions of leasehold improvements, office equipment, and furniture and fixtures, amounting to approximately HK$5.6 million, HK$1.0 million and HK$5.6 million respectively, mainly to cope with our operation needs and the expansion of office premises from approximately 13,000 square feet to approximately 20,000 square feet in July 2018. As at 31 December 2018, the Group did not have any significant capital commitments (2017: Nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2018, the Group did not hold any significant investments (2017: Nil).

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any significant contingent liabilities (2017: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had 118 (2017: 110) full-time employees in Hong Kong. We believe that hiring, motivating and retaining qualified employees are crucial to our success as a reliable financial printer. Total staff costs (including Directors' emoluments) were approximately HK$56.3 million (2017: approximately HK$59.7 million). The remuneration packages of the Group's employees include basic salary, allowances, insurance, medical schemes, mandatory provident fund scheme, commission and bonuses. The remuneration policies of the Group, including promotion, bonus, salary increment and other benefits, are based on the Group's operating results, employees' individual performance, working experience, respective responsibilities, merit, qualifications and competence, as well as those benefits comparable to the prevailing market practice, standards and statistics. The remuneration policies of the Group are reviewed by the management of the Group regularly. The dedication and hard work of the Group's staff during the Year are generally appreciated and recognised.

In addition, the Company adopted a share option scheme (the "**Scheme**"). Since its adoption, no options have been granted or agreed to be granted pursuant to the Scheme and, therefore, there were no outstanding options as at 31 December 2018 (2017: Nil). The Group also provides and arranges on-the-job trainings for the employees.

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 31 December 2018, the Group had no borrowings or charges on the Group's assets (2017: Nil).

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

FOREIGN CURRENCY EXPOSURE

The Group's businesses are solely operated in Hong Kong. The sales and purchases are mainly denominated in HK$ and customers rarely request settling our billing by other foreign currencies such as United States dollars ("**USD**").

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

CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the Shareholders, customers and employees of the Company. The Company has adopted the principles and the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules to ensure that business activities and decision making processes of the Group are regulated in a proper and prudent manner. The Board is satisfied that the Company had complied with all applicable code provisions as set out in the CG Code during the Year.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee (the "**Audit Committee**"), a remuneration committee and a nomination committee with specific written terms of reference.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Year, the Group was in compliance with all the laws and regulations applicable to the business operations of the Group.

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' securities transactions. Following a specific enquiry made by the Company on each of the Directors, all of them confirmed that they had complied with the Model Code during the Year.

USE OF PROCEEDS

The net proceeds from the placing of new shares of the Company (the "**Shares**") completed on 25 September 2015 (the "**Placing**") were approximately HK$31.4 million, after deducting the expenses relating to the listing of the Shares on GEM of the Stock Exchange. As at 31 December 2018, all of the unused proceeds were deposited in licensed banks in Hong Kong. During the Year, 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 31 December 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 improve and acquire 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
Set up an in-house translation team	HK$18.5 million (extended from before 30 June 2017 to 31 December 2019)	Approximately HK$1.8 million has been used to set up a new office for the in-house translation team; and approximately HK$8.4 million has been used as operating expenses for the new office and the newly recruited translation personnel	Approximately HK$8.3 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 31 December 2019

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2018 and up to the date of this announcement.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the Year (2017: Nil).

ANNUAL GENERAL MEETING ("AGM")

The forthcoming AGM will be held on Tuesday, 21 May 2019. A notice convening the AGM will be published in due course in the manner required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 16 May 2019 to Tuesday, 21 May 2019, both days inclusive, during which period no transfer of Shares will be registered. For determining the entitlement of the Shareholders to attend and vote at the AGM, the non-registered Shareholders must lodge all share transfer documents accompanied by the relevant share certificates with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, no later than 4:00 p.m. on Wednesday, 15 May 2019 for registration.

AUDIT COMMITTEE

The Company had established the Audit Committee on 12 August 2015. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Company, make recommendations to the Board on the appointment, reappointment and removal of the independent auditors, and review the Company's financial information.

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

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

Hong Kong, 1 March 2019

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