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REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1631)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of REF Holdings Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023 (the “**Year**”) together with the comparative audited figures for the year ended 31 December 2022. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Revenue	4	124,041	129,710
Cost of services		(60,795)	(63,482)
Gross profit		63,246	66,228
Other gains and losses, net		1,817	2,723
Reversal/(provision) of allowance for expected credit losses in respect of trade receivables, net		729	(2,072)
Selling and distribution expenses		(13,721)	(14,443)
Administrative expenses		(37,552)	(38,402)
Finance costs		(603)	(1,072)
Profit before taxation	6	13,916	12,962
Taxation	7	(2,202)	(1,800)
Profit for the year attributable to owners of the Company		11,714	11,162

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Other comprehensive income for the year <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statement of an overseas subsidiary		<u>17</u>	<u>–</u>
Total comprehensive income for the year attributable to owners of the Company		<u>11,731</u>	<u>11,162</u>
Earnings per share			
— Basic and diluted (<i>HK cents</i>)	9	<u>4.58</u>	<u>4.36</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Assets			
Non-current assets			
Plant and equipment		5,054	8,896
Right-of-use assets		8,905	24,495
Goodwill		1,982	1,982
Deposits		286	5,986
Deferred tax assets		968	719
		17,195	42,078
Current assets			
Trade receivables	10	22,754	25,259
Prepayments, deposits and other receivables		8,289	2,474
Other current assets		900	639
Tax recoverable		–	30
Financial assets at fair value through profit or loss		856	962
Fixed deposits with original maturity over three months		18,011	59,000
Bank balances and cash		36,220	17,359
		87,030	105,723
Liabilities			
Current liabilities			
Trade payables	11	2,406	2,938
Accruals and other payables		10,806	6,187
Lease liabilities		7,652	19,426
Contract liabilities		9,088	11,441
Tax payable		626	496
		30,578	40,488
Net current assets		56,452	65,235
Total assets less current liabilities		73,647	107,313
Non-current liabilities			
Lease liabilities		893	6,032
Accruals and other payables		–	1,858
		893	7,890
Net assets		72,754	99,423
Capital and reserves			
Share capital		2,560	2,560
Reserves		70,194	96,863
Total equity attributable to owners of the Company		72,754	99,423

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

The address of the Company’s registered office is Windward 3, Regatta Office Park, 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 Units 5906–5912, 59th Floor, The Center, 99 Queen’s 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 Year

In the Year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2020 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the Year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the Year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies.

New and amendments to HKFRSs in issue but are 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:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The Directors anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the Hong Kong Companies Ordinance.

4. REVENUE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Financial printing services recognised at a point in time:		
Printing	64,911	81,898
Translation	47,854	35,976
Media placement	11,276	11,836
	<u>124,041</u>	<u>129,710</u>
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Financial printing services by major services line recognised at a point in time:		
Financial reports	75,535	74,350
Circulars	14,738	11,335
Initial public offering (“IPO”) prospectuses	11,237	19,161
Announcements and notices	19,137	19,734
Others	3,394	5,130
	<u>124,041</u>	<u>129,710</u>

5. SEGMENT INFORMATION

During the years ended 31 December 2023 and 2022, the Group operated in one operating segment which was the provision of financial printing services. A single management team reports to the Directors (being the chief operating decision-maker) who comprehensively manage the entire business. Accordingly, the Group does not present separately segment information. In addition, all of the Group’s revenue is generated in Hong Kong and all of the Group’s assets and liabilities are mainly 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 2023 and 2022.

6. PROFIT BEFORE TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Directors' emoluments	1,879	2,065
Other staff costs:		
— Salaries, bonuses and other benefits	48,005	49,390
— Retirement scheme contributions	1,579	1,694
	<u>49,584</u>	<u>51,084</u>
Total employee benefit expense		
	<u>49,584</u>	<u>51,084</u>
Auditors' remuneration		
— Audit services	688	688
— Non-audit services	37	34
Depreciation of plant and equipment	3,977	4,073
Depreciation of right-of-use assets	19,526	19,945
Expenses related to short-term lease	69	164
Bad debt written off	740	248
	<u>740</u>	<u>248</u>

7. TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
— Hong Kong	2,464	2,562
— The People's Republic of China (the "PRC")	14	—
	<u>2,478</u>	<u>2,562</u>
Over provision in prior year:		
— Hong Kong	(27)	—
Deferred tax:		
The Year	(249)	(762)
	<u>(249)</u>	<u>(762)</u>
	<u>2,202</u>	<u>1,800</u>

The Group is subject to income tax on an entity basis on profits arising or derived from the jurisdictions in which members of the Group are domiciled and operated. Provision on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the Year:		
2022 Final — HK15 cents (2022: 2021 final dividend of HK20 cents) per share	<u>38,400</u>	<u>51,200</u>

At the Board meeting held on 6 March 2024, the Board resolved not to declare final dividend for the Year.

9. EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	<u>11,714</u>	<u>11,162</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>note</i>)	<u>256,000</u>	<u>256,000</u>
Basic earnings per share (<i>HK cents</i>)	<u>4.58</u>	<u>4.36</u>

note:

The calculation of basic earnings per share for the years ended 31 December 2023 and 2022 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 2023 and 2022 as there were no potential dilutive ordinary shares in issue.

10. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	25,513	28,747
Less: Allowance for expected credit losses	<u>(2,759)</u>	<u>(3,488)</u>
	<u><u>22,754</u></u>	<u><u>25,259</u></u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	6,642	8,181
31 to 60 days	5,883	4,695
61 to 90 days	3,242	2,158
91 to 150 days	4,818	7,686
Over 150 days	<u>4,928</u>	<u>6,027</u>
	<u><u>25,513</u></u>	<u><u>28,747</u></u>

The Group generally allows a credit period of 30 days to its customers. The Group does not hold any collateral over the balances.

11. TRADE PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	<u>2,406</u>	<u>2,938</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 60 days	2,350	2,802
61 to 90 days	–	134
91 to 120 days	–	–
Over 120 days	<u>56</u>	<u>2</u>
	<u><u>2,406</u></u>	<u><u>2,938</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

Review

While the COVID-19 pandemic was finally moderated, and most of the social distancing and cross-border control measures associated were uplifted in early 2023, the Hong Kong economy resumed growth for the Year. Although the worst effects of the pandemic were behind, the Hong Kong capital market was still under pressure amid global interest rate hikes and intensified geopolitical tensions. During the Year, the benchmark Hang Seng Index fell 14% and IPO in Hong Kong raised just HK\$46.3 billion, representing a signification drop off of 56% year-over-year. The global IPO ranking of the Stock Exchange sank to the eighth in 2023, which was the lowest ranking since 2001. Thus our core financial printing services were under severe pressure due to the high correlation with the capital market performance in Hong Kong. With continued cost control measures, we were able to mitigate the market headwinds. Profit attributable to owners of the Company increased by 5.0% from the preceding year to HK\$11.7 million for the Year, whilst revenue decreased by 4.4% year-over-year to HK\$124.0 million for the Year.

Financial Review

Revenue

The Group recorded revenue of approximately HK\$124,041,000 for the Year, representing a decrease of 4.4% year-over-year (2022: approximately HK\$129,710,000). The decrease was mainly due to our existing IPO projects on hands were further delayed and thus the revenue from the printing services declined by 20.7% year-over-year to approximately HK\$64,911,000 (2022: approximately HK\$81,898,000). This decline was partially mitigated as the Group has taken substantial sales and marketing initiatives in translation services. Revenue from translation services increased by 33.0% year-over-year to approximately HK\$47,854,000 (2022: approximately HK\$35,976,000).

Cost of Services

Cost of services of the Group for the Year decreased 4.2% year-over-year to approximately HK\$60,795,000 (2022: approximately HK\$63,482,000). The Group maintained stringent cost control amid decrease in revenue and thus the decrease in cost of services was in line with the decrease in revenue. As a result, gross profit for the Year decreased 4.5% year-over-year to approximately HK\$63,246,000 (2022: approximately HK\$66,228,000), while gross profit margin was relatively stable at 51.0% (2022: 51.1%).

Other Gains and Losses, Net

Due to the absence of the government grants received in 2022 under the Employment Support Scheme set up by the Government of the Hong Kong Special Administrative Region, other gains, net of the Group for the Year decreased 33.3% year-over-year to approximately HK\$1,817,000 (2022: approximately HK\$2,723,000). Taking advantage of the increasing deposit interest rates, interest income for the Year has been increased by 84.5% to approximately HK\$1,817,000 (2022: approximately HK\$985,000).

Selling, Distribution and Administrative Expenses

Selling, distribution and administrative expenses were all under strict control amid decrease in revenue. Total selling, distribution and administrative expenses of the Group for the Year were approximately HK\$51,273,000, representing a decrease of 3.0% year-over-year (2022: approximately HK\$52,845,000).

Finance Costs and Taxation

Finance costs of the Group were approximately HK\$603,000 for the Year, decreased by 43.8% year-over-year (2022: approximately HK\$1,072,000), as finance expenses on leased properties were declined. Taxation increased 22.3% year-over-year to approximately HK\$2,202,000 (2022: approximately HK\$1,800,000) mainly due to the decrease in deferred tax credited to profit and loss.

Profit for the Year and Profitability

As said, supported by our efforts in cost control under the challenging business environment, the net profit of the Group for the Year was approximately HK\$11,714,000, representing an increase of 4.9% year-over-year (2022: approximately HK\$11,162,000). Net profit margin improved by 0.8 percentage points to 9.4% (2022: 8.6%).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 31 December 2023,

- (a) the Group's total assets decreased to approximately HK\$104,225,000 (2022: approximately HK\$147,801,000) while the total equity decreased to approximately HK\$72,754,000 (2022: approximately HK\$99,423,000);
- (b) the Group's current assets decreased to approximately HK\$87,030,000 (2022: approximately HK\$105,723,000) and the current liabilities decreased to approximately HK\$30,578,000 (2022: approximately HK\$40,488,000);
- (c) the Group had approximately HK\$54,231,000 in fixed deposits with original maturity over three months and bank balances and cash available (2022: approximately HK\$76,359,000) and the current ratio of the Group was approximately 2.8 (2022: approximately 2.6);
- (d) the Group did not have any bank borrowings, bank overdrafts and tax loans (2022: Nil); and
- (e) the gearing ratio of the Group was approximately 0.12 (2022: approximately 0.26).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had a total of 116 (2022: 109) full-time employees. The Board believes that hiring, motivating and retaining qualified employees are crucial to the success as a leading financial printer. Total staff costs (including Directors' emoluments) were approximately HK\$51,463,000 (2022: approximately HK\$53,149,000). The remuneration packages of the Group's employees include basic salary, allowances, medical scheme, retirement scheme contributions, commission and discretionary 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 Group also provides and arranges on-the-job trainings for its employees. 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 2023 (2022: Nil).

OUTLOOK

Looking ahead, slowing economic growth and unpredictable geopolitics continue to cloud the global macro-outlook. Starting from 31 December 2023, the Stock Exchange's expanded paperless listing regime are in effect. Such new regime is going to enhance the sustainable practices of all listed issuers, however, it is also a challenge for our business as it may reduce the number of printed documents required to be submitted and circulated by listed issuers.

Despite the aforementioned challenges, the Group's performance in 2023 well demonstrated our resilience under the market headwinds. We will continue to leverage our core competitiveness in branding, networking and servicing to retain our existing customers, attract new customers and explore new business opportunities. We will further tighten our cost control measures. In addition, it is generally expected that the beginning of possible interest rate cut in major countries will be in later 2024. These factors shall stabilise the Hong Kong capital market. Furthermore, the Stock Exchange introduced the new listing framework to allow Specialist Technology Companies to list on the Main Board under Chapter 18C of the Listing Rules may improve the Hong Kong IPO sentiment. The Growth Enterprise Market ("GEM") listing reform effective on 1 January 2024 would also enhance the GEM's attractiveness for Asian high-growth and high quality start-ups to be listed in Hong Kong. We aim to capture the opportunities when they arise and thereby delivering long-term value and sustainable returns to our shareholders.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles and the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules throughout the Year.

COMPLIANCE WITH LAWS AND REGULATIONS

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

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (the “**Model Code**”) of the Listing Rules as its own code of conduct for regulating Directors' securities transactions. Having made specific enquiry to each of the Directors, all of them confirmed that they had complied with the required standards as set out in the Model Code throughout the Year.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Year and up to the date of this announcement.

DIVIDENDS

At the Board meeting held on 6 March 2024, the Board resolved not to declare final dividend for the Year.

ANNUAL GENERAL MEETING (THE “AGM”)

The forthcoming AGM will be held on Wednesday, 17 April 2024. A notice convening the AGM will be published in due course in the manner required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 12 April 2024 to Wednesday, 17 April 2024, both days inclusive (Hong Kong time), for the purpose of ascertaining the entitlement of the shareholders to attend and vote at the AGM. The non-registered shareholders must lodge all share transfer documents accompanied by the relevant share certificates with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration no later than 4:00 p.m. on Thursday, 11 April 2024 (Hong Kong time).

During the period mentioned above, no transfer of Shares of the Company will be registered.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three members, all being independent non-executive Directors, namely Mr. Leung Chi Hung (chairperson of the Audit Committee), Mr. Wong Kun Kau and Mr. Lee Hon Man Eric. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, risk management, internal control and financial reporting matters, including review of the consolidated financial statements of the Group for the Year.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Company’s external auditors, HLB Hodgson Impey Cheng Limited (“**HLB**”), to the amounts set out in the Group’s drafted consolidated financial statements for the Year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB on this annual results announcement.

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

Hong Kong, 6 March 2024

As at the date of this announcement, the Board comprises Ms. Fan Jia Yin as executive Director; Mr. Lau Man Tak (Chairman) as non-executive Director; and Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lee Hon Man Eric as independent non-executive Directors.