REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1631

2019/20

ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Director
Ms. Kwok Kam Lai

Chairman and Non-executive Director
Mr. Lau Man Tak

Independent Non-executive Directors
Mr. Leung Chi Hung
Mr. Wong Kun Kau
Mr. Lee Hon Man Eric

COMPANY SECRETARY
Mr. Ko Wai Lun Warren

AUTHORISED REPRESENTATIVES
Mr. Lau Man Tak
Ms. Kwok Kam Lai

AUDIT COMMITTEE
Mr. Leung Chi Hung *(Chairman)*
Mr. Wong Kun Kau
Mr. Lee Hon Man Eric

REMUNERATION COMMITTEE
Mr. Lee Hon Man Eric *(Chairman)*
Mr. Leung Chi Hung
Mr. Wong Kun Kau

NOMINATION COMMITTEE
Mr. Wong Kun Kau *(Chairman)*
Mr. Leung Chi Hung
Mr. Lee Hon Man Eric

INDEPENDENT AUDITORS
HLB Hodgson Impey Cheng Limited
Certified Public Accountants

REGISTERED OFFICE
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75 Fort Street
PO Box 1350
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
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
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North Point
Hong Kong

PRINCIPAL BANKER
The Hongkong and Shanghai Banking Corporation Limited

WEBSITE
www.ref.com.hk

STOCK CODE
1631

Financial Highlights

Key Financial Figures and Ratios	Notes	**Year ended 31 December 2019 HK$'000**	Year ended 31 December 2018 HK$'000	Decrease in %
Performance				
Revenue		**190,491**	192,392	1.0%
Profit before taxation and depreciation of plant and equipment		**43,889**	45,461	3.5%
Profit for the year		**33,538**	36,739	8.7%
Profit attributable to owners of the Company		**33,538**	36,739	8.7%
Gross profit margin	1	**51.1%**	51.7%	0.6%
Net profit margin	2	**17.6%**	19.1%	1.5%

Per Share Data	**HK cents**	HK cents
Earnings per share		
— Basic^	**13.10**	14.35
— Diluted^	**13.10**	14.35

^ Number of issued shares: Weighted average number of issued ordinary shares for the purpose of calculating basic earnings per share (Note)	**256,000,000**	256,000,000

Note:

The calculation of basic earnings per share for the years ended 31 December 2019 and 2018 is based on the profit attributable to owners of the Company for the years and the weighted average number of issued shares for the relevant period.

Diluted earnings per share is the same as the basic earnings per share for the years ended 31 December 2019 and 2018 as there were no potential dilutive ordinary shares in issue.

Financial Highlights

Key Financial Figures and Ratios	Notes	**As at 31 December 2019 HK$'000**	As at 31 December 2018 HK$'000	Increase/ (decrease) in %
Total assets		**320,903**	268,605	19.5%
Net assets		**240,567**	207,029	16.2%
Cash and cash equivalents (including fixed deposits and bank balances and cash)		**232,251**	208,112	11.6%
Net cash	3	**232,251**	208,112	11.6%
Liquidity and Gearing Ratio				
Current ratio	4	**4.0**	4.2	(4.8%)
Quick ratio	5	**4.0**	4.2	(4.8%)
Gearing ratio	6	**11.3%**	N/A*	N/A*

Per Share Data	Notes	**HK cents**	HK cents	
Net asset value per share	7	**94**	81	16.0%
Net cash per share	8	**91**	81	12.3%

* N/A means not applicable.

Notes:

1. Gross profit margin is calculated by dividing gross profit by revenue and multiplying the resulting amount by 100%. Gross profit equals to revenue minus cost of services.

2. Net profit margin is calculated by dividing profit for the year by revenue and multiplying the resulting amount by 100%.

3. Net cash is cash and cash equivalents less interest-bearing bank borrowings.

4. Current ratio is calculated by dividing current assets by current liabilities.

5. Quick ratio is calculated by dividing current assets (net of other current assets) by current liabilities.

6. Gearing ratio is calculated by dividing total debt by total equity. Total debt is defined to include all interest-bearing borrowings, bank borrowings and lease liabilities.

7. Net asset value per share is calculated based on the number of 256,000,000 issued shares (2018: 256,000,000 issued shares).

8. Net cash per share is calculated based on the number of 256,000,000 issued shares (2018: 256,000,000 issued shares).

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors of the Company (the "**Directors**" and the "**Board**", respectively), I present the consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 (the "**Year**") to the shareholders of the Company (the "**Shareholders**").

REVIEW

Global economy remains sluggish in the midst of, amongst other factors, the ongoing trade war between the People's Republic of China and the United States and the social movements in Hong Kong since June 2019 had cast shadow on both the capital and initial public offering markets in Hong Kong. Notwithstanding that, we believed that our one-stop service model not only provided a comprehensive range of convenient and quality services to our customers, but also attracted potential customers and enabled us to react to the changing needs of our customers efficiently.

MISSION

The Group aims to offer one-stop financial printing services that meet or even exceed customers' expectations.

We value customers' satisfaction and strongly believe in fostering long-term business relationship with our customers. Full commitment to the provision of best-in-class services and consistent pursuit of professionalism have been the continued guiding principles of the Group.

RESULTS

During the Year, the Group recorded revenue of approximately HK$190.5 million, representing a decrease of approximately 1.0% as compared to that of last year. Profit attributable to owners of the Company was approximately HK$33.5 million, representing a decrease of approximately 8.7% as compared to that of last year.

DIVIDEND

The Board does not recommend the payment of any dividend for the Year (2018: Nil).

AWARDS

During the Year, the Group has won a total of 69 awards (the "**Awards**") for our creative designed annual reports among the competitions as follows: the ARC Awards, the Astrid Awards, the Galaxy Awards, the Mercury Awards, the LACP Vision Awards and the IADA Awards. The Awards include: (i) 4 platinum awards; (ii) 1 grand award; (iii) 16 gold awards; (iv) 16 silver awards; (v) 19 bronze awards; and (vi) 13 honors awards. Such recognition by the international institutions continues to motivate our designers to exercise more intelligence and efforts in the provision of better creative concept development and design framework to our customers.

PROSPECT

Looking ahead, certain unfavourable factors such as fluctuation of the global financial markets and the outbreak of the coronavirus disease 2019 may exert pressure in Hong Kong in general. It might also have impact on the number of applications for new listing activities on The Stock Exchange of Hong Kong Limited, which in turn, will pose challenges to the business environment of the Group.

Nevertheless, we shall continue to provide a wide range of financial printing services to meet our customers' demands and requirements. In addition, we shall further enhance our multiple points of quality control and inspection throughout our production process to ensure the quality of our financial printing services.

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 tireless efforts, diligence and contribution during the Year.

Lau Man Tak
Chairman

Hong Kong, 3 March 2020

BUSINESS REVIEW

The Company and its subsidiaries (the "**Group**") aim to offer one-stop financial printing services that can meet customers' expectations and provide them with a unique and perfect experience. The Group provides ancillary services such as provision of conference room facilities and financial printing services for the financial sector in Hong Kong. The Group offers a wide range of convenient and quality financial printing services, from typesetting, proofreading, translation, design, printing, web submitting, newspaper placement to distribution. The core financial printing services of the Group cover printing of listing documents, financial reports, compliance documents and other documents. The services of the Group can be broadly categorised into three types, namely printing, translation and media placements. Most of the Group's customers are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and/or other stock exchanges.

PRINTING SERVICES

Printing revenue during the year ended 31 December 2019 (the "**Year**") was approximately HK$133.7 million (2018: approximately HK$136.5 million), representing a decrease of about 2.1% as compared to the year ended 31 December 2018 (the "**Year 2018**"), which had no significant change. For the years ended 31 December 2019 and 2018, the revenue generated from the printing services represented approximately 70.2% and 70.9% respectively of total revenue.

TRANSLATION SERVICES

Translation revenue during the Year was approximately HK$43.4 million (2018: approximately HK$42.8 million), representing an increase of about 1.4% as compared to the Year 2018, which had no significant change. For the years ended 31 December 2019 and 2018, the revenue generated from the translation services represented approximately 22.8% and 22.3% respectively of total revenue.

MEDIA PLACEMENT SERVICES

Media placement revenue during the Year was approximately HK$13.4 million (2018: approximately HK$13.1 million), representing an increase of about 2.3% as compared to the Year 2018, which had no significant change. For the years ended 31 December 2019 and 2018, the revenue generated from the media placement services represented approximately 7.0% and 6.8% respectively of total revenue.

For the Year, the Group's turnover decreased by approximately 1.0% as compared to the Year 2018. The profit attributable to owners of the Company for the Year was approximately HK$33.5 million (2018: approximately HK$36.7 million), representing a decrease of about 8.7% as compared to the Year 2018. Basic earnings per share for the Year was approximately HK cents 13.10 (2018: approximately HK cents 14.35).

PERFORMANCE ANALYSIS

The performance analysis of the Group for the Year is set out in the "Financial Highlights" of this annual report.

FINANCIAL REVIEW

REVENUE

The Group's revenue decreased by approximately HK$1.9 million, or 1.0%, from approximately HK$192.4 million for the Year 2018 to approximately HK$190.5 million for the Year. The decrease was attributable to the decreases in revenue from printing services, amounting to approximately HK$2.8 million, which partly offset by increase of revenue by translation services, amounting to approximately HK$0.6 million, and media placement services, amounting to approximately HK$0.3 million.

COST OF SERVICES

The Group's cost of services increased by approximately HK$0.2 million, or 0.2%, from approximately HK$92.9 million for the Year 2018 to approximately HK$93.1 million for the Year, which remained at a constant level.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit decreased by approximately HK$2.1 million, or 2.1%, from approximately HK$99.5 million for the Year 2018 to approximately HK$97.4 million for the Year, which was mainly due to the decrease in revenue. Our gross profit margin for the Year and the Year 2018 were approximately 51.1% and 51.7% respectively.

OTHER GAINS AND LOSSES

Other gains and losses decreased by approximately HK$1.2 million, or 36.4% from approximately HK$3.3 million for the Year 2018 to approximately HK$2.1 million for the Year. The decrease was primarily due to the unrealised loss on fair value of financial assets at fair value through profit or loss amounting to approximately HK$1.9 million.

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses decreased by approximately HK$0.9 million, or 5.3%, from approximately HK$17.1 million for the Year 2018 to approximately HK$16.2 million for the Year. The decrease was in line with decrease in revenue.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses decreased by approximately HK$0.9 million, or 2.1%, from approximately HK$42.0 million for the Year 2018 to approximately HK$41.1 million for the Year. The decrease was mainly due to the tighten control of cost by management's effort.

FINANCE COSTS

Finance costs increased by approximately HK$1.9 million was mainly due to the increase of approximately HK$1.9 million of interest on lease liabilities for the Year (2018: Nil).

TAXATION

Taxation expense decreased by approximately HK$0.1 million, or 1.5%, from approximately HK$6.8 million for the Year 2018 to approximately HK$6.7 million for the Year, which had no significant change.

PROFIT FOR THE YEAR AND NET PROFIT MARGIN

Profit for the Year decreased by approximately HK$3.2 million, or 8.7%, from approximately HK$36.7 million for the Year 2018 to approximately HK$33.5 million for the Year. The decrease was primarily attributable to the decrease in revenue and other gains and losses. The net profit margins for the Year and the Year 2018 were approximately 17.6% and 19.1%, respectively.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 31 December 2019,

(a) the Group's total assets increased to approximately HK$320.9 million (2018: approximately HK$268.6 million) while the total equity increased to approximately HK$240.6 million (2018: approximately HK$207.0 million);

(b) the Group's current assets increased to approximately HK$287.0 million (2018: approximately HK$256.3 million) and the current liabilities increased to approximately HK$71.8 million (2018: approximately HK$61.1 million);

(c) the Group had approximately HK$232.3 million in fixed deposits, bank balances and cash available (2018: approximately HK$208.1 million) and the current ratio of the Group was approximately 4.0 (2018: approximately 4.2);

(d) the Group did not have any bank borrowings, bank overdrafts and tax loans (2018: Nil); and

(e) As at 31 December 2019, the gearing ratio of the Group was 11.3% due to the increase in lease liabilities after the initial application of HKFRS 16 on 1 January 2019 (2018: not applicable).

CAPITAL EXPENDITURE

The capital expenditure during the Year was related to expenditures on additions of office equipment and furniture and fixtures, amounting to approximately HK$0.2 million and HK$0.4 million respectively, mainly to cope with our operation needs. As at 31 December 2019, the Group did not have any significant capital commitments (2018: Nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2019, the Group maintained a portfolio of equity investments with total carrying amount of approximately HK$17.7 million (2018: Nil). The portfolio of equity investments as at 31 December 2019 are set out as follows:

	Investment cost	**Percentage of fair value of the investment in listed securities/total assets of the Group as at 31 December 2019**	**Unrealised loss on fair value for the year ended 31 December 2019**	**Fair value of the investment in listed securities as at 31 December 2019**
	HK$'000		HK$'000	HK$'000
Financial assets at fair value through profit or loss	19,576	5.5%	1,874	17,702

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

During the year ended 31 December 2019, the stock market in Hong Kong continued to behave unstable, the Group will continue to adopt the cautious approach in making investment decision in securities trading so as to obtain a balance between risk and return.

Save as disclosed above, the Group did not have any significant investment as at 31 December 2019 (2018: Nil).

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any significant contingent liabilities (2018: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 December 2019.

COMPETING INTERESTS

The directors of the Company (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 Year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 126 (2018: 118) 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$59.5 million (2018: approximately HK$56.3 million). The remuneration packages of the Group's employees include basic salary, allowances, medical scheme, 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 2019 (2018: 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 2019, the Group had no borrowings or charges on the Group's assets (2018: 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.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Group recognises that good risk management is essential for the long-term and sustainable growth of a business. The board of Directors (the "**Board**") puts particular emphasis on determining the risk-tolerance levels in achieving the Group's strategic objectives. Management is responsible for the design, implementation and maintenance of a sound and effective internal control system underpinning the risk management framework. While taking into full account of the requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") relating to risk management and internal control, management also learns from the experience of outstanding companies and takes into consideration of the Group's unique business and operating environment in formulating the risk management and internal control framework. All employees are committed to continually enhancing the risk management framework, linking to our corporate strategies as well as integrating it into day-to-day operation.

OBJECTIVES OF RISK MANAGEMENT AND INTERNAL CONTROL

The objectives of the risk management and internal control framework of the Group include:

- to strengthen the Company's risk management and internal control in compliance with the Listing Rules' requirements;
- to establish and constantly improve the risk management and internal control systems;
- to implement a top-down and company-wide risk management system that covers every aspect of the business; and
- to keep baseline risks within the acceptable range.

THREE-TIER RISK MANAGEMENT APPROACH

The Group has adopted a three-tier risk management approach to identify, assess, mitigate and handle risks. At the first line of defence, business units are responsible for identifying, assessing and monitoring risks associated with each business or deal. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new systems and oversees portfolio management. It ensures that risks are within the acceptable range and that the first line of defence is effective. As the final line of defence, the audit committee of the Company, with the professional advices and opinions from the external professional company by whom internal audit work of the Group was conducted on annual basis, ensures that the first and second lines of defence are effective through constant inspection and monitoring.

PRINCIPLES OF INTERNAL CONTROL

Our risk management and internal control systems are developed by reference to the Committee of Sponsoring Organizations of the Treadway Commission principles which involved five elements as internal environment, risk assessment, control activities, information and communication and internal supervision. The aim of internal control is to reasonably guarantee the compliance of its operation and management with regulations and laws, assets security, and authenticity and integrity of financial report and related information, improve the efficiency and effectiveness of operating activities and promote the realization of development strategy of the Group.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and the Listing Rules and the overriding principle that inside information should be announced as soon as reasonably practicable when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements, circulars and its website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Director, company secretary and investor relations officers are authorised to communicate with parties outside the Group.

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.

ENVIRONMENTAL POLICIES AND PERFORMANCE

According to our business nature and pursuant to the laws of Hong Kong, there are no specific environmental standards and/or requirements for conducting the Group's business in Hong Kong.

During the Year, the Group has the following guidelines/procedures/programs:

(i) Reuse of non-confidential waste paper and recycling — within the workplace, non-confidential waste paper will be reused before direct disposal and after its reuse, and it will be collected by designated suppliers for recycling;

(ii) Green supply chain standard — encourage our customers to use "FSC" papers (from those paper suppliers who have obtained the Forest Stewardship Council certification) to print their financial reports as well as compliance and other documents; and

(iii) Participation in "zero landfill" program organised by suppliers — all our used multifunction devices and consumables are returned to the suppliers for recycling.

KEY RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

The Group maintains good relationship with its customers. The sales personnel make regular visits and/or phone calls to the customers. If there is any complaint from customers about our facilities or services, it will be reported to the management and immediate remedial action will be taken and feedback from customers will be followed till settlement of the complaint. Thereafter, the cause of such complaint will be studied, analysed and evaluated and recommendations will be in place for improvement.

The Group also maintains a good relationship with its suppliers. During the Year, no complaint was received from the suppliers and there was no disputed debt or unsettled debt and all the debts are settled on or before due dates or a later date as mutually agreed. In addition, whenever the Group placed orders with the suppliers, all orders were accepted and discounts were provided, if applicable, without hesitation.

During the Year, there was no dispute on salary payments and all accrued remunerations, at all kinds, were settled on or before their respective due dates, as stipulated under individual employee's employment contract. The Group also ensures that all the employees are reasonably remunerated by regular review and the policies on salary increment, promotion, bonus, allowances and all other related benefits are updated from time to time. For details, please refer to the sections headed "Employees and Remuneration Policies" in the "Management Discussion and Analysis" and "Corporate Social Responsibilities" in the "Report of the Directors", respectively of this annual report. Being people-oriented, the Group is committed to providing a safe and healthy workplace for its employees and encouraging them to have a work-life balance.

In view of the above and as at the date of this annual report, there is no circumstance of any event which will have a significant impact on the Group's business and on which the Group's success depends.

FOREIGN CURRENCY EXPOSURE

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

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

EVENTS AFTER THE REPORTING PERIOD

The coronavirus disease 2019 outbreak since early 2020 has brought additional uncertainties in the global macroeconomic situation. The Group's financial performance may have impact. The degree of impact could not be reasonably estimated at this stage. The Group will closely monitor the development of the epidemic and assess its impact on the financial position and operating results of the Group.

DIVIDENDS

The Board does not recommend the payment of any dividend for the Year (2018: Nil).

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. LAU Man Tak ("Mr. Lau"), aged 50, is the founder of the Group and was appointed as the chairman of the Board and the non-executive Director on 7 March 2014. He also holds directorships in all the subsidiaries of the Company. His role and responsibility in the Group is strategic planning while he does not involve in the day-to-day management of the business operations. Mr. Lau is a director of Rising Luck Management Limited and Jumbo Ace Enterprises Limited, both being substantial shareholders of the Company.

Mr. Lau graduated from the Hong Kong Polytechnic University with a bachelor's degree of arts in accountancy in November 1991. He has more than 19 years of experience in finance and accounting. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of each of the Association of Chartered Certified Accountants in the United Kingdom (the "**UK**"), The Hong Kong Institute of Directors and the Hong Kong Securities and Investment Institute.

He is currently the chairman and an executive director of TEM Holdings Limited ("**TEM**"), a company listed on GEM of the Stock Exchange (stock code: 8346), an independent non-executive director of each of Kingston Financial Group Limited (stock code: 1031) and Synergis Holdings Limited (stock code: 2340), both listed on the Main Board of the Stock Exchange and an independent non-executive director of Chinese Food and Beverage Group Limited (stock code: 8272), a company listed on GEM of the Stock Exchange. He was also an independent non-executive director of Sincere Watch (Hong Kong) Limited (stock code: 444) from June 2012 to December 2016, a company listed on the Main Board of the Stock Exchange.

EXECUTIVE DIRECTOR

Ms. KWOK Kam Lai ("Ms. Kwok"), aged 58, was appointed as a Director on 5 February 2014 and was re-designated as an executive Director on 7 March 2014. Ms. Kwok is the human resources and administration director of REF Financial Press Limited ("**REF Financial**"). Ms. Kwok joined the Group in January 2011 and is responsible for overseeing the administration and human resources affairs of the Group. She has been in the financial printing industry for over 16 years and has over 26 years of experience in auditing and accounting prior to joining the Group. Ms. Kwok is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the UK.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEUNG Chi Hung ("Mr. Leung"), aged 64, was appointed as an independent non-executive Director (the "**INED**") on 12 August 2015. He is the chairperson of the audit committee of the Company ("**Audit Committee**") as well as a member of each of the remuneration committee of the Company ("**Remuneration Committee**") and the nomination committee of the Company ("**Nomination Committee**"). Mr. Leung has over 40 years of experience in audit and taxation. He is currently a director of Philip Leung & Co. Limited, a certified public accountants firm.

Mr. Leung is a fellow member of each of the Association of Chartered Certified Accountants in the UK and the Hong Kong Institute of Certified Public Accountants. He is also a registered financial planner of the Society of Registered Financial Planners in Hong Kong and a fellow member of the Taxation Institute of Hong Kong.

He is currently an independent non-executive director of each of (i) Daido Group Limited (stock code: 544) and Eforce Holdings Limited (stock code: 943), both companies listed on the Main Board of the Stock Exchange; and (ii) Finet Group Limited (stock code: 8317) and WT Group Holdings Limited (stock code: 8422), both companies listed on GEM of the Stock Exchange.

Mr. WONG Kun Kau ("Mr. Wong"), aged 59, was appointed as an INED on 12 August 2015. He is the chairperson of the Nomination Committee as well as a member of each of the Audit Committee and the Remuneration Committee. Mr. Wong has more than 37 years of experience in investment banking and corporate finance. He founded Bull Capital Partners Ltd. ("**Bull Capital**"), a fund management company specialising in direct investment in the Greater China region and is currently its chief executive officer. Prior to founding Bull Capital, Mr. Wong held senior management positions with several multinational financial institutions including BNP Paribas Capital (Asia Pacific) Limited from January 1998 to November 2007, where he left as head of Asia investment banking. He was an independent non-executive director of West China Cement Limited (principally engaged in manufacture and sale of cement and cement products) from July 2010 to May 2019, a company listed on the Main Board of the Stock Exchange (stock code: 2233). Mr. Wong was also an independent non-executive director of Anhui Conch Cement Company Limited ("**Anhui Conch**") (principally engaged in manufacture and sale of clinkers and cement products) from May 2012 to June 2016, Lifestyle Properties Development Limited (now renamed as Sansheng Holdings (Group) Co. Ltd.) (principally engaged in property development and property investment) from August 2013 to May 2017 and China Shengmu Organic Milk Limited (principally engaged in dairy farming and liquid milk businesses) from June 2014 to June 2017, all of which are listed on the Main Board of the Stock Exchange (stock codes: 914, 2183 and 1432, respectively). Anhui Conch is also listed on the Shanghai Stock Exchange (stock code: 600585).

Mr. Wong received his bachelor's degree in social sciences from The University of Hong Kong in November 1982.

Mr. LEE Hon Man Eric ("Mr. Lee"), aged 53, was appointed as an INED on 19 September 2019. He is the chairperson of the Remuneration Committee as well as a member of each of the Audit Committee and the Nomination Committee, he is also currently an independent non-executive director of Synergis Holdings Limited (stock code: 2340), a company listed on the Main Board of the Stock Exchange, and is employed by Orient Capital (Hong Kong) Limited as managing director of investment banking department. He is also an independent non-executive director of TEM, a company listed on GEM of the Stock Exchange (stock code: 8346). Mr. Lee graduated from the University of Birmingham, the United Kingdom with a bachelor's degree of engineering in electronic and electrical engineering in July 1988, and obtained a master's degree in business administration from the Chinese University of Hong Kong in December 1993.

Mr. Lee has over 20 years of experience in the corporate finance industry. From August 2015 to February 2017, Mr. Lee worked at LY Capital Limited, a company engaging in advising on corporate finance, as a director. From April 2002 to November 2014, Mr. Lee worked at First Shanghai Capital Limited, a company engaging in advising on corporate finance, and his last position was managing director. From July 1997 to March 2002, Mr. Lee worked at DBS Asia Capital Limited, a company engaging in advising on corporate finance, and his last position was vice president.

SENIOR MANAGEMENT

Ms. CHIU Hok Yu (former name: CHIU Oi Fan) ("Ms. Chiu"), aged 48, is the managing director of REF Financial, a wholly-owned subsidiary of the Company and she also holds directorships in all the subsidiaries of the Company. Ms. Chiu joined the Group in April 2011 and is responsible for the Group's overall management, corporate development and strategic planning. Ms. Chiu has more than 20 years of experience in the financial printing industry.

Mr. LEE Sai Hong, aged 46, is the chief operating officer of REF Financial. He joined the Group in January 2012 and is responsible for REF Financial's operations and management, including account servicing, production and information technology. He graduated from The Hong Kong University of Science and Technology with a bachelor's degree in chemistry in November 1996. He has over 16 years of experience in the financial printing industry.

Ms. LAW Lai Yee Teresa ("Ms. Law"), aged 39, is the sales director of REF Financial. Ms. Law joined the Group in January 2011 and is responsible for the sales and marketing activities and general management of REF Financial. Ms. Law graduated from the University of British Columbia, Canada in May 2003 with a bachelor's degree in arts. She has over 10 years of experience in sales and marketing in the financial printing industry. Prior to joining the Group, Ms. Law served as a sales manager in another renowned financial printing company in Hong Kong from March 2006 to December 2010. Her main responsibility was to seek and prospect for new business opportunities and promote financial printing services to potential customers.

Mr. NG Kun Seng Chris ("Mr. Ng"), aged 35, joined the Group as the financial controller in January 2019. Mr. Ng graduated from the Hong Kong Polytechnic University with a degree of bachelor of arts in accountancy. He has more than 10 years of experience in finance and accounting. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Ng has extensive work experience in accounting, auditing and corporate finance. Prior to joining the Group, he worked in an international accounting firm and also held various senior finance positions in companies listed on the Stock Exchange, between 2014 and 2017, he acted as the senior finance manager in Galaxy Entertainment Group Limited (Stock Code: 0027) and the finance manager in Macau Legend Development Limited (Stock Code: 1680) respectively.

The Company (and its subsidiaries, collectively the "**Group**") is committed to fulfilling its responsibilities to the Company's shareholders (the "**Shareholders**") and protecting and enhancing Shareholders' value through good corporate governance.

The directors of the Company (the "**Director(s)**") recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

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, suppliers 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 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" and the "**Listing Rules**", respectively) to ensure that business activities and decision making processes of the Group are regulated in a proper and prudent manner. The board of Directors (the "**Board**") is satisfied that the Company had complied with the applicable code provisions as set out in the CG Code during the year ended 31 December 2019 (the "**Year**") except for the following deviation.

In respect of the code provisions A.6.7 and E.1.2 of the CG Code, Mr. Lau Man Tak, the Chairman and non-executive Director was unable to attend the annual general meeting of the Company held on 21 May 2019 due to his business engagement.

In respect of the code provisions A.6.7 and E.1.2 of the CG Code, Mr. Wong Kun Kau, an independent non-executive Director and the chairman of the nomination committee of the Company, was unable to attend the annual general meeting of the Company held on 21 May 2019 due to his business engagement.

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (the "**Model Code**") to the Listing Rules 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 and its code of conduct regarding Directors' securities transactions during the Year.

BOARD OF DIRECTORS

RESPONSIBILITIES

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Company's second amended and restated articles of association (the "**Articles of Association**"). The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference which are published on the respective websites of the Stock Exchange and the Company. The Board may from time to time delegate certain functions to senior management of the Group if and when considered appropriate. The senior management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time.

The Directors have full access to information of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

COMPOSITION

The Company is committed to the view that the Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

During the year and up to the date of this annual report, the Board comprises the following Directors:

Non-executive Director

Mr. Lau Man Tak *(Chairman)*

Executive Directors

Ms. Kwok Kam Lai
Ms. Chiu Hok Yu (resigned on 24 January 2020)

Independent Non-executive Directors (the "INEDs")

Mr. Leung Chi Hung
Mr. Wong Kun Kau
Mr. Lee Hon Man Eric (appointed on 19 September 2019)
Mr. Lum Chor Wah Richard (resigned on 19 September 2019)

The biographical details of each of the existing Directors are set out in the section headed "Directors and Senior Management" of this annual report.

There was no financial, business, family or other material relationship among the Directors.

The INEDs have brought in a wide range of business and financial expertise, experiences and independent judgment to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.

Throughout the Year, the number of INEDs representing at least one-third of the Board members and has met the requirement that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received an annual confirmation of independence in writing from each of the INEDs pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in such Rule.

Proper insurance coverage in respect of legal actions against the Directors' liability has been arranged by the Company.

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director (if any) receives a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the director's responsibilities under the statues and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

All Directors attended training programmes on commercial, legal and regulatory requirements in relation to a listed company in Hong Kong and/or the industry in which the Group conducts its businesses.

The trainings received by each of the Directors during the Year is summarised as follows:

Name of Directors	Type of trainings
Mr. Lau Man Tak *(Chairman)*	A, B
Ms. Chiu Hok Yu (resigned on 24 January 2020)	B
Ms. Kwok Kam Lai	A, B
Mr. Leung Chi Hung	A, B
Mr. Wong Kun Kau	A, B
Mr. Lee Hon Man Eric (appointed on 19 September 2019)	A, B
Mr. Lum Chor Wah Richard (resigned on 19 September 2019)	A, B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

MEETINGS OF BOARD AND DIRECTORS' ATTENDANCE RECORDS

During the Year, the Board held 4 regular board meetings, at which the Directors discussed and approved, amongst other matters, the Group's consolidated results for the year ended 31 December 2018 (the "**Year 2018**"), the three months ended 31 March 2019, the six months ended 30 June 2019 and the nine months ended 30 September 2019. The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings (if any), notice is given in a reasonable time in advance. The Directors are allowed to include any other matters in the agenda, that are required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at the Board meetings and to make informed decisions, an agenda and the accompanying Board papers together with all appropriate and relevant information in relation to the matters of the meetings are sent to all Directors at least three days before the intended date of each regular Board meeting and three days or such other period as agreed before each other Board meeting. All Directors should have access to the advice and services of the company secretary of the Company (the "**Company Secretary**") with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record within a reasonable time after each meeting and the final version is open for the Directors' inspection. According to the Listing Rules, any Directors and their close associates (as defined in the Listing Rules) with a material interest in the transactions to be discussed at the Board meetings will abstain from voting on resolutions approving such transactions and are not counted in the quorum of the meetings.

The attendance of each Director at the Board meetings during the Year is as follows:

Name of Directors	**No. of attendance/ No. of meetings**
Non-executive Director	
Mr. Lau Man Tak *(Chairman)*	4/4
Executive Directors	
Ms. Kwok Kam Lai	4/4
Ms. Chiu Hok Yu (resigned on 24 January 2020)	4/4
INEDs	
Mr. Leung Chi Hung	4/4
Mr. Wong Kun Kau	3/4
Mr. Lee Hon Man Eric (appointed on 19 September 2019)	1/1
Mr. Lum Chor Wah Richard (resigned on 19 September 2019)	3/3

Apart from the above Board meetings, the chairman of the Board (the "**Chairman**") held a meeting with all the INEDs without the presence of other Directors during the Year.

During the Year, an annual general meeting of the Company (the "**AGM**") was held on 21 May 2019 (the "**2019 AGM**").

Name of Directors	**No. of attendance/ No. of general meeting**
Mr. Lau Man Tak *(Chairman)*	0/1
Ms. Chiu Hok Yu (resigned on 24 January 2020)	0/1
Ms. Kwok Kam Lai	1/1
Mr. Leung Chi Hung	1/1
Mr. Wong Kun Kau	0/1
Mr. Lum Chor Wah Richard (resigned on 19 September 2019)	1/1
Mr. Lee Hon Man Eric (appointed on 19 September 2019)	N/A

DIRECTORS' COMPETING BUSINESS

A non-competition undertaking (the "**Non-competition Undertaking**") was entered into by Jumbo Ace Enterprises Limited, Rising Luck Management Limited and Mr. Lau Man Tak (collectively, the "**Controlling Shareholders**") in favour of the Company on 12 August 2015, under which each of the Controlling Shareholders has irrevocably and unconditionally, jointly and severally, warranted and undertaken to the Company (for the Company and as trustee for each of its subsidiaries) that, amongst other matters, he/it will not, and will procure any Controlling Shareholder and his/its associates and any company directly or indirectly controlled by the Controlling Shareholder not to, except through any member of the Group, directly or indirectly (whether on its own account or with each other in conjunction with or on behalf of any person or company, or as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise), carry on, engage in, invest or be interested or otherwise involved in any business that is similar to or in competition with or is likely to be in competition with any business carried on or contemplated to be carried on by any member of the Group from time to time or in which any member of the Group is engaged or has invested or is otherwise involved in any territory that the Group carries on the business from time to time.

The Company has received a written confirmation from the Controlling Shareholders in respect of the compliance with and the enforcement of the terms of the Non-competition Undertaking by the Controlling Shareholders during the Year.

The INEDs have reviewed the compliance of the Non-competition Undertaking entered into by the Controlling Shareholders as to whether the Controlling Shareholders had abided by the Non-competition Undertaking. The INEDs confirmed that the Controlling Shareholders had not been in breach of the Non-competition Undertaking during the Year.

BOARD DIVERSITY POLICY

On 12 August 2015, the Board adopted a policy of the Board diversity (the "**Board Diversity Policy**") and discussed all measurable objectives set for implementing the Board Diversity Policy.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

CHAIRMAN AND CHIEF EXECUTIVE

According to the CG Code, the roles of the Chairman and the chief executive of the Company should be separate and performed by different individuals to ensure a balance of power and authority so that power is not concentrated in any one individual. Mr. Lau Man Tak, the non-executive Director, is the Chairman and is responsible for the management of the Board while the executive Director is performing the function of the chief executive of the Company and is responsible for managing the Group's business and overall operations.

BOARD COMMITTEES

There are currently three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

The written terms of reference for the Board committees are posted on the respective websites of the Stock Exchange and the Company.

AUDIT COMMITTEE

The Audit Committee was established on 12 August 2015 with written terms of reference (as adopted by the Board on 12 August 2015, amended with effect from 20 June 2017 and further amended with effect from 1 January 2019) in compliance with the CG Code. It comprises three INEDs, namely Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lee Hon Man Eric. Mr. Leung Chi Hung is the chairperson of the Audit Committee.

The principal functions of the Audit Committee include, but are not limited to:

Relationship with the Company's auditors

- making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any questions of their resignation or dismissal;

- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; discussing with the auditors the nature and scope of the audit and reporting obligations before the audit commences; and

- developing and implementing a policy on engaging external auditors to supply non-audit services (for this purpose, "external auditors" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally); and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed.

Review of the Company's financial information

- monitoring integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them before submission to the Board with particular focus on:

  (i) any changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from audit;

  (iv) the going concern assumptions and any qualifications;

  (v) compliance with accounting standards; and

  (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

- regarding the above paragraph:

  (i) liaising meeting with the Board and senior management, at least twice a year, with the Company's external auditors; and

  (ii) considering any significant or unusual items that are, or may need to be, reflected in the report and financial statements; giving due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors.

Oversight of the Company's financial reporting system, risk management and internal control systems

- reviewing the Company's financial controls and the risk management and internal control systems;

- discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

- where an internal audit function exists, ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;

- reviewing the financial and accounting policies and practices of the Group;

- reviewing the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response;

- ensuring that the Board will provide a timely response to the issues raised in the external auditors' management letter;

- reporting to the Board on the matters in relation to its principal functions;
- considering other topics, as defined by the Board; and
- making recommendations to the Board as it deems appropriate on any area within its scope of duties where an action or improvement is needed.

Relationships with the employees of the Company

- reviewing the arrangements that the employees of the Group can use, in confidence, raising concerns about possible improprieties in financial reporting, internal control or other matters; and ensuring that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- acting as the key representative body for overseeing the Company's relations with the external auditors; and
- establishing a whistleblowing policy and system for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Group.

During the Year, 3 Audit Committee meetings were held, at which the Audit Committee, among other matters, (i) reviewed the Group's consolidated results for the Year 2018 and the six months ended 30 June 2019; (ii) reviewed the effectiveness of the Group's internal audit function performed by an external professional company; and (iii) met with the Company's external auditors as to discuss and to resolve key matters, if any, raised by the auditors.

The attendance of each member at the Audit Committee meetings during the Year is as follows:

Name of Directors	No. of attendance/ No. of meetings
Mr. Leung Chi Hung *(chairperson of the Audit Committee)*	3/3
Mr. Wong Kun Kau	3/3
Mr. Lee Hon Man Eric (appointed on 19 September 2019)	1/1
Mr. Lum Chor Wah Richard (resigned on 19 September 2019)	2/2

The Audit Committee held a meeting on 3 March 2020 and, among other matters, reviewed the Group's audited consolidated financial results for the Year, including the accounting principles and practice adopted by the Group, the effectiveness of the Group's risk management and internal control systems and the Group's internal audit function and the re-appointment of HLB Hodgson Impey Cheng Limited ("**HLB**") as the Company's external independent auditors at the forthcoming AGM to be held on 24 April 2020, and recommended the same to the Board for consideration.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 12 August 2015 with written terms of reference (as adopted by the Board on 12 August 2015, amended with effect from 20 June 2017 and further amended on 20 December 2017) in compliance with the CG Code. It comprises three INEDs, namely Mr. Lee Hon Man Eric, Mr. Leung Chi Hung and Mr. Wong Kun Kau. Mr. Lee Hon Man Eric is the chairperson of the Remuneration Committee.

The principal functions of the Remuneration Committee include, but are not limited to:

- formulating a remuneration policy for approval by the Board, which shall take into account factors such as salaries paid by comparable companies, time commitment, employment conditions, responsibilities, and individual performance of the Directors, senior management and the general staff. Performance shall be measured against corporate goals and objectives resolved by the Board from time to time; and implementing the remuneration policy laid down by the Board;

- without prejudice to the generality of the foregoing:

  (i) establishing guidelines for the recruitment of the managing director and senior management;

  (ii) making recommendation to the Board on the policy and structure for the remuneration of the Directors and senior management whilst ensuring that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration;

  (iii) consulting the Chairman and/or the managing director respectively about their proposals relating to the remuneration of the chief executive and/or senior management, as the case may be; and determining the remuneration packages of the executive Directors and senior management, including benefits in kind, pension right, compensation payment (including compensation for loss or termination of office or appointment etc.);

  (iv) reviewing and approving the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

  (v) reviewing and approving the compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

  (vi) determining the criteria for assessing employees' performance, which should reflect the Company's business objectives and targets;

  (vii) considering the annual performance bonus for the executive Directors, senior management and the general staff, having regard to their achievements against the performance criteria by reference to market norms, and determining that for executive Directors and senior management and making recommendation to the Board on the same for the general staff;

  (viii) engaging such external independent professional advisers to assist and/or advise the Remuneration Committee on issues as it considers necessary;

  (ix) doing any such things to enable the Remuneration Committee to discharge its powers and functions conferred on it by the Board; and

  (x) conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by applicable legislation or rules of regulatory authorities.

During the Year, 1 Remuneration Committee meeting was held on 1 March 2019, at which the Remuneration Committee, among other matters, evaluated the performance of the Directors and senior management for the Year 2018, and reviewed and recommended their discretionary bonuses for the Year 2018 to the Board for consideration.

The attendance of each member at the Remuneration Committee meeting during the Year is as follows:

Name of Directors	**No. of attendance/ No. of meetings**
Mr. Lee Hon Man Eric *(chairperson of the Remuneration Committee)* (appointed on 19 September 2019)	N/A
Ms. Chiu Hok Yu (resigned on 24 January 2020)	1/1
Mr. Leung Chi Hung	1/1
Mr. Wong Kun Kau	1/1
Mr. Lum Chor Wah Richard (resigned on 19 September 2019)	1/1

The Remuneration Committee held a meeting on 3 March 2020 and, among other matters, reviewed the performance of individual executive Directors and senior management for the Year and made final recommendations to the Board for consideration on their discretionary bonuses for the Year.

NOMINATION COMMITTEE

The Nomination Committee was established on 12 August 2015 with written terms of reference (as adopted by the Board on 12 August 2015 and amended with effect from 20 June 2017) in compliance with the CG Code. It comprises three INEDs, namely Mr. Wong Kun Kau, Mr. Leung Chi Hung and Mr. Lee Hon Man Eric. Mr. Wong Kun Kau is the chairperson of the Nomination Committee.

The principal functions of the Nomination Committee include, but are not limited to:

- reviewing and monitoring the structure, size and composition (including the skills, knowledge and experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

- assessing the independence of the INEDs;

- reviewing the Board Diversity Policy and reviewing the measurable objectives for implementing the Board Diversity Policy, and the progress on achieving the objectives; and making disclosure of its progress and its review results in the annual report annually; and

- making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for the Directors, in particular, the Chairman, the chief executive and the managing director of the Company.

During the Year, 1 Nomination Committee meeting was held on 1 March 2019, at which the Nomination Committee, among other matters, (i) reviewed the structure, size and diversity of the Board; (ii) assessed the independence of the INEDs; (iii) reviewed the Board Diversity Policy; and (iv) recommended to the Board for consideration the re-election of all the retiring Directors at the 2019 AGM.

The attendance of each member at the Nomination Committee meetings during the Year is as follows:

Name of Directors	No. of attendance/ No. of meetings
Mr. Wong Kun Kau *(chairperson of the Nomination Committee)*	1/1
Mr. Leung Chi Hung	1/1
Mr. Lum Chor Wah Richard (resigned on 19 September 2019)	1/1
Ms. Chiu Hok Yu (resigned on 24 January 2020)	1/1
Mr. Lee Hon Man Eric (appointed on 19 September 2019)	N/A

The Nomination Committee held a meeting on 3 March 2020 and among other matters, (i) reviewed the structure, size and diversity of the Board; (ii) assessed the independence of the INEDs; (iii) reviewed the Board Diversity Policy; and (iv) recommended to the Board for consideration the re-election of all the retiring Directors at the forthcoming AGM.

The Board adopted a nomination policy that the Nomination Committee will evaluate, select and recommend candidate(s) for directorship(s) to the Board by giving due consideration to the criteria, including but not limited to Board diversity, qualifications, experience, independence, reputation for integrity and potential contributions that the individual(s) can bring to the Board before making recommendation to the Board. The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third party agency firm, and may evaluate the suitability of the candidate(s) by interviews, background checks etc.

CORPORATE GOVERNANCE FUNCTIONS

The Board recognises that corporate governance should be the collective responsibility of the Directors, which include, but are not limited to:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the Year, the Board has reviewed and performed the above corporate governance functions.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The executive Directors, namely Ms. Kwok Kam Lai and Ms. Chiu Hok Yu (resigned on 24 January 2020), entered into a service contract with the Company for an initial period from 12 August 2015 to 25 September 2015 (i.e the date of which the shares of the Company were initially listed on GEM of the Stock Exchange) (the "**Listing Date**") and one year from the Listing Date, which will continue thereafter unless terminated by either party giving at least one month's notice in writing.

The non-executive Director entered into a letter of appointment with the Company for an initial period from 12 August 2015 to the Listing Date and one year from the Listing Date, which will continue thereafter unless terminated by either party giving at least one month's notice in writing.

The INEDs, namely Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lum Chor Wah Richard (resigned on 19 September 2019), entered into a letter of appointment with the Company for an initial period from 12 August 2015 to the Listing Date and one year from the Listing Date, which will continue thereafter unless terminated by either party giving at least one month's notice in writing.

The newly appointed INED during the year, Mr. Lee Hon Man Eric (appointed on 19 September 2019) signed a letter of appointment with the Company for a term of one year commencing on 19 September 2019 which will continue thereafter unless terminated by either party giving at least one month's notice in writing.

Save as disclosed aforesaid, none of the Directors has a service contract/letter of appointment with the Company or any of its subsidiaries other than the service contracts/letters of appointment expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

According to the Articles of Association, at each AGM, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) will retire from office by rotation provided that every Director will be subject to retirement by rotation at the AGM at least once every three years. A retiring Director will be eligible for re-election and will continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation will include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself/herself. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and shall be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Accordingly, Ms. Kwok Kam Lai, Mr. Leung Chi Hung and Mr. Lee Hon Man Eric will retire at the forthcoming AGM and all of them, being eligible, will offer themselves for re-election thereat.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remunerations for the Year are set out in Note 12 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management" in this annual report for the Year by band is set out below:

Remuneration band (in HK$)	Number of individual
Nil to 1,000,000	1
1,000,001 to 1,500,000	–
1,500,001 to 2,000,000	–
2,000,001 to 2,500,000	1
2,500,001 to 3,000,000	–
3,000,001 to 3,500,000	1
3,500,001 to 4,000,000	–
4,000,001 to 4,500,000	–
4,500,001 to 5,000,000	–

INDEPENDENT AUDITORS' REMUNERATION

For the Year, HLB was engaged as the Group's independent auditors.

The remuneration paid/payable to HLB for the Year is set out below:

Services	Fee paid/payable HK$'000
Audit services — Annual audit	840
Non-audit services	55
Total	895

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the Year, which give a true and fair view of the state of affairs of the Company and the Group's results and cash flow for the Year and are properly prepared on a going concern basis in accordance with the applicable statutory requirements and accounting standards.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In addition, HLB has stated in the independent auditors' report its reporting responsibilities on the Company's consolidated financial statements for the Year.

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of the Board to ensure that the Company maintains sound and effective risk management and internal control systems and to review their effectiveness to safeguard the Shareholders' investment and the Group's assets at all times. The Company has adopted a series of internal control policies and procedures designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Details of the risk management and internal control systems are set out in the section headed "Risk Management and Internal Control Systems" of the "Management Discussion and Analysis" of this annual report.

The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Risk Management and internal control systems are reviewed on an annual basis.

The Group does not have an internal audit function within the Group. The Company engaged an external professional company to carry out internal audit function and had conducted review of the effectiveness of the Group's risk management and internal control systems during the Year.

During the Year, the Board has conducted an annual review of the effectiveness of the risk management and internal control systems of the Group and the Group's internal audit function through discussion with the Audit Committee on audit findings and control issue and considered them effective and adequate.

COMPANY SECRETARY

During the Year, the Company Secretary has complied with the training requirement under Rule 3.29 of the Listing Rules.

All members of the Board have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary are subject to the Board's approval.

SHAREHOLDERS' RIGHTS

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

Shareholders who wish to move a resolution may, however, request the Company to convene an extraordinary general meeting (the "**EGM**") in accordance with the "Procedures for Shareholders to convene an EGM" set out below.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

Eligible Shareholders who wish to convene an EGM for the purpose of moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong (presently at 6th Floor and 7th Floor, Nexxus Building, 77 Des Voeux Road Central, Hong Kong) for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the resolution intended to be put forward at the EGM.

The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder(s) will be verified with the Company's branch share registrar and transfer office in Hong Kong. If the Requisition is found to be proper and in order, the Board will convene an EGM within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, the Board will not call for an EGM.

If within 21 days of the deposit of the Requisition the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

For including a resolution to propose a person for election as a Director at general meeting, the Shareholders are requested to follow the Articles of Association. A notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for the Shareholders to propose a person for election as a Director are posted on the Company's website.

PROCEDURES FOR SHAREHOLDERS TO SEND ENQUIRIES

Shareholders should direct their questions about their shareholdings to the Company's branch share registrar is Hong Kong. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong (presently at 6th Floor and 7th Floor, Nexxus Building, 77 Des Voeux Road Central, Hong Kong) by post or by email to investor@ref.com.hk.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

1. matters within the Board's purview to the executive Directors;

2. matters within a Board committee's area of responsibility to the chairperson of the appropriate committee; and

3. ordinary business matters, such as suggestions, enquiries and consumer complaints, to the appropriate management of the Company.

COMMUNICATION WITH THE SHAREHOLDERS

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders can have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and to allow them to engage actively with the Company.

Information will be communicated to the Shareholders through the Company's financial reports, circulars and announcements, AGMs and other general meetings that may be convened, as well as all the disclosures submitted to the Stock Exchange for publication.

CONSTITUTIONAL DOCUMENTS

During the year, there had been no significant change in the Company's constitutional documents.

The second amended and restated memorandum and articles of association of the Company is available on the respective websites of the Stock Exchange and the Company.

The board of directors of the Company (the "**Directors**" and the "**Board**", respectively) presents its report together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 (the "**Year**").

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the provision of financial printing services and investment holdings. The principal activities of the Company's principal subsidiaries are set forth in Note 35 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the Year and an indication of likely future development in the business of the Group are set out in the "Management Discussion and Analysis" of this annual report.

No important events affecting the Group have occurred after the Year and up to the date of this annual report.

An analysis using financial key performance indicators is provided in the "Financial Highlights" and "Management Discussion and Analysis" of this annual report. Discussion on the Group's environmental policies and performance, compliance with laws and regulations as well as key relationship with customers, suppliers and employees are set out in the "Management Discussion and Analysis" of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the Year and the financial position of the Company and the Group as at 31 December 2019 are set forth in the consolidated financial statements on pages 47 to 103 of this annual report.

The Board does not recommend the payment of any dividend for the Year (2018: Nil).

USE OF PROCEEDS

The net proceeds from the placing of new shares of the Company (the "**Shares**") completed on 25 September 2015 (the "**Listing Date**" and the "**Placing**", respectively) were approximately HK$31.4 million, after deducting the expenses relating to the listing of the Shares on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). As at 31 December 2019, 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 2019	Amount estimated to be used for the next 6 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 30 June 2020)	Approximately HK$1.8 million has been used to set up a new office for the in-house translation team; and approximately HK$14.9 million has been used as operating expenses for the new office and the newly recruited translation personnel	Approximately HK$1.8 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 2020

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements is set out on page 104 of this annual report. This summary does not form part of the consolidated financial statements for the Year.

PLANT AND EQUIPMENT

Details of the movements in plant and equipment of the Group during the Year are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTION SCHEME

Details of the movements in the share capital and share options of the Company during the Year are set out in Notes 27 and 28 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's second amended and restated articles of association (the "**Articles of Association**") or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders of the Company (the "**Shareholders**").

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

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company's reserves available for distribution to owners of the Company amounted to approximately HK$23,347,000 (2018: approximately HK$26,322,000) calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**").

CHARITABLE CONTRIBUTION

During the Year, the Group made charitable contribution totaling HK$10,000 (2018: HK$56,050).

MAJOR CUSTOMERS AND SUPPLIERS

As a financial printer, the Group had a large and diversified customer base. Over 90% of the Group's customers are listed companies in Hong Kong. The Group did not rely on any single customer during the Year. For the Year, the five largest customers and the single largest customer of the Group accounted for approximately 12.5% (2018: 13.8%) and 2.8% (2018: 4.6%) of the total revenue of the Group, respectively.

For the Year, the five largest suppliers and the single largest supplier of the Group accounted for approximately 28.6% (2018: 30.3%) and 9.1% (2018: 9.9%) of the total cost of services of the Group, respectively.

None of the Directors and their respective close associates (within the meaning of Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") or any Shareholders, who, to the knowledge of the Directors, owns more than 5% of the issued Shares has any interest in any of our five largest customers or our five largest suppliers in respect of the Year.

MATERIAL RELATED PARTY TRANSACTIONS

Material related party transactions of the Group during the Year are disclosed in Note 34 to the consolidated financial statements. They did not constitute one-off connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' REMUNERATIONS

Details of the remunerations of the Directors during the Year are set out in Note 12 to the consolidated financial statements.

DIRECTORS' EMOLUMENT POLICY

The remuneration committee of the Company (the "**Remuneration Committee**") was established for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group having regard to the Group's operating results, individual performance and comparable market standard and practices. The Company has adopted a share option scheme as an incentive to the Directors and eligible employees, details of which are set out in the section headed "Share Option Scheme" below and in Note 28 to the consolidated financial statements, respectively.

DIVIDEND POLICY

The Board may declare dividends after taking into account the Group's operations, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to the Company's constitutional documents and the Companies Law, including the approval of the Shareholders. Future declarations of dividends may or may not be reflected from the Company's historical declarations of dividends and will be at the absolute discretion of the Board.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for the Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Pursuant to the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duties.

The Directors' and officers' liability insurance and the relevant provisions in the Articles of Association were in force during the Year and as of the date of this report.

DIRECTORS

The Directors during the Year and up to the date of this report were as follows:

CHAIRMAN AND NON-EXECUTIVE DIRECTOR:

Mr. Lau Man Tak ("**Mr. Lau**")

EXECUTIVE DIRECTORS:

Ms. Kwok Kam Lai ("**Ms. Kwok**")
Ms. Chiu Hok Yu (resigned on 24 January 2020)

INDEPENDENT NON-EXECUTIVE DIRECTORS (THE "INEDs"):

Mr. Leung Chi Hung ("**Mr. Leung**")
Mr. Wong Kun Kau
Mr. Lee Hon Man Eric ("**Mr. Lee**") (appointed on 19 September 2019)
Mr. Lum Chor Wah Richard (resigned on 19 September 2019)

Brief biographical details of the Directors and senior management are set out on pages 14 to 16 of this annual report.

In accordance with articles 108(a), (b) and article 112 of the Articles of Association, Ms. Kwok, Mr. Leung and Mr. Lee would retire by rotation at the forthcoming annual general meeting of the Company (the "**AGM**") and all of them, being eligible, have offered themselves for re-election.

The Company has received annual written confirmations of independence from each of the INEDs, namely Mr. Leung Chi Hung, Mr. Lum Chor Wah Richard (up to period ended 19 September 2019), Mr. Wong Kun Kau and Mr. Lee Hon Man Eric (commencing from 19 September 2019), pursuant to Rule 3.13 of the Listing Rules. As at the date of this report, the Company still considers the current INEDs to be independent.

DIRECTORS' SERVICE CONTRACTS

Ms. Kwok entered into a service contract with the Company on 12 August 2015 for an initial period from 12 August 2015 to the Listing Date and one year from the Listing Date, which will continue thereafter unless terminated by either party giving the other at least one month's notice in writing. Her emolument was determined by the Board by reference to her experience, responsibilities and duties within the Company and shall be reviewed annually by the Remuneration Committee. She is subject to retirement by rotation and re-election at the forthcoming AGM in accordance with the Articles of Association.

Mr. Leung entered into a letter of appointment with the Company on 12 August 2015 for an initial term of one year commencing on the Listing Date, which will continue thereafter unless terminated by either party giving the other at least one month's notice in writing. His emolument was determined by the Board by reference to his experience, responsibilities and duties within the Company and shall be reviewed annually by the Remuneration Committee. He is subject to retirement by rotation and re-election at the forthcoming AGM in accordance with the Articles of Association.

Mr. Lee entered into a letter of appointment with the Company on 19 September 2019 for a term of one year, which will continue thereafter unless terminated by either party giving the other at least one month's notice in writing. His emolument was determined by the Board by reference to his experience, responsibilities and duties within the Company and shall be reviewed annually by the Remuneration Committee. He is subject to retirement by rotation and re-election at the forthcoming AGM in accordance with the Articles of Association.

Save as disclosed aforesaid, none of the Directors proposed for re-election at the forthcoming AGM has a service contract/ letter of appointment with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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 interim report of the Company for the six months ended 30 June 2019, required to be disclosed, are set out below:

CHANGES IN DIRECTORS' EMOLUMENTS

Name of Directors	**Year Ended 31 December 2019 Monthly basic salaries** HK$'000	**Year Ended 31 December 2018 Monthly basic salaries** HK$'000
Ms. Chiu Hok Yu (resigned on 24 January 2020)	97	92
Ms. Kwok Kam Lai	86	82

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

As at 31 December 2019, 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 of the Board and the non-executive Director, owns 7,625 ordinary shares in, representing 76.25% of the issued share capital of, Rising Luck Management Limited ("**Rising Luck**"), and the remaining 23.75% thereof is owned by an independent third party. Rising Luck owns 47,500 ordinary shares in, representing 95% of the entire issued share capital of, Jumbo Ace Enterprises Limited ("**Jumbo Ace**"). Mr. Lau also has a direct 5% interest (or 2,500 ordinary shares) in Jumbo Ace. Under the SFO, Mr. Lau is deemed to be interested in 192,000,000 Shares registered in the name of Jumbo Ace. Mr. Lau is a director of each of Rising Luck and Jumbo Ace, both being associated corporations of the Company.

Save as disclosed above, as at 31 December 2019, 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

So far as the Directors are aware of, as at 31 December 2019, the following persons/entities had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange 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

Names	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%
Mr. Lau	Interest in a controlled corporation (Note 1 & 2)	192,000,000	75.0%
Ms. Lim Youngsook	Interest of spouse (Note 2)	192,000,000	75.0%

Notes:

1. Rising Luck owns 47,500 ordinary shares in, representing 95% of the issued share capital of, Jumbo Ace and the remaining 2,500 ordinary shares, representing 5% of which is owned by Mr. Lau. Mr. Lau owns 7,625 ordinary shares in, representing 76.25% of the issued share capital of, Rising Luck and the remaining 23.75% thereof is owned by an independent third party. Therefore, each of Rising Luck and Mr. Lau is deemed to be interested in 192,000,000 Shares registered in the name of Jumbo Ace.

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 31 December 2019, 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 and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Substantial Shareholders' Register.

SHARE OPTION SCHEME

The Company adopted a share option scheme (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 the date of this annual report, 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 adoption of the Scheme. Therefore, there was no share option outstanding as at 31 December 2019 (2018: Nil) and no share option lapsed or was exercised or cancelled during the Year.

Details of the Scheme as required to be disclosed under Chapter 17 of the Listing Rules are set out in Note 28 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that (i) will or may result in the Company issuing Shares or (ii) require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Year or subsisted at the end of the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year or at the end of the Year was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is a sufficient public float of not less than 25% of the issued Shares as required under the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in Note 34 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business in which the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in Note 34 to the consolidated financial statements, no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

MANAGEMENT CONTRACTS

No contracts, other than the employment contracts of the Directors and senior management of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

CORPORATE SOCIAL RESPONSIBILITIES

During the Year, the Company had not only provided donations to worthwhile organisations that help the needy, but also participated in and supported various charitable activities. The Group strives to be a good corporate citizen and is determined to create harmony and make full commitments to social services in order to fulfill its corporate social responsibilities and promote sustainable growth within the Group and in society. It is dedicated to promoting corporate social responsibilities through caring for its employees, community and environment. The Group is committed to providing a safe, healthy and harmonious working environment for its employees. The Group hosted various events and activities, during office hours or after work, for its employees during the Year to promote work-life balance. The events/activities included (i) Christmas party; (ii) annual dinner; (iii) love-teeth day; and (iv) dress casual day. The Group has addressed to its employees the Company's policy on anti-corruption and integrity promotion system. In addition, the code of conduct forms part of the staff manual. Employees are required to act with integrity and to report any suspected bribery and money laundering cases to management or the audit committee of the Company (the "**Audit Committee**"). The employees are required to declare any conflict of interest when performing their duties.

The Group also encourages its employees to minimise the use of paper by using e-paper or e-files and the reusable non-confidential waste paper instead of direct disposing after its first print. To support "zero landfill", all of the Group's non-confidential waste paper and used multifunction devices and consumables are returned to the suppliers for recycling. To reduce carbon emissions, the Group has replaced all of its lighting systems to Light Emitting Diode.

INDEPENDENT AUDITORS

The consolidated financial statements of the Group for the Year (the "**Consolidated Financial Statements**") were audited by HLB Hodgson Impey Cheng Limited ("**HLB**"), the independent auditors, who shall retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. The Board has taken the recommendation of the Audit Committee that a resolution for the re-appointment of HLB as the Company's independent auditors will be proposed at the forthcoming AGM.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters, including review of the audited Consolidated Financial Statements.

On behalf of the Board

Lau Man Tak
Chairman

Hong Kong, 3 March 2020

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF REF HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of REF Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 47 to 103, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter

Revenue recognition from provision of financial printing services

Refer to Note 6 to the consolidated financial statements and the accounting policies in Note 3 to the consolidated financial statements.

The Group recognised revenue from provision of financial printing services at a point in time when the customer obtains control of the distinct service.

Revenue from provision of financial printing services is recognised at a point in time as the customer obtains control of the service, i.e. publication of the listing documents, financial reports, compliance documents and other documents.

We focused on this data due to it is one of the Group's key performance indicators and the significance of revenue in the context of the consolidated financial statements.

We selected samples of financial printing services transactions. Our procedures in relation to these transactions included:

- Reviewing the signed financial printing services contracts;
- Reconciling the monetary amounts to the signed financial printing services contracts;
- Agreeing the payments from customers to the bank statements; and
- Inspecting contracts, publication of the listing documents, financial reports, compliance documents and other documents, on a sample basis, to assess whether management recognised the related revenue in accordance with the Group's accounting policies, with reference to the requirements of the prevailing accounting standards.

We found that the amount and timing of the revenue recorded were supported by the available evidence.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter

Impairment of trade receivables

Refer to Notes 4 and 18 to the consolidated financial statements and the accounting policies in Note 3 to the consolidated financial statements.

The Group had trade receivables of approximately HK$23,644,000 (2018: HK$28,560,000). In general, the trade receivable credit terms granted by the Group to the customers was 30 days. Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of provision for allowance for expected credit losses based on information including credit profile of different customers, ageing of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the allowance for expected credit losses assessment.

We focused on this area due to the impairment of trade receivables under the expected credit losses model involved the use of significant management judgments and estimates.

Our procedures in relation to the management's impairment assessment of trade receivables included:

- Understanding and evaluating the key controls that the Group has implemented to manage and monitor its credit risk, and validating the control effectiveness on a sample basis;

- Checking, on a sample basis, the ageing profile of the trade receivables as at 31 December 2019 to the underlying financial records and post year-end settlements to bank receipts;

- Inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and

- Assessing the appropriateness of the expected credit loss provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

We found that the management judgments and estimates used to assess the impairment of trade receivables were supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("**Other Information**").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Ng Ka Wah.

Certified Public Accountants
Ng Ka Wah
Practicing Certificate Number: P06417

Hong Kong, 3 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Revenue	6	**190,491**	192,392
Cost of services		**(93,102)**	(92,938)
Gross profit		**97,389**	99,454
Other gains and losses	8	**2,093**	3,270
Selling and distribution expenses		**(16,201)**	(17,141)
Administrative expenses		**(41,126)**	(42,033)
Finance costs	9	**(1,919)**	(15)
Profit before taxation		**40,236**	43,535
Taxation	10	**(6,698)**	(6,796)
Profit and total comprehensive income for the year attributable to owners of the Company	11	**33,538**	36,739
Earnings per share			
— Basic and diluted *(HK cents)*	15	**13.10**	14.35

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

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Assets			
Non-current assets			
Plant and equipment	16	**8,852**	11,940
Right-of-use assets	17	**24,773**	–
Deferred tax assets	26	**230**	330
		33,855	12,270
Current assets			
Trade receivables	18	**23,644**	28,560
Prepayments, deposits and other receivables	19	**10,041**	10,700
Other current assets	20	**3,008**	1,551
Tax recoverable		**402**	7,412
Financial assets at fair value through profit or loss	21	**17,702**	–
Fixed deposits	22	**218,240**	195,190
Bank balances and cash	22	**14,011**	12,922
		287,048	256,335
Current liabilities			
Trade payables	23	**6,285**	6,003
Accruals and other payables	24	**12,195**	19,661
Lease liabilities	17	**18,652**	–
Contract liabilities	25	**34,627**	35,394
		71,759	61,058
Net current assets		**215,289**	195,277
Total assets less current liabilities		**249,144**	207,547
Non-current liabilities			
Lease liabilities	17	**8,471**	–
Deferred tax liabilities	26	**106**	518
		8,577	518
Net assets		**240,567**	207,029
Capital and reserves			
Share capital	27	**2,560**	2,560
Reserves		**238,007**	204,469
Total equity attributable to owners of the Company		**240,567**	207,029

Approved and authorised for issue by the board of directors on 3 March 2020 and signed on its behalf by:

Lau Man Tak	**Kwok Kam Lai**
Director	*Director*

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to owners of the Company			
	Share capital HK$'000	**Share premium** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
As at 1 January 2018	2,560	41,233	126,497	170,290
Profit and total comprehensive income for the year	–	–	36,739	36,739
As at 31 December 2018 and 1 January 2019	2,560	41,233	163,236	207,029
Profit and total comprehensive income for the year	–	–	33,538	33,538
As at 31 December 2019	**2,560**	**41,233**	**196,774**	**240,567**

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Profit before taxation		**40,236**	43,535
Adjustments for:			
Interest income	8	**(3,616)**	(3,268)
Interest on lease liabilities	9&11	**1,906**	–
Allowance for expected credit losses	11&18	**281**	–
Bad debt written off	11	**66**	–
Unrealised loss on fair value of financial assets at fair value through profit or loss	8&21	**1,874**	–
Depreciation of plant and equipment	11&16	**3,653**	1,927
Loss on disposal of plant and equipment	11&16	**1**	680
Depreciation of right-of-use assets	11&17	**17,670**	–
Operating cash flows before movements in working capital		**62,071**	42,874
Decrease in trade receivables		**4,569**	7,315
Increase in financial assets at fair value through profit or loss		**(19,576)**	–
Decrease/(increase) in prepayments, deposits and other receivables		**659**	(2,833)
Increase in other current assets		**(2,574)**	(1,354)
Increase/(decrease) in trade payables		**1,399**	(3,584)
Decrease in accruals and other payables		**(4,592)**	(5,065)
(Decrease)/increase in contract liabilities		**(767)**	10,675
Cash generated from operations		**41,189**	48,028
Income taxes paid		**–**	(18,039)
Net cash generated from operating activities		**41,189**	29,989
Cash flows from investing activities			
Purchase of plant and equipment	16	**(566)**	(12,184)
Placement of fixed deposits		**(1,527,096)**	(530,490)
Uplift of fixed deposits		**1,504,046**	465,300
Interest received		**3,616**	3,268
Net cash used in investing activities		**(20,000)**	(74,106)
Cash flows from financing activities			
Capital element of lease rentals paid	36	**(18,194)**	–
Interest element of lease rentals paid	36	**(1,906)**	–
Net cash used in financing activities		**(20,100)**	–
Net increase/(decrease) in cash and cash equivalents		**1,089**	(44,117)
Cash and cash equivalents at the beginning of the year		**12,922**	57,039
Cash and cash equivalents at the end of the year			
Bank balances and cash		**14,011**	12,922

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

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 ("**Mr. Lau**"), who is also the chairman and non-executive director of the Company. The Company has been registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap. 622) since 12 March 2014. The Company's issued shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of its headquarters, head office and principal place of business in Hong Kong is 6th Floor and 7th Floor, 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 and investment holdings. 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 ("**HKICPA**") for the first time in the current year:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

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 years and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 16 *LEASES*

HKFRS 16 supersedes HKAS 17 *Leases*, and the related interpretations, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC) 15 *Operating Leases-Incentives* and HK(SIC) 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effects of those changes in accounting policies as adjustments to the opening balances at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

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

HKFRS 16 ***LEASES*** *(Continued)*

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.38%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) applied a single discount rate to a portfolio of leases with a similar remaining term for similar class of underlying assets in a similar economic environment;

(iii) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

(iv) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(v) relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

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

HKFRS 16 *LEASES* *(Continued)*

(b) Lessee accounting and transitional impact *(Continued)*

The following table reconciles the operating lease commitments as disclosed in Note 33 as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 HK$'000
Operating lease commitment as at 31 December 2018	**48,274**
Less: Total future interest expenses	**(2,957)**
Lease liabilities as at 1 January 2019	**45,317**
Analysed as:	
— Current	**18,194**
— Non-current	**27,123**
Lease liabilities as at 1 January 2019	**45,317**

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	1 January 2019 HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	**45,317**
Less: Accrued lease liabilities at 1 January 2019 (Note)	**(2,874)**
Right-of-use assets as at 1 January 2019	**42,443**

Note:

These relate to accrued lease liabilities for leases of properties in which the lessors provided rent-free period. The carrying amount of the accrued lease liabilities as at 1 January 2019 was adjusted to right-of-use assets at transition.

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

HKFRS 16 ***LEASES*** *(Continued)*

(b) Lessee accounting and transitional impact *(Continued)*

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:	Carrying amounts previously reported as at 31 December 2018 HK$'000	Adjustments HK$'000	Carrying amounts under HKFRS 16 as at 1 January 2019 HK$'000
Assets			
Right-of-use assets	–	42,443	42,443
Liabilities			
Accruals and other payables	19,661	(2,874)	16,787
Lease liabilities			
— Current portion	–	18,194	18,194
— Non-current portion	–	27,123	27,123

Note:

The application of HKFRS 16 to leases previously classified as operating leases under HKAS 17 resulted in the recognition of right-of-use assets and lease liabilities of approximately HK$42,443,000 and HK$45,317,000 respectively and decrease in accruals and other payables of approximately HK$2,874,000 at the initial adoption of HKFRS 16.

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

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:

HKFRS 3 (Amendments)	Definition of a Business[4]
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 17	Insurance Contracts[2]
HKAS 1 and HKAS 8 (Amendments)	Definition of Material[1]

1 Effective for annual periods beginning on or after 1 January 2020.
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.

The directors of the Company anticipate that the application of all New and Amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss ("**FVTPL**") which are measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BASIS OF PREPARATION *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous patterns at previous shareholders' meetings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BASIS OF CONSOLIDATION *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

SUBSIDIARIES

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange and, all acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of profit or loss and other comprehensive income.

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policy adopted by the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SEPARATE FINANCIAL STATEMENTS

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

- Revenue from the provision of printing services for the printing of listing documents is recognised at a point in time as the customer obtains control of the service, which approximates the time when the customers are listed on the Stock Exchange and obtain substantially all of the remaining benefits of the services, while the revenue from the provision of printing services for printing financial reports, compliance documents and other documents is recognised at a point in time as the customer obtains control of the service, which approximates the time when the customers publish the relevant documents and obtain substantially all of the remaining benefits of the services.

- Revenue from the provision of translation services to the customers is recognised at a point in time as the customer obtains control of the service, which approximates the time when we deliver the approved or finalised documents to the customers or their designated recipients and the customers obtain substantially all of the remaining benefits of the services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

- Revenue from the provision of media placement services to the customers is recognised at a point in time as the customer obtains control of the service, which approximates the time when the relevant documents are uploaded to the website of the Stock Exchange or customers' designated locations and/or published in newspapers and the customers obtain substantially all of the remaining benefits of the services.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

OTHER CURRENT ASSETS

Other current assets are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment or intangible assets.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised other current assets are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the other current assets exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised other current assets is charged to profit or loss when the revenue to which the asset relates is recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

LEASES

The Group as lessee (applicable from 1 January 2019)

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- The amount expected to be payable by the lessee under residual value guarantees;

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

LEASES *(Continued)*

The Group as lessee (applicable from 1 January 2019) *(Continued)*

The Group did not make any such adjustments during the period presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under HKAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of assets other than goodwill' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administrative expenses" in profit or loss.

As a practical expedient, HKFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessee (applicable prior to 1 January 2019)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FOREIGN CURRENCIES *(Continued)*

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributable to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributable to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

BORROWING COSTS

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

RETIREMENT BENEFIT COSTS

The Group's contributions to the defined contribution retirement benefit plans are charged to profit or loss in the year incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid.

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities. For lease transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

TAXATION *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

PLANT AND EQUIPMENT

Plant and equipment are stated in the consolidated statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

IMPAIRMENT OF ASSETS OTHER THAN GOODWILL

At the end of each reporting period, the Group reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("**CGU**") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents include fixed deposits, cash on hand and deposits held at call with banks.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("**ECL**") on financial assets which are subject to impairment under HKFRS 9 (including trade receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk *(Continued)*

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables are assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, accruals and other payables and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

RELATED PARTIES TRANSACTIONS

A party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);

(ii) one entity is an associate or joint venture of the other entity for an associate or joint venture of a member of a group which the other entity is a member);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the reporting entity is itself such a plan, the sponsoring employees are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the Group and a related party, regardless of whether a price is charged.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that the directors of the Company have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(A) IMPAIRMENT OF PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

The Group reviews its plant and equipment and right-of-use assets for indications of impairment at each reporting period. In analysing potential impairments identified, the Group uses projections of future cash flows from the assets based on management's assignment of a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(B) IMPAIRMENT OF TRADE RECEIVABLES

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 5(B).

(C) DEPRECIATION

Items of plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(D) PROVISION

When there is a probability that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and those amount is reasonable estimate, a corresponding amount of provision is recognised in the consolidated financial statements. However, no provision is recognised for costs that need to be incurred to operate in the future.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(E) INCOME TAXES

The Group is subject to income taxes in Hong Kong. Significant judgment is required in determining provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that we initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(F) REVENUE RECOGNITION FROM PROVISION OF FINANCIAL PRINTING SERVICES AT A POINT IN TIME

Under HKFRS 15, control of the asset is transferred over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Significant judgment is required in determining whether the terms of the Group's contracts with customers in relation to the provision of financial printing services create an enforceable right to payment for the Group. Based on the assessment of the directors of the Company, the terms of the relevant service contracts do not create an enforceable right to payment for the Group after taking into consideration indicators such as the time when the customer obtains control of the distinct service. Accordingly, the service of provision of financial printing is considered to be performance obligation satisfied at a point in time.

5. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2019	2018
	HK$'000	HK$'000
Financial assets		
At amortised cost		
— Trade receivables	**23,644**	28,560
— Other receivables	**2**	3
— Fixed deposits	**218,240**	195,190
— Bank balances and cash	**14,011**	12,922
At FVTPL	**17,702**	–
Financial liabilities		
At amortised cost		
— Trade payables	**6,285**	6,003
— Accruals and other payables	**12,195**	19,661
— Lease liabilities	**27,123**	–

(B) FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The directors of the Company monitor and manage the financial risks relating to the operations of the Group through internal risks reports which analyse exposures by degree and magnitude of risks. These risks include credit risk, market risk (including interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

The Group's major financial instruments include trade receivables, other receivables, financial assets at FVTPL, fixed deposits, bank balances and cash, trade payables, accruals and other payables and lease liabilities. Details of these financial instruments and the policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group has no significant concentrations of credit risk with exposure spread over a large number of counterparties and customers. The carrying amounts of trade receivables, other receivables, fixed deposits and bank balances and cash represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group will review and monitor the level of exposure to ensure that follow-up actions are taken to recover overdue debts. In addition, at the end of each reporting year, the recoverability of each trade receivables is evaluated so as to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company are of the view that the Group does not expose to significant credit risk.

In respect of fixed deposits and bank balances and cash, the credit risk is considered to be low as the counterparties are reputable banks and licensed financial institution with high credit ratings. The existing counterparties do not have defaults in the past. Therefore, ECL rate of fixed deposits and bank balances and cash is assessed to be close to zero and no provision was made as at 31 December 2019 and 2018.

5. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

Credit risk *(Continued)*

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL. It considers available reasonable and supportive forwarding-looking macroeconomic data (for example, the economic growth rates which reflect the general economic conditions of the industry in which debtors operate).

The Group makes periodic assessment on the recoverability of the trade receivables by using a provision matrix to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar financial strength and any disputes with the debtors. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than two years. The directors of the Company were of opinion that loss allowances of approximately HK$281,000 for trade receivables recognised as at 31 December 2019 under HKFRS 9. As at 31 December 2018, as the amount of ECL were minimal resulted of impairment analysis performed, the directors of the Company were of opinion that no loss allowance for trade receivables recognised under HKFRS 9.

Trade receivables

	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days	Total
As at 31 December 2019						
ELC rate	0.20%	0.40%	0.69%	0.59%	10.12%	1.17%
Gross carrying amount (HK$'000)	8,664	4,756	3,501	5,116	1,888	23,925
Lifetime ECL	(17)	(19)	(24)	(30)	(191)	(281)
	8,647	4,737	3,477	5,086	1,697	23,644

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets, mainly the interest-bearing bank balances. The Group is also exposed to fair value interest rate risk in relation to its fixed-rate short-term bank deposits at the end of the reporting period. The Group monitors the interest rate exposure on a continuous basis and adjusts the portfolio of bank saving balances and borrowings where necessary.

5. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

Market risk *(Continued)*

Foreign exchange risk

The functional currency of the Company and its subsidiaries is HK$ in which most of their transactions are denominated. The Group does not have any foreign currency transactions during the year which expose the Group to foreign currency risk. However, the Group has certain foreign currency denominated bank balances at the end of the reporting period. The Group mainly exposed to currency risk of United States dollars ("**USD**").

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	2019	2018
	HK$'000	HK$'000
Assets:		
USD	**6,715**	841

Sensitivity analysis

As HK$ are pegged to USD, it is assumed that there would be no material currency risk exposure between these two currencies and therefore is excluded from the analysis.

Equity price risk

The Group's equity price risk mainly concentrated on financial assets at FVTPL investments. In addition, the Group has appointed a special team to monitor the equity price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date.

If the prices of the equity shares had been 5% higher/lower, the profit for the year ended 31 December 2019 would increase/decrease by approximately HK$885,000 as a result of the changes in fair value of financial assets at FVTPL.

Liquidity risk

The Group is exposed to minimal liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and it can finance its operations from existing shareholders' funds and internally generated cash flows.

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by the directors of the Company to finance the Group's operations and mitigate the effect of fluctuations in cash flows. The directors of the Company monitor current and expected liquidity requirements on a regular basis.

5. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

Liquidity risk *(Continued)*

The following tables detail the Group's contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
As at 31 December 2019						
Non-derivative financial liabilities						
Trade payables	–	6,285	–	–	6,285	6,285
Accruals and other payables	–	12,195	–	–	12,195	12,195
Lease liabilities	5.38	19,567	7,675	957	28,199	27,123
		38,047	7,675	957	46,679	45,603

	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
As at 31 December 2018						
Non-derivative financial liabilities						
Trade payables	–	6,003	–	–	6,003	6,003
Accruals and other payables	–	19,661	–	–	19,661	19,661
		25,664	–	–	25,664	25,664

5. FINANCIAL INSTRUMENTS *(Continued)*

(C) FAIR VALUE OF FINANCIAL INSTRUMENT

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

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 December 2019 (2018: Nil).

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2019				
Financial assets at FVTPL	**17,702**	–	–	**17,702**

Financial asset	Fair value as at 31 December 2019 HK$'000	Fair value hierarchy	Valuation technique(s) and key inputs
Financial assets at FVTPL	**17,702**	Level 1	Quoted bid prices in active market

There was no transfer between Level 1, 2 and 3 in both years.

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

6. REVENUE

	2019 HK$'000	2018 HK$'000
Financial printing services recognised at a point in time:		
Printing	**133,724**	136,472
Translation	**43,397**	42,845
Media placement	**13,370**	13,075
	190,491	192,392

(I) PERFORMANCE OBLIGATIONS FOR CONTRACTS WITH CUSTOMERS

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

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

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

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

7. SEGMENT INFORMATION

During the years ended 31 December 2019 and 2018, the Group operated in one operating segment which was the provision of financial printing services. A single management team reports to the directors of the Company (being the chief operating decision-maker) who comprehensively manage the entire business. Accordingly, the Group does not present separately segment information. In addition, all of the Group's revenue is generated in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, no business or geographical segment information is presented.

INFORMATION ABOUT MAJOR CUSTOMERS

No individual customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2019 and 2018.

8. OTHER GAINS AND LOSSES

	2019 HK$'000	2018 HK$'000
Dividend income	**236**	–
Interest income	**3,616**	3,268
Unrealised loss on fair value of financial assets at FVTPL	**(1,874)**	–
Sundry income	**115**	2
	2,093	3,270

9. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Bank charges	**13**	15
Interest on lease liabilities (Note 36)	**1,906**	–
	1,919	15

10. TAXATION

	2019 HK$'000	2018 HK$'000
Current tax		
— Hong Kong	**6,888**	6,209
Under/(over) provision in prior year		
— Hong Kong	**122**	(30)
Deferred tax (Note 26):		
Current year	**(312)**	617
	6,698	6,796

10. TAXATION *(Continued)*

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 years ended 31 December 2019 and 2018.

The taxation charge for the year can be reconciled to the profit before taxation per consolidated statements of profit or loss and other comprehensive income as follows:

	2019	2018
	HK$'000	HK$'000
Profit before taxation	**40,236**	43,535
Tax at Hong Kong Profits Tax rate of 16.5% (2018: 16.5%)	**6,639**	7,183
Tax relief of 8.25% on first HK$2 million assessable profits	**(165)**	(165)
Tax effect of income not taxable for tax purpose	**(635)**	(539)
Tax effect of expenses not deductible for tax purpose	**594**	26
Under/(over) provision in prior year	**122**	(30)
Tax effect of tax losses not recognised	**258**	321
Utilisation of tax losses previously not recognised	**(115)**	–
	6,698	6,796

11. PROFIT FOR THE YEAR

	2019 HK$'000	2018 HK$'000
Profit for the year has been arrived at after charging:		
Directors' emoluments (Note 12)	**6,798**	6,949
Other staff costs:		
— Salaries and other benefits	**40,825**	36,900
— Discretionary bonuses	**10,167**	10,972
— Retirement scheme contributions	**1,685**	1,525
Total employee benefit expense	**52,677**	49,397
Auditors' remuneration		
— Audit services	**840**	840
— Non-audit services	**55**	16
Depreciation of plant and equipment	**3,653**	1,927
Depreciation of right-of-use assets	**17,670**	–
Loss on disposal of plant and equipment	**1**	680
Unrealised loss on fair value of financial assets at FVTPL	**1,874**	–
Allowance for ECL	**281**	–
Bad debt written off	**66**	–
Interest on lease liabilities (Note 9)	**1,906**	–
Total minimum lease payments for rented premises previously classified as operating leases under HKAS 17	**–**	17,785

12. DIRECTORS' REMUNERATIONS

The aggregate amounts of emoluments paid by the companies now comprising the Group to the directors of the Company during the reporting period are as follows:

	2019 HK$'000	2018 HK$'000
Directors' fees	**1,080**	1,080
Salaries and other benefits	**2,108**	2,088
Discretionary bonuses	**3,556**	3,727
Retirement schemes contributions	**54**	54
	6,798	6,949

12. DIRECTORS' REMUNERATIONS *(Continued)*

Details for the emoluments of each director of the Company during the reporting period are as follows:

31 December 2019

Name of director	**Directors' fees HK$'000**	**Salaries and other benefits HK$'000**	**Discretionary bonuses HK$'000**	**Retirement scheme contributions HK$'000**	**Total HK$'000**
Executive directors:					
Ms. Chiu Hok Yu (Note (a))	**180**	**1,076**	**2,323**	**27**	**3,606**
Ms. Kwok Kam Lai	**180**	**1,032**	**1,233**	**27**	**2,472**
Non-executive director:					
Mr. Lau *(Chairman)*	**180**	**–**	**–**	**–**	**180**
Independent non-executive directors:					
Mr. Leung Chi Hung	**180**	**–**	**–**	**–**	**180**
Mr. Wong Kun Kau	**180**	**–**	**–**	**–**	**180**
Mr. Lum Chor Wah Richard (Note (b))	**129**	**–**	**–**	**–**	**129**
Mr. Lee Hon Man Eric (Note (c))	**51**	**–**	**–**	**–**	**51**
	1,080	**2,108**	**3,556**	**54**	**6,798**

31 December 2018

Name of director	Directors' fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors:					
Ms. Chiu Hok Yu	180	1,104	2,443	27	3,754
Ms. Kwok Kam Lai	180	984	1,284	27	2,475
Non-executive director:					
Mr. Lau *(Chairman)*	180	–	–	–	180
Independent non-executive directors:					
Mr. Leung Chi Hung	180	–	–	–	180
Mr. Wong Kun Kau	180	–	–	–	180
Mr. Lum Chor Wah Richard	180	–	–	–	180
	1,080	2,088	3,727	54	6,949

12. DIRECTORS' REMUNERATIONS *(Continued)*

Notes:

(a) Resigned on 24 January 2020.

(b) Resigned on 19 September 2019.

(c) Appointed on 19 September 2019.

The remuneration shown above represents remuneration received and receivable from the Group by these directors in their capacity as employees to the Group and/or in their capacity as the directors of the Company during the years ended 31 December 2019 and 2018. No directors waived or agreed to waive any emoluments during the years ended 31 December 2019 and 2018.

13. EMPLOYEES EMOLUMENTS AND SENIOR MANAGEMENT EMOLUMENTS

The five highest paid individuals for the year ended 31 December 2019 included two (2018: two) executive directors of the Company, details of whose emoluments are set out above in Note 12. The aggregate emoluments of the remaining three (2018: three) highest paid individuals for the year ended 31 December 2019 are as follows:

	2019 **HK$'000**	2018 HK$'000
Salaries and other benefits	**5,166**	5,135
Discretionary bonuses	**5,237**	5,455
Retirement benefit schemes contributions	**54**	54
	10,457	10,644

13. EMPLOYEES EMOLUMENTS AND SENIOR MANAGEMENT EMOLUMENTS *(Continued)*

The number of non-director highest paid employees whose emoluments fell within the following bands are as follows:

	Number of individuals	
	2019	2018
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**1**	1
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**1**	1
HK$3,500,001 to HK$4,000,000	**–**	–
HK$4,000,001 to HK$4,500,000	**–**	–
HK$4,500,001 to HK$5,000,000	**–**	–
HK$5,000,001 to HK$5,500,000	**1**	1
HK$5,500,001 to HK$6,000,000	**–**	–
HK$6,000,001 to HK$6,500,000	**–**	–
	3	3

The number of the senior management (excluding directors) whose emoluments fell within the following bands are as follows:

	Number of individuals	
	2019	2018
Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**1**	1
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**1**	1
HK$3,500,001 to HK$4,000,000	**–**	–
HK$4,000,001 to HK$4,500,000	**–**	–
HK$4,500,001 to HK$5,000,000	**–**	–
	3	2

During the years ended 31 December 2019 and 2018, no emoluments were paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or any of the five highest paid employees waived or agreed to waive any emoluments during the years ended 31 December 2019 and 2018.

14. DIVIDENDS

The directors of the Company do not propose the payment of any dividend for the year ended 31 December 2019 (2018: Nil).

15. EARNINGS PER SHARE

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

	2019 HK$'000	2018 HK$'000
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	**33,538**	36,739

	'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)	**13.10**	14.35

Note:

The calculation of basic earnings per share for the years ended 31 December 2019 and 2018 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 2019 and 2018 as there were no potential dilutive ordinary shares in issue.

16. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Cost				
As at 1 January 2018	3,047	2,922	3,504	9,473
Additions	5,628	1,004	5,552	12,184
Written off	(2,813)	(1,041)	(2,821)	(6,675)
As at 31 December 2018 and 1 January 2019	5,862	2,885	6,235	14,982
Additions	–	209	357	566
Written off	–	(82)	–	(82)
As at 31 December 2019	**5,862**	**3,012**	**6,592**	**15,466**
Accumulated depreciation				
As at 1 January 2018	2,208	2,158	2,744	7,110
Provided for the year	1,004	292	631	1,927
Elimination on written off	(2,306)	(1,037)	(2,652)	(5,995)
As at 31 December 2018 and 1 January 2019	906	1,413	723	3,042
Provided for the year	1,953	396	1,304	3,653
Elimination on written off	–	(81)	–	(81)
As at 31 December 2019	**2,859**	**1,728**	**2,027**	**6,614**
Net book values				
As at 31 December 2019	**3,003**	**1,284**	**4,565**	**8,852**
As at 31 December 2018	4,956	1,472	5,512	11,940

The above items of plant and equipment are depreciated over their estimated useful lives on a straight-line basis as follows:

Leasehold improvement	3 years
Office equipment	5 years
Furniture and fixtures	5 years

17. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

RIGHT-OF-USE ASSETS

	2019 HK$'000
Adoption of HKFRS 16 as at 1 January	**42,443**
Depreciation provided during the year	**(17,670)**
As at 31 December	**24,773**

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

LEASE LIABILITIES

	2019 HK$'000
Analysed as	
— Current	**18,652**
— Non-current	**8,471**
	27,123
Minimum lease payments due	
— Within one year	**19,567**
— More than one year but not later than two years	**7,675**
— More than two years but not later than five years	**957**
	28,199
Less: Future finance charges	**(1,076)**
Present value of lease liabilities	**27,123**

17. RIGHT-OF-USE ASSETS/LEASE LIABILITIES *(Continued)*

LEASE LIABILITIES *(Continued)*

	2019 **HK$'000**
Present value of minimum lease payments	
— Within one year	**18,652**
— More than one year but not later than two years	**7,552**
— More than two years but not later than five years	**919**
	27,123

18. TRADE RECEIVABLES

	2019 **HK$'000**	2018 HK$'000
Trade receivables	**23,925**	28,560
Less: Allowance for ECL	**(281)**	–
	23,644	28,560

As at 31 December 2019 and 2018, trade receivables from contracts with customers amounted to approximately HK$23,644,000 and HK$28,560,000 respectively.

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

	2019 **HK$'000**	2018 HK$'000
Current — neither past due nor impaired	**8,664**	12,147
Under 31 days past due	**4,756**	7,131
31–60 days past due	**3,501**	5,454
61–120 days past due	**5,116**	3,532
121–150 days past due	**1,055**	239
Over 150 days past due	**833**	57
	23,925	28,560

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

18. TRADE RECEIVABLES *(Continued)*

The following is the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in HKFRS 9 for the years ended 31 December 2019 and 2018:

	Total HK$'000
As at 31 December 2018 and 1 January 2019	–
Allowance for ECL	281
As at 31 December 2019	**281**

As at 31 December 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$15,261,000 which are past due as at the reporting date and the Group has provided for impairment loss of approximately HK$281,000 (2018: HK$16,413,000 which are past due as at the reporting date and the Group has not provided for impairment loss).

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

Details of impairment assessment of trade receivables for the years ended 31 December 2019 and 2018 are set out in Notes 3 and 5(B).

Note:

Included above are trade receivables from a related party, TEM Holdings Limited, of approximately HK$3,000 as at 31 December 2019 (2018: Nil). Mr. Lau, a substantial shareholder, non-executive director and chairman of the Company, is the controlling shareholder of TEM Holdings Limited. The maximum outstanding balance during the year was approximately HK$168,000 (2018: HK$143,000).

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Rental, utility and other deposits	**8,622**	8,827
Prepayments	**852**	602
Other receivables (Note)	**567**	1,271
	10,041	10,700

Note:

Included above are interest receivables from fixed deposits of approximately HK$565,000 and HK$1,268,000 as at 31 December 2019 and 2018 respectively.

20. OTHER CURRENT ASSETS

	2019 HK$'000	2018 HK$'000
Other current assets (Note)	**3,008**	1,551

Note:

Other current assets capitalised as at 31 December 2019 and 2018 relate to the costs to fulfil contracts with customers at the reporting date. Other current assets are recognised as part of "cost of services" in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related services is recognised. There was no impairment in relation to the costs capitalised during the year.

All other current assets are expected to be recovered within one year.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 HK$'000	2018 HK$'000
Listed securities		
— Equity securities listed in Hong Kong	**17,702**	–

Financial assets at FVTPL are stated at fair values which are determined with reference to quoted market bid price.

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

	2019 HK$'000	2018 HK$'000
Unrealised loss on fair value of financial assets at FVTPL	**1,874**	–

22. FIXED DEPOSITS/BANK BALANCES AND CASH

	2019	2018
	HK$'000	HK$'000
Fixed deposits	**218,240**	195,190
Bank balances and cash	**14,011**	12,922
	232,251	208,112

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. These fixed deposits carry fixed interest rate ranging from 0.85% to 2.70% per annum as at 31 December 2019 (2018: 0.80% to 2.40% per annum).

Bank balances and cash carrying interest at market rates of 0.001% per annum for the years ended 31 December 2019 and 2018.

23. TRADE PAYABLES

	2019	2018
	HK$'000	HK$'000
Trade payables	**6,285**	6,003

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

	2019	2018
	HK$'000	HK$'000
Current–up to 60 days	**5,727**	6,003
Under 31 days past due	**–**	–
31–60 days past due	**–**	–
61–120 days past due	**558**	–
	6,285	6,003

24. ACCRUALS AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Accruals	**1,742**	1,004
Other payables (Note)	**10,453**	18,657
	12,195	19,661

Note:

Included above are provision of staff bonus of approximately HK$8,986,000 and HK$14,575,000 as at 31 December 2019 and 2018 respectively.

25. CONTRACTS LIABILITIES

	2019 HK$'000	2018 HK$'000
Contract liabilities		
Provision of financial printing services		
— Billings in advance of performance	**34,627**	35,394

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

PROVISION OF FINANCIAL PRINTING SERVICES

When the Group receives a deposit before the financial printing services commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract.

MOVEMENTS IN CONTRACT LIABILITIES

	2019 HK$'000	2018 HK$'000
As at 1 January	**35,394**	24,719
Decrease in contract liabilities as a result of recognising revenue during the year	**(35,123)**	(19,994)
Increase in contract liabilities as a result of receiving deposits during the year in respect of projects still under progress as at 31 December	**34,356**	30,669
As at 31 December	**34,627**	35,394

26. DEFERRED TAX ASSETS/(LIABILITIES)

	2019 **HK$'000**	2018 HK$'000
Deferred tax assets	**230**	330
Deferred tax liabilities	**(106)**	(518)
	124	(188)

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the year:

	Tax depreciation HK$'000	**Tax losses** HK$'000	**Credit loss allowances** HK$'000	**Total** HK$'000
As at 1 January 2018	95	334	–	429
Credit/(debit) to profit or loss (Note 10)	(652)	35	–	(617)
As at 31 December 2018 and 1 January 2019	(557)	369	–	(188)
(Debit)/credit to profit or loss (Note 10)	381	(115)	46	312
As at 31 December 2019	**(176)**	**254**	**46**	**124**

At the end of the reporting period, the Group had unused tax losses of approximately HK$8,890,000 (2018: HK$8,021,000) available for offset against the future assessable profits. A deferred tax asset has been recognised in respect of approximately HK$1,537,000 (2018: HK$2,239,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$7,353,000 (2018: HK$5,782,000) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

27. SHARE CAPITAL

	2019		2018	
	Number of shares '000	**HK$'000**	Number of shares '000	HK$'000
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 year	**256,000**	**2,560**	256,000	2,560

28. SHARE OPTION SCHEME

The Company has conditionally approved and adopted a share option scheme (the "**Share Option Scheme**") pursuant to written resolutions passed by the sole shareholder on 12 August 2015. The purpose of the Share Option Scheme is to advance the interests of the Company and the shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group.

The eligible persons of the Share Option Scheme to whom options may be granted by the board of directors (the "**Board**") shall include (a) any directors (whether executive or non-executive and whether independent or not) and any employees (whether full time or part time) of the Group; (b) any consultants or advisers (in the areas of legal, technical, financial or corporate managerial) of the Group (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid); any provider of goods and/or services to the Group; any customer of the Group; or any holder of securities issued by any member of the Group; and (c) any other person, who at the sole discretion of the Board, has contributed to the Group (the assessment criteria of which are (i) such person's contribution to the development and performance of the Group; (ii) the quality of work performed by such person for the Group; (iii) the initiative and commitment of such person in performing his duties; (iv) the length of service or contribution of such person to the Group; and (v) such other factors as considered to be applicable by the Board).

The Company may, by ordinary resolution in general meeting, or the Board may, at any time terminate the operation of the Share Option Scheme and in such event no further option shall be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

Subject to the aforesaid, the Share Option Scheme shall be valid and effective for a period of ten years commencing from the date of adoption, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Options Scheme.

The subscription price in respect of any option shall, subject to any adjustments made pursuant to the terms of the Share Option Scheme, be a price determined by the Board and notified to each grantee and shall be at least the highest of: (a) the closing price per share as stated in the Stock Exchange's daily quotation sheet on the offer date for the grant of the option (which is deemed to be the date of grant if the offer for the grant of the option is accepted by the eligible person), which must be a day on which the Stock Exchange is open for the business of dealing in securities; (b) the average of the closing prices per share as stated in the Stock Exchange's daily quotation sheets for the five business days (any days which securities are traded on the Stock Exchange) immediately preceding the offer date; or (c) the nominal value of the Share.

An offer shall remain open for acceptance by the eligible person concerned for such period as determined by the Board, being a date not later than ten business days after the offer date by which the eligible person must accept the offer or be deemed to have declined it, provided that no such offer shall be open for acceptance after the tenth anniversary of the date of adoption of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions of the Share Option Scheme. The amount payable by the grantee to the Company on acceptance of the offer shall be a nominal amount to be determined by the Board.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number shares in issue as at the date of listing (i.e. 25,600,000 shares) unless the Company obtains a fresh approval from the shareholders.

28. SHARE OPTION SCHEME *(Continued)*

The maximum number of shares in respect of which options may be granted under the Share Option Scheme together with any options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company in issue shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options under the Share Option Scheme) in the twelve-month period expiring on the offer date must not exceed 1% of the issued share capital of the Company. Where any grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the twelve-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the relevant class of securities in issue; and (ii) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK$5 million, such further grant of options must be approved by shareholders of the Company.

Where any further grant of options to an eligible person would result in excess of such limit shall be subject to the approval of the shareholders at general meeting with such eligible person and his associates abstaining from voting. Further grant of options to a substantial shareholder or an independent non-executive director of the Company must be approved by shareholders. The Company must send a circular to the shareholders. The grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

An option may be exercised in accordance in the terms of the Share Option Scheme at any time during a period to be notified by the Board to the grantee which the Board may in its absolute discretion determine, save that such period shall not be more than ten years from the date of the offer (subject to the provisions for early termination in accordance with the Share Option Scheme).

There is no minimum period for which an option granted must be held before it can be exercised unless otherwise imposed by the directors of the Company.

For the years ended 31 December 2019 and 2018, no share option was granted by the Company under the Share Option Scheme.

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Assets		
Non-current assets		
Investment in subsidiaries	–	–
Current assets		
Prepayments and other receivables	**258**	393
Amounts due from subsidiaries	**22,356**	4,000
Bank balances and cash	**3,302**	24,489
	25,916	28,882
Current liabilities		
Accruals	**9**	–
Net current assets	**25,907**	28,882
Total assets less current liability	**25,907**	28,882
Net assets	**25,907**	28,882
Capital and reserves		
Share capital	**2,560**	2,560
Reserves (Note 30)	**23,347**	26,322
Total equity	**25,907**	28,882

Approved and authorised for issue by the board of directors on 3 March 2020 and signed on its behalf by:

Lau Man Tak
Director

Kwok Kam Lai
Director

30. RESERVES OF THE COMPANY

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 January 2018	41,233	(13,133)	28,100
Loss and total comprehensive loss for the year	–	(1,778)	(1,778)
As at 31 December 2018 and 1 January 2019	41,233	(14,911)	26,322
Loss and total comprehensive loss for the year	–	(2,975)	(2,975)
As at 31 December 2019	**41,233**	**(17,886)**	**23,347**

As at 31 December 2019, the Company had distributable reserves of approximately HK$23,347,000 (2018: HK$26,322,000) calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the reporting period.

The capital structure of the Group consists of total debt and equity attributable to owners of the Company, comprising share capital and retained profits.

The directors of the Company review the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and balance its overall capital structure through the payment of dividends and injection of capital.

31. CAPITAL RISK MANAGEMENT *(Continued)*

The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group recognises right-of-use assets and corresponding lease liabilities for almost all leases previously accounted for as operating leases as from 1 January 2019. This caused a significant increase in the Group's total debt and hence the Group's adjusted gearing ratio rose from Nil to 21.89% on 1 January 2019 when compared to its position as at 31 December 2018.

The Group's adjusted net debt-to-capital ratio at the end of the current and previous reporting periods and at the date of transition to HKFRS 16 was as follows:

	31 December 2019	1 January 2019 (Note (i))	31 December 2018 (Note (i))
	HK$'000	HK$'000	HK$'000
Total debt	**27,123**	45,317	–
Total equity (Note (ii))	**240,567**	207,029	207,029
Gearing ratio	**11.27%**	21.89%	N/A

Notes:

(i) The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Under this approach, the comparative information is not restated (Note 2).

(ii) Total equity includes share capital and reserves at the end of each reporting period.

32. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The total expense recognised in the consolidated statement of profit or loss and other comprehensive income of approximately HK$1,739,000 and HK$1,579,000, represent contributions paid and/or payable to the scheme by the Group for the years ended 31 December 2019 and 2018 respectively.

33. OPERATING LEASE ARRANGEMENTS

THE GROUP AS LESSEE:

As at 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2018 HK$'000
Within one year	20,100
In the second to fifth years inclusive	28,174
	48,274

The Group is the lessee in respect of a number of office premise and items of equipment held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases as disclosed in Note 2. From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in Note 3, and the details regarding the Group's future lease payments are disclosed in Note 17.

34. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

Save as disclosed in elsewhere in the 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 related party	**Nature of transactions**	**2019 HK$'000**	2018 HK$'000
TEM Holdings Limited (Note)	Financial printing services income rendered	**239**	220

Note:

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

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

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The directors of the Company are identified as key management members of the Group and their compensation during the reporting period is set out in Note 12.

35. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiaries	Principal place of operations/ place and date of incorporation	Issued and fully paid share capital	Equity interest and voting power directly attributable to the Company 2019	2018	Principal activities
REF Holdings (HK) Limited	Hong Kong, 28 April 2010	HK$1	**100%**	100%	Provision of translation services
REF Financial Press Limited	Hong Kong, 28 April 2010	HK$1	**100%**	100%	Provision of financial printing services
Profit Intelligence Corporation	The BVI, 2 January 2019	USD1	**100%**	–	Investment holdings

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities HK$'000 (Note 17)
As at 31 December 2018	–
Impact on initial application of HKFRS 16 (Note 2)	45,317
As at 1 January 2019	45,317
Changes from financing cash flows:	
Capital element of lease rentals paid	(18,194)
Interest element of lease rentals paid	(1,906)
Total changes from financing cash flows	(20,100)
Other changes:	
Interest expenses (Note 9)	1,906
Total other changes	1,906
As at 31 December 2019	**27,123**

37. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 as at 1 January 2019. Under the transition methods, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 2 to consolidated financial statements.

38. EVENTS AFTER THE REPORTING PERIOD

The coronavirus disease 2019 outbreak since early 2020 has brought additional uncertainties in the global macroeconomic situation. The Group's financial performance may have impact. The degree of impact could not be reasonably estimated at this stage. The Group will closely monitor the development of the epidemic and assess its impact on the financial position and operating results of the Group.

39. AUTHORISATION OF ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 3 March 2020.

Five-Year Financial Summary

A summary of the results, and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements of the Company is set out below.

	Year ended 31 December				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**190,491**	192,392	236,284	178,095	142,355
Cost of services	**(93,102)**	(92,938)	(103,921)	(82,564)	(67,777)
Gross profit	**97,389**	99,454	132,363	95,531	74,578
Other gains and losses	**2,093**	3,270	1,147	103	287
Selling and distribution expenses	**(16,201)**	(17,141)	(19,345)	(14,233)	(11,560)
Administrative expenses	**(41,126)**	(42,033)	(36,194)	(26,403)	(27,633)
Finance costs	**(1,919)**	(15)	(14)	(10)	(24)
Profit before taxation	**40,236**	43,535	77,957	54,988	35,648
Taxation	**(6,698)**	(6,796)	(13,574)	(9,369)	(6,976)
Profit for the year	**33,538**	36,739	64,383	45,619	28,672
Attributable to:					
Owners of the Company	**33,538**	36,739	64,383	45,619	28,672
ASSETS AND LIABILITIES					
Total assets	**320,903**	268,605	235,073	152,068	99,183
Total liabilities	**(80,336)**	(61,576)	(64,783)	(46,161)	(38,895)
Total equity	**240,567**	207,029	170,290	105,907	60,288