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REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1631)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM RESULTS

The board of directors (the “**Directors**” and the “**Board**”, respectively) of REF Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 together with the relevant comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
		HK\$’000	HK\$’000
	Notes	(unaudited)	(unaudited)
Revenue	4	63,221	75,551
Cost of services		(28,868)	(35,469)
		<hr/>	<hr/>
Gross profit		34,353	40,082
Other gains and losses, net		921	1,131
Provision of allowance for expected credit losses in respect of trade receivables, net		(3,060)	(2,331)
Selling and distribution expenses		(6,108)	(7,299)
Administrative expenses		(19,371)	(19,377)
Finance costs		(665)	(345)
		<hr/>	<hr/>
Profit before taxation	6	6,070	11,861
Taxation	7	(768)	(1,774)
		<hr/>	<hr/>
Profit for the period attributable to owners of the Company		5,302	10,087
Other comprehensive expense for the period <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statement of an overseas subsidiary		(28)	–
		<hr/>	<hr/>
Total comprehensive income for the period attributable to owners of the Company		5,274	10,087
		<hr/>	<hr/>
Earnings per share			
— Basic and diluted (HK cents)	9	2.07	3.94
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
	Notes		
Assets			
Non-current assets			
Plant and equipment		3,340	5,054
Right-of-use assets		41,933	8,905
Goodwill		1,982	1,982
Deposits		5,230	286
Deferred tax assets		1,829	968
		54,314	17,195
Current assets			
Trade receivables	10	37,052	22,754
Prepayments, deposits and other receivables		1,703	8,289
Other current assets		1,121	900
Financial assets at fair value through profit or loss		821	856
Fixed deposits with original maturity over three months		30,034	18,011
Bank balances and cash		18,203	36,220
		88,934	87,030
Liabilities			
Current liabilities			
Trade payables	11	4,288	2,406
Accruals and other payables		5,869	10,806
Lease liabilities		17,107	7,652
Contract liabilities		6,826	9,088
Tax payable		1,600	626
		35,690	30,578
Net current assets		53,244	56,452
Total assets less current liabilities		107,558	73,647

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Non-current liabilities		
Lease liabilities	27,964	893
Accruals and other payables	<u>1,566</u>	<u>–</u>
	<u>29,530</u>	<u>893</u>
Net assets	<u><u>78,028</u></u>	<u><u>72,754</u></u>
Capital and reserves		
Share capital	2,560	2,560
Reserves	<u>75,468</u>	<u>70,194</u>
Total equity attributable to owners of the Company	<u><u>78,028</u></u>	<u><u>72,754</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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.

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 condensed 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. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This interim results announcement is unaudited but has been reviewed by the audit committee of the Company (the “Audit Committee”) and it was authorised for issue on 20 August 2024.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual report, except for the changes in accounting policies that are expected to be reflected in the 2024 annual report. Details of any changes in accounting policies are set out in Note 3.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim results announcement contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual report. The condensed consolidated financial statements and notes thereto do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The financial information relating to the financial year ended 31 December 2023 that is included in the interim results announcement as comparative information does not constitute the Group's annual financial statements for that financial year but is derived from those financial statements.

3. CHANGES IN ACCOUNTING POLICIES

Application of amendments to HKFRSs

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current period had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Financial printing services recognised at a point in time:		
Printing	32,273	39,920
Translation	26,035	29,592
Media placement	4,913	6,039
	<u>63,221</u>	<u>75,551</u>
Financial printing services by major services line recognised at a point in time:		
Financial reports	40,646	50,943
Circulars	4,748	5,821
Initial public offering ("IPO") prospectuses	7,564	6,930
Announcements and notices	8,177	10,099
Others	2,086	1,758
	<u>63,221</u>	<u>75,551</u>

5. SEGMENT INFORMATION

During the six months ended 30 June 2024 and 2023, 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 six months ended 30 June 2024 and 2023.

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Directors' emoluments	912	871
Other staff costs:		
— Salaries, bonuses and other benefits	24,268	26,313
— Retirement scheme contributions	855	809
	<u>25,123</u>	<u>27,122</u>
Total employee benefit expense		
	<u>25,123</u>	<u>27,122</u>
Auditors' remuneration	344	344
Depreciation of plant and equipment	1,764	2,022
Depreciation of right-of-use assets	9,190	9,767
Expenses related to short-term lease	133	—
Bad debt written off	1,356	450
	<u>1,356</u>	<u>450</u>

7. TAXATION

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
— Hong Kong	1,617	2,406
— The People's Republic of China	12	—
	<u>1,629</u>	<u>2,406</u>
Deferred tax:		
Current period	<u>(861)</u>	<u>(632)</u>
	<u>768</u>	<u>1,774</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

The Board does not propose to declare the payment of any interim dividend for the six months ended 30 June 2024.

On 1 March 2023, the Board declared a final dividend of HK15 cents per share which was paid on 12 May 2023 to shareholders of the Company whose names appear on the register of members of the Company on 26 April 2023, amounting to HK\$38,400,000.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	<u>5,302</u>	<u>10,087</u>
	'000	'000
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (note)	<u>256,000</u>	<u>256,000</u>
Basic earnings per share (HK cents)	<u>2.07</u>	<u>3.94</u>

note:

The calculation of basic earnings per share for the six months ended 30 June 2024 and 2023 is based on the profit attributable to owners of the Company for the periods and the weighted average number of ordinary shares for the relevant periods.

Diluted earnings per share is same as the basic earnings per share for the six months ended 30 June 2024 and 2023 as there were no potential dilutive ordinary shares in issue.

10. TRADE RECEIVABLES

	As at	As at
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade receivables	42,871	25,513
Less: Allowance for expected credit losses	<u>(5,819)</u>	<u>(2,759)</u>
	<u>37,052</u>	<u>22,754</u>

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

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Within 30 days	8,750	6,642
31 to 60 days	9,655	5,883
61 to 90 days	19,847	3,242
91 to 150 days	1,797	4,818
Over 150 days	2,822	4,928
	<u>42,871</u>	<u>25,513</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

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Trade payables	<u>4,288</u>	<u>2,406</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:

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Within 60 days	4,277	2,350
61 to 90 days	11	–
91 to 120 days	–	–
Over 120 days	–	56
	<u>4,288</u>	<u>2,406</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Investment sentiment for the Hong Kong capital market has remained cautious for the first half of 2024. Although the benchmark Heng Sang Index has rebounded about 4% for the six months ended 30 June 2024 (the “**Period**”) against the year ended 31 December 2023, the fund raising activities stayed weak for the Hong Kong capital market. Total funds raised on the Hong Kong’s IPOs for the Period were just HK\$13.1 billion, a 27% decline compared to the six months ended 30 June 2023 (the “**Prior Period**”) with 30 companies newly listed (the Prior Period: 39 companies newly listed). Meanwhile, the expansion of the Paperless Listing Regime by the Stock Exchange effective on 31 December 2023 required all listing companies to send their corporate communications to their shareholders electronically. It reduced the demand for printing paper documents by the listed issuers in Hong Kong. Thus our core financial printing business was inevitably negatively affected under these market headwinds. The Group recorded a revenue of HK\$63.2 million for the Period, representing a decrease of 16.3% against the Prior Period. Profit attributable to owners of the Company decreased 47.4% from the Prior Period to HK\$5.3 million for the Period.

Sustainability is an integral part of our business operations. During the Period, we continued to work closely with our business partners in protecting the environment and supporting the communities in which we operate. Various sustainable operations and environmental friendly initiatives including reducing paper and energy consumptions were launched in strengthening our ability to operate sustainably over the years.

Financial Review

Revenue

The Group recorded revenue of approximately HK\$63,221,000 for the Period, representing a decrease of approximately 16.3% as compared to the Prior Period (the Prior Period: approximately HK\$75,551,000).

The core printing services revenue during the Period was approximately HK\$32,273,000 (the Prior Period: approximately HK\$39,920,000), representing a decrease of approximately 19.2% as compared to the Prior Period. Our existing IPO projects on hands were further delayed or cancelled amid uncertainties of the Hong Kong capital market. Furthermore, the number of printed documents required to be submitted and circulated by listed issuers in Hong Kong were reduced after the expansion of the Paperless Listing Regime by the Stock Exchange.

Translation services revenue during the Period was approximately HK\$26,035,000 (the Prior Period: approximately HK\$29,592,000), representing a decrease of approximately 12.0% as compared to that of the Prior Period. Media placement services revenue during the Period was approximately HK\$4,913,000 (the Prior Period: approximately HK\$6,039,000), representing a decrease of approximately 18.6% as compared to the Prior Period. The number of translated and media placement jobs have been decreased during the Period as customers reduced outsourcing services and intensified market competitions.

Cost of Services

Cost of services of the Group for the Period decreased approximately 18.6% against the Prior Period to approximately HK\$28,868,000 (the Prior Period: approximately HK\$35,469,000). Gross profit for the Period decreased approximately 14.3% against the Prior Period to approximately HK\$34,353,000 (the Prior Period: approximately HK\$40,082,000), with gross profit margin improved slightly to 54.3% for the Period (the Prior Period: 53.1%).

Other Gains and Losses, Net

The Group's net other gains decreased approximately 18.6% against the Prior Period to approximately HK\$921,000 for the Period (the Prior Period: approximately HK\$1,131,000).

Selling, Distribution and Administrative Expenses

Selling, distribution and administrative expenses decreased approximately 1.6% against the Prior Period to approximately HK\$28,539,000 for the Period (the Prior Period: approximately HK\$29,007,000). While the Group has taken stringent measures in controlling all expenses, provision of allowance for expected credit losses in respect of trade receivables has been increased for the Period in view of the challenging business environment.

Finance Costs and Taxation

Finance costs were approximately HK\$665,000 for the Period, increased approximately 92.8% against the Prior Period (the Prior Period: approximately HK\$345,000), as finance expenses on leased properties were increased. Taxation decreased approximately 56.7% against the Prior Period to approximately HK\$768,000 for the Period (the Prior Period: approximately HK\$1,774,000), in line with the decrease in net profit.

Profit for the Period and Profitability

With the summation of the above, profit for the Period attributable to owners of the Company was approximately HK\$5,302,000, representing a decrease of approximately 47.4% as compared to the Prior Period (the Prior Period: approximately HK\$10,087,000). Net profit margin decreased by 5.0 percentage points to 8.4% (the Prior Period: 13.4%).

Gearing Ratio

As at 30 June 2024, the gearing ratio of the Group was 0.58 (31 December 2023: 0.12). The increase in gearing ratio was primarily attributable to the additional lease liabilities as a result of the renewal of lease agreements in April 2024.

Liquidity and Financial Resources

As at 30 June 2024, fixed deposits with original maturity over three months and bank balances and cash of the Group amounted to approximately HK\$48,237,000 (31 December 2023: approximately HK\$54,231,000). The current ratios (current assets divided by current liabilities) of the Group were 2.5 times and 2.8 times as at 30 June 2024 and 31 December 2023, respectively.

Capital Expenditure

There was no capital expenditure during the Period (the Prior Period: Nil). As at 30 June 2024, the Group did not have any significant capital commitment.

Dividends

The Board does not propose to declare the payment of any interim dividend for the Period.

On 1 March 2023, the Board declared a final dividend of HK15 cents per share which was paid on 12 May 2023 to shareholders of the Company whose names appear on the register of members of the Company on 26 April 2023, amounting to HK\$38,400,000.

Capital Structure

As at 30 June 2024 and 31 December 2023, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 ordinary shares of par value of HK\$0.01 each (the “**Ordinary Shares**”) and the issued share capital of the Company was HK\$2,560,000 divided into 256,000,000 shares. The share capital of the Company only comprised the Ordinary Shares. There was no change in the share capital of the Company during the Period.

Employees and Remuneration Policy

As at 30 June 2024, the Group had 114 (the Prior Period: 101) full-time employees. During the Period, total staff costs (including Directors' emoluments) were approximately HK\$26,035,000 (the Prior Period: approximately HK\$27,993,000). 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 training for its employees.

In addition, the Company adopted a share option scheme (the "**Scheme**") on 12 August 2015 (please refer to "SHARE OPTION SCHEME" for more information).

Outlook

Looking ahead, there are still full of challenges for our core financial printing business. The Hong Kong capital market might remain fluctuate amid geo-political tensions and slowing economic growth. The expected interest rate cuts for major countries later this year may help to improve the investment sentiment. Besides, the first company under the new listing framework to allow Specialist Technology Companies to list on the Main Board under Chapter 18C of the Listing Rules successfully listed recently and the Growth Enterprise Market ("**GEM**") listing reform would enhance the GEM's attractiveness for Asian high-growth and high quality start-ups. This GEM listing reform effective on 1 January 2024 enables companies which with heavy investments in research and development and previously could not meet the listing requirements to list on the GEM. On the other hand, the Stock Exchange recently issued a consultation paper for further expand the Paperless Listing Regime and Other Rule Amendments which we certainly will closely monitor its development so as to assess its consequences on our business. Nonetheless, we will further enhance our core competitiveness in branding, networking and servicing, and tighten our cost control measures. As always, we will utilise our best efforts to capture the opportunities when they arise.

CORPORATE GOVERNANCE

The Company has adopted the principles and the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules to ensure that business activities and decision making processes of the Group are regulated in a proper and prudent manner. The Board is satisfied that the Company had complied with the applicable code provisions as set out in the CG Code during the Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding Directors’ securities transactions. Following a specific enquiry made by the Company on each of the Directors, all of them confirmed that they had complied with the Model Code and its code of conduct regarding Directors’ securities transactions during the Period.

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

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

SHARE OPTION SCHEME

The Company adopted the Scheme on 12 August 2015. The purpose of the Scheme is to advance the interests of the Company and the shareholders of the Company 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 interim results announcement, 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 30 June 2024 and 2023 and no share option lapsed or was exercised or cancelled during the Period.

AUDIT COMMITTEE

The Audit Committee has reviewed and discussed with the management of the Company on the unaudited condensed consolidated results of the Group for the Period including this announcement of the Company and the accounting principles and practices adopted by the Group and is of the view that the financial information and announcement have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The 2024 interim report will be dispatched to the shareholders and published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.ref.com.hk in due course. This announcement can also be accessed on the above websites.

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

Hong Kong, 20 August 2024

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