

REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1631

INTERIM REPORT

2024

Condensed Consolidated Financial Statements

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

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	4	63,221	75,551
Cost of services		(28,868)	(35,469)
Gross profit		34,353	40,082
Other gains and losses, net	6	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	7	(665)	(345)
Profit before taxation	8	6,070	11,861
Taxation	9	(768)	(1,774)
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)	–
Total comprehensive income for the period attributable to owners of the Company		5,274	10,087
Earnings per share			
— Basic and diluted (HK cents)	11	2.07	3.94

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

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)
Assets			
Non-current assets			
Plant and equipment	12	3,340	5,054
Right-of-use assets	12	41,933	8,905
Goodwill		1,982	1,982
Deposits	14	5,230	286
Deferred tax assets		1,829	968
		54,314	17,195
Current assets			
Trade receivables	13	37,052	22,754
Prepayments, deposits and other receivables	14	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	15	30,034	18,011
Bank balances and cash	15	18,203	36,220
		88,934	87,030
Liabilities			
Current liabilities			
Trade payables	16	4,288	2,406
Accruals and other payables	17	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

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		
Non-current liabilities			
Lease liabilities		27,964	893
Accruals and other payables	17	1,566	–
		29,530	893
Net assets			
		78,028	72,754
Capital and reserves			
Share capital	18	2,560	2,560
Reserves		75,468	70,194
Total equity attributable to owners of the Company			
		78,028	72,754

Approved and authorised for issue by the Board on 20 August 2024 and signed on its behalf by:

Lau Man Tak
Director

Fan Jia Yin
Director

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 January 2023 (audited)	2,560	41,233	–	55,630	99,423
Profit and total comprehensive income for the period	–	–	–	10,087	10,087
Dividend paid (Note 10)	–	–	–	(38,400)	(38,400)
As at 30 June 2023 (unaudited)	2,560	41,233	–	27,317	71,110
As at 1 January 2024 (audited)	2,560	41,233	17	28,944	72,754
Profit for the period	–	–	–	5,302	5,302
Other comprehensive expense for the period	–	–	(28)	–	(28)
Total comprehensive income for the period	–	–	(28)	5,302	5,274
As at 30 June 2024 (unaudited)	2,560	41,233	(11)	34,246	78,028

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before taxation	6,070	11,861
Adjustments for:		
Interest income	(799)	(1,027)
Interest on lease liabilities	633	335
Bad debt written off	1,356	450
Fair value change on financial assets at fair value through profit or loss	35	(64)
Depreciation of plant and equipment	1,764	2,022
Depreciation of right-of-use assets	9,190	9,767
Provision of allowance for expected credit losses in respect of trade receivables, net	3,060	2,331
Gain on early termination of leases	–	(18)
Operating cash flows before movements in working capital	21,309	25,657
Increase in trade receivables	(18,714)	(19,679)
Decrease in prepayments, deposits and other receivables	1,642	257
Increase in other current assets	(221)	(151)
Increase in trade payables	1,885	366
(Decrease)/increase in accruals and other payables	(2,936)	4,041
(Decrease)/increase in contract liabilities	(2,262)	761
Cash generated from operations	703	11,252
Income taxes (paid)/refund	(655)	701
Net cash generated from operating activities	48	11,953

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from investing activities		
Purchase of plant and equipment	(53)	–
Placement of fixed deposits with original maturity over three months	(54,057)	–
Uplift of fixed deposits with original maturity over three months	42,034	59,000
Interest received	799	1,027
Net cash (used in)/generated from investing activities	(11,277)	60,027
Cash flows from financing activities		
Dividend paid	–	(38,400)
Capital element of lease rentals paid	(6,127)	(9,632)
Interest element of lease rentals paid	(633)	(335)
Net cash used in financing activities	(6,760)	(48,367)
Net (decrease)/increase in cash and cash equivalents	(17,989)	23,613
Cash and cash equivalents at the beginning of the period	36,220	17,359
Effect of exchange rate changes on the balance of cash held in foreign currency	(28)	–
Cash and cash equivalents at the end of the period	18,203	40,972

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 (“**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 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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 report 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 report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in 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 report as comparative information does not constitute the Group’s annual financial statements for that financial year but is derived from those financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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
	63,221	75,551
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
	63,221	75,551

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. REVENUE *(Continued)*

(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

The financial printing service contracts are with an original expected duration of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (partially unsatisfied) at the end of the reporting period.

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

6. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	799	1,027
Fair value change on financial assets at fair value through profit or loss	(35)	64
Exchange gain, net	–	3
Sundry income	157	37
	921	1,131

7. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank charges	32	10
Interest on lease liabilities	633	335
	665	345

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

8. 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
Total employee benefit expense	25,123	27,122
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

9. 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 (the "PRC")	12	–
Deferred tax:	1,629	2,406
Current period	(861)	(632)
	768	1,774

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

9. TAXATION *(Continued)*

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of a PRC enterprise is 25%.

For the six months ended 30 June 2024, a PRC subsidiary of the Company, complies with the provisions of the Notice on Tax Relief Policies to Small and Micro Enterprises, pursuant to which for the period from 1 January 2023 to 31 December 2027, for small and micro enterprises, the portion of annual taxable income not exceeding Renminbi (“**RMB**”) 1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income.

10. 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

11. 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	5,302	10,087
	'000	'000
	(unaudited)	(unaudited)
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)	2.07	3.94

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

12. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2024, the Group acquired plant and equipment of approximately HK\$53,000 (31 December 2023: approximately HK\$135,000). No plant and equipment was disposed during the six months ended 30 June 2024 (31 December 2023: net book value of HK\$Nil).

During the six months ended 30 June 2024, the Group recognised approximately HK\$42,219,000 (31 December 2023: approximately HK\$4,074,000) of right-of-use assets and approximately HK\$42,653,000 (31 December 2023: approximately HK\$4,074,000) of lease liabilities.

13. TRADE RECEIVABLES

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

13. TRADE RECEIVABLES (Continued)

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
	42,871	25,513

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

The Group does not hold any collateral over the balances.

The following is the movement in lifetime expected credit losses that has been recognised for trade receivables in accordance with the simplified approach set out in HKFRS 9 for the six months ended 30 June 2024 and the year ended 31 December 2023:

	Lifetime expected credit losses (non credit- impaired) HK\$'000
As at 1 January 2023 (audited)	3,488
Reversal of expected credit losses	(729)
As at 31 December 2023 and 1 January 2024 (audited)	2,759
Allowance for expected credit losses	3,060
As at 30 June 2024 (unaudited)	5,819

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

13. TRADE RECEIVABLES *(Continued)*

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than two years past due.

The amount of bad debt written off recognised in profit or loss during the six months ended 30 June 2024 was approximately HK\$1,356,000 (31 December 2023: approximately HK\$740,000). The Directors consider that there was no reasonable expectation of recovery as those debtors were delisted by the Stock Exchange or proceeding winding up petition.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Rental, utility and other deposits	6,006	6,790
Prepayments	804	1,511
Other receivables	123	274
	6,933	8,575
Less: Current portion	(1,703)	(8,289)
Non-current portion (note)	5,230	286

note:

As at 30 June 2024, the non-current portion of deposits represent the refundable rental deposit of approximately HK\$5,230,000 (31 December 2023: HK\$286,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

15. BANK BALANCES AND CASH AND FIXED DEPOSITS WITH ORIGINAL MATURITY WITHIN/OVER THREE MONTHS

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Bank balances and cash	9,203	19,220
Fixed deposits with original maturity within three months	9,000	17,000
Cash and cash equivalents	18,203	36,220
Fixed deposits with original maturity over three months	30,034	18,011

Fixed deposits with original maturity within/over three months carry fixed interest rates range from 4.0% to 4.3% per annum as at 30 June 2024 (31 December 2023: 4.38% to 4.8% per annum).

Bank balances and cash carry interest at market rates range from 0.2% to 0.875% per annum as at 30 June 2024 (31 December 2023: 0.2% to 0.875% per annum).

As at 30 June 2024, the Group's bank balances and cash dominated in RMB are of approximately RMB46,000 (equivalent to approximately HK\$49,000) (31 December 2023: approximately RMB196,000 (equivalent to approximately HK\$215,000)).

RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

16. TRADE PAYABLES

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

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
	4,288	2,406

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

17. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Accruals	524	859
Other payables	6,911	9,947
	7,435	10,806
Less: Current portion	(5,869)	(10,806)
Non-current portion	1,566	–

18. SHARE CAPITAL

	As at 30 June 2024		As at 31 December 2023	
	Number of shares '000 (unaudited)	HK\$'000 (unaudited)	Number of shares '000 (audited)	HK\$'000 (audited)
Authorised:				
Ordinary shares of HK\$0.01 each	10,000,000	100,000	10,000,000	100,000
Issued and fully paid:				
At the beginning and at the end of the period/year	256,000	2,560	256,000	2,560

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

19. 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 condensed 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 30 June 2024 and 31 December 2023.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in an 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 assets or liabilities, 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 liabilities that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 30 June 2024				
(unaudited)				
Financial assets at fair value through profit or loss	821	–	–	821
As at 31 December 2023				
(audited)				
Financial assets at fair value through profit or loss	856	–	–	856

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

19. FAIR VALUE OF FINANCIAL INSTRUMENT (Continued)

Financial assets	Fair value as at 30 June 2024 (unaudited) HK\$'000	Fair value hierarchy	Valuation technique(s) and key inputs
Financial assets at fair value through profit or loss	821 (31 December 2023 (audited): 856)	Level 1	Quoted bid prices in active market

There was no transfer between Level 1, 2 and 3 in the period/year.

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).

20. MATERIAL RELATED PARTY TRANSACTION

Save as disclosed in elsewhere in the condensed consolidated financial statements, the Group had not entered into any material related party transaction during the reporting period.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The Directors are identified as key management members of the Group and their compensation during the reporting period is set out in Note 8.

Management Discussion and Analysis

ABOUT THE GROUP

The Group is a one-stop financial printing service provider in Hong Kong, which offers a wide range of top-quality and convenient financial printing services including typesetting, proofreading, translation, design, printing, web submitting, media placement and distribution. The revenue of the Group can be categorised into printing, translation and media placement. The core financial printing services of the Group include printing of listing documents, financial reports, compliance and other documents. Most of the Group's customers are listed on the Stock Exchange.

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 listed 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.

Management Discussion and Analysis

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.

REVENUE ATTRIBUTABLE TO EACH CATEGORY OF SERVICES PROVIDED BY THE GROUP

	Six months ended 30 June 2024		Six months ended 30 June 2023	
	HK\$'000	%	HK\$'000	%
	(unaudited)		(unaudited)	
Printing Services	32,273	51.0	39,920	52.8
Translation Services	26,035	41.2	29,592	39.2
Media Placement Services	4,913	7.8	6,039	8.0
Total	63,221	100.0	75,551	100.0

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

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%).

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2024 HK\$'000 (unaudited)	Six months ended 30 June 2023 HK\$'000 (unaudited)	Increase/ (decrease) in % or percentage point ("pp")
Revenue	63,221	75,551	(16.3)
Cost of Services	28,868	35,469	(18.6)
Gross Profit	34,353	40,082	(14.3)
Gross Profit Margin	54.3%	53.1%	1.2pp
Net Profit	5,302	10,087	(47.4)
Net Profit Margin	8.4%	13.4%	(5.0pp)

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 AND COMMITMENT

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 (31 December 2023: Nil).

Management Discussion and Analysis

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” under “Other Information” section for more information).

Management Discussion and Analysis

FOREIGN CURRENCY EXPOSURE

The Group's sales and purchases are denominated in HK\$. The Group will review and monitor from time to time the risk relating to foreign exchanges whenever applicable.

CHARGES ON THE GROUP ASSETS

As at 30 June 2024 and 31 December 2023, the Group had no charges on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group did not have any material contingent liabilities or guarantees.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2024.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling shareholders of the Company nor any of their respective close associates that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person or entity had or might have with the Group during the Period.

Management Discussion and Analysis

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.

Other Information

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 30 June 2024, 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 C3 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%

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 30 June 2024, 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.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware of, as at 30 June 2024, the following persons/entities had interests or short positions in the shares and underlying shares of the Company, 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%
Rising Luck	Interest in controlled corporation (note 1)	192,000,000	75%
Mr. Lau	Interest in controlled corporation (notes 1 & 2)	192,000,000	75%
Ms. Lim Youngsook	Interest of spouse (note 2)	192,000,000	75%

note 1: Rising Luck owns 47,500 ordinary shares, representing 95% of the issued share capital of Jumbo Ace, the remaining 2,500 ordinary shares, representing 5% of which is owned by Mr. Lau. Mr. Lau owns 7,625 ordinary shares, representing 76.25% of the issued share capital of Rising Luck and the remaining 23.75% thereof is owned by an independent third party. 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.

note 2: Ms. Lim Youngsook is the wife of Mr. Lau and is, therefore, deemed to be interested in the shares owned by Mr. Lau (by himself and through his controlled corporations).

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any persons who/entities which had any interest or short position in the shares or underlying shares of the Company 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.

Other Information

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.

The Company believed that an effective corporate governance structure allows the Company to have a better understanding of, evaluate and manage, risks and opportunities (including environmental, social and governance risks and opportunities). The Board is committed to maintaining good corporate governance, which provides the framework within which the Board forms their decisions and build their businesses. The Board focuses on creating long-term sustainable growth for shareholders and delivering long-term values to all stakeholders.

The corporate value of the Company is acting in lawful, ethical and responsible manner. All Directors act with integrity and promote the culture of integrity. Such culture instils and continually reinforces across the corporate values.

During the Period, the Board closely monitored the implementation of corporate governance practice, risk management and internal control systems to ensure the corporate value and the Company’s culture are aligned.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted 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.

Other Information

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 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 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 report of the Company and the accounting principles and practices adopted by the Group and is of the view that the financial information and report have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

Other Information

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all our clients, suppliers, business partners and shareholders for their continued valuable support. I would also like to take this opportunity to thank my fellow Directors for their advice and all of our staff for their dedication, hard work and contribution during the Period.

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

Hong Kong, 20 August 2024

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR

Ms. Fan Jia Yin

NON-EXECUTIVE DIRECTOR

Mr. Lau Man Tak (*Chairman*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Hon Man Eric

Mr. Leung Chi Hung

Mr. Wong Kun Kau

COMPANY SECRETARY

Mr. Ko Wai Lun Warren

AUTHORISED REPRESENTATIVES

Ms. Fan Jia Yin

Mr. Lau Man Tak

AUDIT COMMITTEE

Mr. Leung Chi Hung (*Chairman*)

Mr. Lee Hon Man Eric

Mr. Wong Kun Kau

REMUNERATION COMMITTEE

Mr. Lee Hon Man Eric (*Chairman*)

Mr. Leung Chi Hung

Mr. Wong Kun Kau

NOMINATION COMMITTEE

Mr. Wong Kun Kau (*Chairman*)

Mr. Lee Hon Man Eric

Mr. Leung Chi Hung

INDEPENDENT AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

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Banking Corporation Limited

Nanyang Commercial Bank, Limited

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1631