REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1631

2017

Annual Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Chiu Hok Yu
Ms. Kwok Kam Lai

Chairman and Non-executive Director

Mr. Lau Man Tak

Independent Non-executive Directors

Mr. Leung Chi Hung
Mr. Wong Kun Kau
Mr. Lum Chor Wah Richard

COMPANY SECRETARY

Mr. Ko Wai Lun Warren

COMPLIANCE OFFICER

Ms. Kwok Kam Lai

AUTHORISED REPRESENTATIVES

Ms. Chiu Hok Yu
Ms. Kwok Kam Lai

AUDIT COMMITTEE

Mr. Leung Chi Hung *(Chairman)*
Mr. Wong Kun Kau
Mr. Lum Chor Wah Richard

REMUNERATION COMMITTEE

Mr. Lum Chor Wah Richard *(Chairman)*
Mr. Leung Chi Hung
Mr. Wong Kun Kau
Ms. Chiu Hok Yu

NOMINATION COMMITTEE

Mr. Wong Kun Kau *(Chairman)*
Mr. Leung Chi Hung
Mr. Lum Chor Wah Richard
Ms. Chiu Hok Yu

INDEPENDENT AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

REGISTERED OFFICE

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

3/F., Nexxus Building
77 Des Voeux Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

WEBSITE

www.ref.com.hk

STOCK CODE

1631

Financial Highlights

Key Financial Figures and Ratios	Notes	**Year ended 31 December 2017 HK$'000**	Year ended 31 December 2016 HK$'000	Increase in %
Performance				
Revenue		**236,284**	178,095	32.7%
Profit before interest, taxation and depreciation		**78,501**	55,137	42.4%
Profit for the year		**64,383**	45,619	41.1%
Profit attributable to owners of the Company		**64,383**	45,619	41.1%
Gross profit margin	1	**56.0%**	53.6%	2.4%
Net profit margin	2	**27.2%**	25.6%	1.6%
Per Share Data		**HK cents**	HK cents	
Earnings per share				
— Basic^		**25.15**	17.82	
— Diluted^		**25.15**	17.82	

^ Number of shares:

	2017	2016
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (Note)	**256,000,000**	256,000,000

Note:

The calculation of basic earnings per share for the years ended 31 December 2017 and 2016 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 2017 and 2016 as there were no potential dilutive ordinary shares in issue.

Financial Highlights

Key Financial Figures and Ratios	Notes	**As at 31 December 2017 HK$'000**	As at 31 December 2016 HK$'000	Increase in %
Total assets		**235,073**	152,068	54.6%
Net assets		**170,290**	105,907	60.8%
Cash and cash equivalents		**187,039**	111,311	68.0%
Net cash	3	**187,039**	111,311	68.0%
Liquidity and Gearing				
Current ratio	4	**3.6**	3.3	9.1%
Quick ratio	5	**3.6**	3.2	12.5%
Gearing ratio	6	**N/A**	N/A	N/A
Per Share Data		**HK cents**	HK cents	
Net asset value per share	7	**67**	41	63.4%
Net cash per share	8	**73**	43	69.8%

Notes:

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

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

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

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

5. Quick ratio is calculated by dividing current assets (net of work in progress) by current liabilities.

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

7. Net asset value per share is calculated based on the number of 256,000,000 shares (2016: 256,000,000 shares).

8. Net cash per share is calculated based on the number of 256,000,000 shares (2016: 256,000,000 shares).

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors of the Company (the "**Directors**" and the "**Board**", respectively), I am pleased to present the consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2017 (the "**Year**") to the shareholders of the Company (the "**Shareholders**").

On 20 June 2017, the issued shares of the Company were successfully transferred from listing on GEM to the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" or "**HKEx**"), representing an important milestone in our development history. The Group expects that the successful transfer of share listing will enhance its corporate image and boost the confidence of investors and business partners in the Group, thereby facilitating future growth and business development, providing better access to capital and bringing other benefits to the Group.

BUSINESS REVIEW

During 2017, our business was growing steadily based on the continued increase in the number of listed companies and the growth of the Hong Kong stock market in general, which have brought an increase in the demand for, among others, prospectuses, company announcements, shareholder circulars, results announcements and financial reports.

Being one of the quality financial printers serving the financial sector in Hong Kong, we, with the rich industry experience and expertise of our Directors and management, managed the Group's operations in a proficient and effective manner in 2017.

MISSION

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

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

RESULTS

During the Year, the Group recorded revenue of approximately HK$236.3 million, representing an increase of about 32.7% as compared to that of last year. Profit attributable to owners of the Company was approximately HK$64.4 million, representing an increase of about 41.2% as compared to that of last year. The Group's financial performance for the Year was very encouraging.

DIVIDEND

As at 31 December 2017, the Company's reserves available for distribution to owners of the Company comprising share premium and retained earnings amounted to approximately HK$28.1 million (2016: approximately HK$32.6 million). To preserve sufficient funds to meet the financial needs of the Group for its future business development, whenever appropriate, and to seize any business opportunities that may arise in the near future, the Board does not recommend the payment of any dividend for the Year (2016: Nil).

AWARDS

From 2011 to 2017, the Group has won a total of 316 awards (the "**Awards**") for our creative designed annual reports among the competitions as follows: the ARC Awards, the Astrid Awards, the Galaxy Awards, the Mercury Awards, the LACP Vision Awards and the HK Print Awards. The Awards include: (i) 2 Titanium Achievement Awards for each of the ARC Award 2016 and 2017 respectively (The Titanium Achievement Award is awarded to the Company which has delivered the greatest percentage of wins in all criteria for their clients among the submissions of that particular Award Year); (ii) 21 grand awards — out of which 4 were further awarded as the best of the show/the best of Hong Kong/the best of the People's Republic of China, respectively; (iii) 110 gold awards; (iv) 78 silver awards; (v) 58 bronze awards; and (vi) 47 honors awards. Such recognition by the Hong Kong and international institutions continues to motivate our designers to exercise more intelligence and efforts in the provision of better creative concept development and design framework to our customers.

PROSPECT

Looking ahead to 2018, the Group remains cautiously optimistic about its business prospects. Since based on the data published by the HKEx for year 2016, the Global Ranking of HKEx re fundraising, in terms of value, was number one in the global market and from year 2013 to year 2017, the number of newly listed companies in Hong Kong was more than 100 per calendar year. Therefore, we anticipate more revenue/business opportunities to the financial printing services in Hong Kong such as the increase of demand for printing of prospectuses, financial reports and compliance documents and the production of announcements/compliance disclosure of information etc. However, certain unfavourable factors such as fluctuation of the global financial market and intensifying competition in the industry may exert pressure on the Group's business. In addition, the recent changes to the Rules Governing the Listing of Securities on GEM of the Stock Exchange and the Rules Governing the Listing of Securities on the Stock Exchange regarding the qualifications for listing effective from 15 February 2018 may cause impact on (i) the timing of the initial public offering vetting process; (ii) the number of applications for new listing activities on the Stock Exchange; and (iii) the number of applications for transfer of listing from GEM to Main Board of the Stock Exchange. This would, in turn, affect the business of the Group in the coming years. During the Year, the Group completed renovation works for setting up more conference rooms so as to suit the needs of the growing number of our customers.

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

To further enhance our competitive edge, we have been incurring additional cost for improving and acquiring office facilities, equipment and software for our existing working environment and strengthening our design capabilities regularly. The Group proceeded to establish a translation team during the Year to enhance our service. With these measures in place, we are able to react to the changing needs of our customers more efficiently and effectively.

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

APPRECIATION

On behalf of the Board and management, I would like to express my sincere gratitude to all our clients, investors, suppliers, business partners and Shareholders for their continued valuable support and trust. I would also like to take this opportunity to thank my fellow Directors for their wise counsel and all of our staff for their tireless efforts, diligence and contribution during the Year.

Lau Man Tak
Chairman

Hong Kong, 7 March 2018

Management Discussion and Analysis

BUSINESS REVIEW

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

PRINTING SERVICES

Printing revenue during the year ended 31 December 2017 (the "**Year**") was approximately HK$172.5 million (2016: approximately HK$120.2 million), representing an increase of about 43.5% as compared to that of last financial year, was primarily due to the increase in number of jobs completed. For the years ended 31 December 2017 and 2016, the revenue generated from the printing services represented approximately 73.0% and 67.5% respectively of our total revenue.

TRANSLATION SERVICES

Translation revenue during the Year was approximately HK$48.6 million (2016: approximately HK$44.6 million), representing an increase of about 9.0% as compared to that of last financial year, was primarily due to the increase in number of jobs completed. For the years ended 31 December 2017 and 2016, the revenue generated from the translation services represented approximately 20.6% and 25.0% respectively of our total revenue.

MEDIA PLACEMENT SERVICES

Media placement revenue during the Year was approximately HK$15.1 million (2016: approximately HK$13.3 million), representing an increase of about 13.5% as compared to that of last financial year, was primarily due to the increase in number of jobs for media placement services in newspapers. For the years ended 31 December 2017 and 2016, the revenue generated from the media placement services represented approximately 6.4% and 7.5% respectively of our total revenue.

For the Year, the Group's turnover increased by approximately 32.7% as compared to that of the year ended 31 December 2016 (the "**Year 2016**"). The profit attributable to owners of the Company for the Year was approximately HK$64.4 million (2016: approximately HK$45.6 million), representing an increase of about 41.2% as compared to that of Year 2016. Basic earnings per share for the Year was approximately HK cents 25.15 (2016: approximately HK cents 17.82).

OUTLOOK

The Group's fundamental business objective is to establish itself as one of the top-notch financial printing service providers in the financial sector by strengthening its core competitiveness. To maximise profits and returns for the Group and its shareholders, the Group will focus on enhancing the competitiveness of its core business and simultaneously, continue exploring new business opportunities.

Looking ahead, the Group will further enhance its competitive edge by, (i) expansion of workforce; (ii) improving and acquiring office facilities, equipment and software; (iii) strengthening its design capabilities so as to react to the changing needs of our customers more efficiently and effectively; and (iv) expansion of the workforce of translation team so as to enhance and improve our services by way of quality and efficiency.

The Group continues to be cautiously optimistic about the future of the financial printing industry in Hong Kong. In particular, more and more enterprises from the global are planning to list their securities on the Stock Exchange and henceforth, the Group considers that more financial printing services will be demanded by our existing and/or potential customers. The Group shall continue to capture market opportunities so as to achieve a sustainable business growth for its shareholders. Please refer to the section headed "Chairman's Statement — PROSPECT" of this annual report for details.

PERFORMANCE ANALYSIS

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

FINANCIAL REVIEW

REVENUE

The Group's revenue increased by approximately HK$58.2 million, or 32.7%, from approximately HK$178.1 million for the Year 2016 to approximately HK$236.3 million for the Year. The increase was primarily attributable to the increases in revenue from (i) printing services, amounting to approximately HK$52.4 million, (ii) translation services, amounting to approximately HK$4.0 million, and (iii) media placement services, amounting to approximately HK$1.8 million.

COST OF SERVICES

The Group's cost of services increased by approximately HK$21.3 million, or 25.8%, from approximately HK$82.6 million for the Year 2016 to approximately HK$103.9 million for the Year. The increase was mainly due to (i) an increase in printing costs, translation costs and media placement costs, amounting to approximately HK$9.8 million in total, which was in line with the increase in revenue generated from printing services, translation services and media placement services; and (ii) an increase in staff costs, which amounted to approximately HK$5.5 million in total caused by (a) an increase in the number of staff; (b) the annual/regular salary revision for staff; and (c) an increase in bonus provision, which was in line with the increase in profit for the Year.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit increased by approximately HK$36.9 million, or 38.6%, from approximately HK$95.5 million for the Year 2016 to approximately HK$132.4 million for the Year, which was due to the increase in revenue. Our gross profit margins for the Year and the Year 2016 were approximately 56.0% and 53.6%, respectively which had been maintained at a stable level.

OTHER INCOME

Other income increased by approximately HK$1.0 million, or 10 times, from approximately HK$0.1 million for the Year 2016 to approximately HK$1.1 million for the Year. The increase was primarily due to increase of sundry income.

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses increased by approximately HK$5.1 million, or 35.9%, from approximately HK$14.2 million for the Year 2016 to approximately HK$19.3 million for the Year. The increase was mainly due to (i) an increase in staff costs, which amounted to approximately HK$4.3 million in total caused by (a) an increase in the number of staff; (b) the annual/regular salary revision for staff; and (c) an increase in bonus provision and commission payment, which was in line with the increase in profit for the Year; and (ii) an increase in entertainment for sales amounting to approximately HK$0.7 million, which was in line with the increase in revenue.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased by approximately HK$9.8 million, or 37.1%, from approximately HK$26.4 million for the Year 2016 to approximately HK$36.2 million for the Year. The increase was mainly due to (i) the incurrence of the one-off payment of the substantial expenses in connection with the transfer of listing of the Company's issued shares from the GEM to Main Board of the Stock Exchange on 20 June 2017 during the Year; (ii) an increase of rental expenses for the new office premises leased by the translation team and an increment of monthly rental effective from November 2016 for the Company's head office and principal place of business in Hong Kong; and (iii) an increase in staff costs resulting from additional staff recruited for the translation team and increased remuneration of the directors of the Company (the "**Directors**") for the Year.

TAXATION

Profits tax expense increased by approximately HK$4.5 million, or 48.4%, from approximately HK$9.3 million for the Year 2016 to approximately HK$13.8 million for the Year. The increase was primarily attributable to the increase in profit before taxation.

Deferred tax increased by approximately HK$0.2 million, or one time, from deferred tax asset of approximately HK$0.2 million for the Year 2016 to approximately HK$0.4 million for the Year. The increase was primarily attributable to the increase in accelerated depreciation allowance.

PROFIT FOR THE YEAR AND NET PROFIT MARGIN

Profit for the Year increased by approximately HK$18.8 million, or 41.2%, from approximately HK$45.6 million for the Year 2016 to approximately HK$64.4 million for the Year. The increase was primarily attributable to the increase in revenue. The net profit margins for the Year and the Year 2016 were approximately 27.2% and 25.6%, respectively.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 December 2017,

(a) the Group's total assets increased to approximately HK$235.1 million (2016: approximately HK$152.1 million) while the total equity increased to approximately HK$170.3 million (2016: approximately HK$105.9 million);

(b) the Group's current assets increased to approximately HK$232.3 million (2016: approximately HK$151.4 million) while the current liabilities increased to approximately HK$64.8 million (2016: approximately HK$46.2 million);

(c) the Group had approximately HK$187.0 million in fixed deposits, bank balances and cash available (2016: approximately HK$111.3 million) and the current ratio of the Group was approximately 3.6 (2016: approximately 3.3);

(d) the Group did not have any bank borrowings, bank overdrafts, tax loans and finance lease liabilities (2016: Nil); and

(e) the gearing ratio (being the total of finance lease, tax loans and interest-bearing borrowings divided by total equity attributable to owners of the Company) was not applicable to the Group (2016: not applicable).

CAPITAL EXPENDITURE

The capital expenditure during the Year was primarily related to expenditures on additions of leasehold improvements, office equipment, and furniture and fixtures, amounting to approximately HK$1.1 million, HK$0.6 million and HK$0.8 million respectively, to cope with our operation needs and the newly set-up of the translation team in April 2017 (2016: approximately in a total of HK$0.3 million). As at 31 December 2017, the Group did not have any significant capital commitments (2016: approximately HK$1.2 million).

SIGNIFICANT INVESTMENTS

As at 31 December 2017, the Group did not hold any significant investments (2016: Nil).

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any significant contingent liabilities (2016: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 December 2017.

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 had or might have with the Group during the Year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group had 110 (2016: 90) full-time employees in Hong Kong. We believe that hiring, motivating and retaining qualified employees are crucial to our success as a reliable financial printer. Total staff costs (including Directors' emoluments) were approximately HK$59.7 million (2016: approximately HK$45.7 million). The remuneration packages of the Group's employees include basic salary, allowances, insurance, medical schemes, mandatory provident fund scheme, commission and bonuses. The remuneration policies of the Group, including promotion, bonus, salary increment and other benefits, are formulated based on the Group's operating results, employees' individual performance, working experience, respective responsibilities, merit, qualifications and competence, as well as comparable to the prevailing market practice, standards and statistics. The remuneration policies of the Group are reviewed by the management of the Group regularly. The dedication and hard work of the Group's staff during the Year are generally appreciated and recognised.

In addition, the Group 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 2017 (2016: Nil). The Group also provides and arranges on-the-job trainings for the employees.

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 31 December 2017, the Group had no borrowings or charges on the Group's assets (2016: Nil).

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Group recognises that good risk management is essential for the long-term and sustainable growth of a business. The board of Directors (the "**Board**") puts particular emphasis on determining the risk-tolerance levels in achieving the Group's strategic objectives. Management is responsible for the design, implementation and maintenance of a sound and effective internal control system underpinning the risk management framework. While taking into full account of the new requirements effective from 1 January 2016 under the Listing Rules brought by Hong Kong Exchanges and Clearing Limited relating to risk management and internal control, the management also learns from the experience of outstanding companies and takes into consideration of the Group's unique business and operating environment in formulating the risk management and internal control framework. All employees are committed to continually enhancing the risk management framework, linking to our corporate strategies as well as integrating it into day-to-day operation.

OBJECTIVES OF RISK MANAGEMENT AND INTERNAL CONTROL

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

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

THREE-TIER RISK MANAGEMENT APPROACH

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

PRINCIPLES OF INTERNAL CONTROL

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

DISCLOSURE OF INSIDE INFORMATION

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

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

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

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

(iv) Participation in The Community Chest "2016/2017 New Territories Walk" — encourage employees to participate in activities in order to achieve work-life balance.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

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

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

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

FOREIGN CURRENCY EXPOSURE

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

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

POSSIBLE RISK EXPOSURE

CREDIT RISK

The Group has no significant concentrations of credit risk with exposure spread over a large number of counterparties and customers. The carrying amounts of bank balances, trade receivables and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. The Group will review and monitor the level of exposure to ensure that follow-up actions are taken to recover overdue debts. In addition, at the end of each reporting year, the recoverability of each trade debt is evaluated so as to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors are of the view that the Group does not expose to significant credit risk.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

INTEREST RATE RISK

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing financial assets, mainly the interest-bearing bank fixed deposits and saving balances. The Group monitors the interest rate exposure on a continuous basis and adjusts the portfolio of bank fixed deposits balances, bank saving balances and borrowings where necessary.

LIQUIDITY RISK

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

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

EVENTS AFTER THE BALANCE SHEET DATE

On 8 January 2018, REF Financial Press Limited, a wholly-owned subsidiary of the Company, had entered into a tenancy agreement with Mutual Capital Limited, the landlord, for the lease of Unit 502, 5/F., Nexxus Building, No. 77 Des Voeux Road Central, Hong Kong for a lease term of 2 months from 21 February 2018 to 20 April 2018. Save as disclosed, no other significant events have occurred after the balance sheet date and up to the date of this annual report.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the Year (2016: Nil).

Directors and Senior Management

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. LAU Man Tak ("Mr. Lau"), aged 48, is the founder of the Group and was appointed as the chairman of the Board and the non-executive Director on 7 March 2014. He also holds directorships in all the subsidiaries of the Company. His role and responsibility in the Group is strategic planning while he does not involve in the day-to-day management of the business operations. Mr. Lau is a director of Rising Luck Management Limited and Jumbo Ace Enterprises Limited, both are substantial shareholders of the Company.

Mr. Lau graduated from the Hong Kong Polytechnic University with a bachelor's degree of arts in accountancy in November 1991. He has more than 17 years of experience in finance and accounting. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of each of the Association of Chartered Certified Accountants in the United Kingdom (the "**UK**"), The Hong Kong Institute of Directors and the Hong Kong Securities and Investment Institute.

He is currently an executive director, the chairman and an authorised representative of TEM Holdings Limited ("**TEM**"), a company listed on GEM of the Stock Exchange (stock code: 8346) and an independent non-executive director of each of Kingston Financial Group Limited (stock code: 1031) and Synergis Holdings Limited (stock code: 2340), both listed on the Main Board of the Stock Exchange. He was also an independent non-executive director of AMCO United Holding Limited (stock code: 630) from October 2010 to June 2015, KuangChi Science Limited (stock code: 439) from March 2008 to September 2015 and Sincere Watch (Hong Kong) Limited (stock code: 444) from June 2012 to December 2016, which are companies listed on the Main Board of the Stock Exchange.

EXECUTIVE DIRECTORS

Ms. CHIU Hok Yu ("Ms. Chiu"), aged 46, was appointed as a Director on 5 February 2014 and was re-designated as an executive Director on 7 March 2014. Ms. Chiu is the managing director of REF Financial Press Limited ("**REF Financial**"), a wholly-owned subsidiary of the Company and she also holds directorships in all the subsidiaries of the Company. She is also a member of each of the Remuneration Committee and the Nomination Committee. Ms. Chiu joined the Group in April 2011 and is responsible for the Group's overall management, corporate development and strategic planning. Ms. Chiu has more than 20 years of experience in the financial printing industry.

Ms. KWOK Kam Lai ("Ms. Kwok"), aged 56, was appointed as a Director on 5 February 2014 and was re-designated as an executive Director on 7 March 2014. Ms. Kwok is the human resources and administration director and the financial controller of REF Financial. She is also the compliance officer of the Company and a member of the Compliance Committee. Ms. Kwok joined the Group in January 2011 and is responsible for overseeing the administration, human resources affairs and financial control of the Group. She has been in the financial printing industry for over 16 years and has over 26 years of experience in auditing and accounting prior to joining the Group. Ms. Kwok is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the UK.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEUNG Chi Hung ("Mr. Leung"), aged 62, was appointed as an independent non-executive Director (the "**INED**") on 12 August 2015. He is the chairperson of the Audit Committee as well as a member of each of the Remuneration Committee, the Nomination Committee and the Compliance Committee. Mr. Leung has over 14 years of experience in audit and taxation. He is currently a director of Philip Leung & Co. Limited, a certified public accountants firm.

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

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

Mr. WONG Kun Kau ("Mr. Wong"), aged 57, was appointed as an INED on 12 August 2015. He is the chairperson of the Nomination Committee as well as a member of each of the Audit Committee, the Remuneration Committee and the Compliance Committee. Mr. Wong has more than 26 years of experience in investment banking and corporate finance. He is currently the founder and managing partner of Bull Capital Partners Ltd. ("**Bull Capital**"), a fund management company specialising in direct investment in the Greater China region. Prior to joining Bull Capital, Mr. Wong held senior management positions with several multinational financial institutions including BNP Paribas Capital (Asia Pacific) Limited from January 1998 to November 2007, where he left as head of Asia investment banking. He is currently an independent non-executive director of West China Cement Limited (principally engaged in manufacture and sale of cement and cement products), a company listed on the Main Board of the Stock Exchange (stock code: 2233). Mr. Wong was a non-executive director of Sun.King Power Electronics Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 580) (principally engaged in trading and manufacture of power electronic components), from May 2010 to July 2015. Mr. Wong was also an independent non-executive director of Anhui Conch Cement Company Limited ("**Anhui Conch**") (principally engaged in manufacture and sale of clinkers and cement products) from May 2012 to June 2016, Lifestyle Properties Development Limited (now renamed as Sansheng Holdings (Group) Co. Ltd.) (principally engaged in property development and property investment) from August 2013 to May 2017 and China Shengmu Organic Milk Limited (principally engaged in dairy farming and liquid milk businesses) from June 2014 to June 2017, all of which are listed on the Main Board of the Stock Exchange (stock codes: 914, 2183 and 1432, respectively). Anhui Conch is also listed on the Shanghai Stock Exchange (stock code: 600585).

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

Mr. LUM Chor Wah Richard ("Mr. Lum"), aged 58, was appointed as an INED on 12 August 2015. He is the chairperson of each of the Remuneration Committee and the Compliance Committee as well as a member of each of the Audit Committee and the Nomination Committee. Mr. Lum has over 22 years of experience in the finance industry. Mr. Lum is currently a director of CCIB Opportunity Income Growth Fund and CCIB SPC, both of which are registered funds in the Cayman Islands. He is also a director and a responsible officer (Type 4 and Type 9) of United Gain Investment Limited, a licensed entity in Hong Kong regulated by the Securities and Futures Commission of Hong Kong carrying out Type 4 (Advising in Securities) and Type 9 (Asset Management) regulated activities. He is an independent non-executive director of TEM, a company listed on GEM of the Stock Exchange (stock code: 8346). He was an independent non-executive director of China Solar Energy Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 155), from July 2014 to May 2015.

Mr. Lum graduated from The University of Hong Kong with a bachelor's degree of science in November 1981. He further pursued and obtained a master's degree in business administration from The Chinese University of Hong Kong in December 1983. In June 2008, he obtained a master's degree in laws majoring in Economic Law from the Renmin University of China. Mr. Lum has been a fellow member of The Hong Kong Institute of Directors since December 2002, an associate and then a fellow member of the Institute of Financial Accountants in the UK since November 2003 and April 2011, respectively, a certified risk planner of the Institute of Crisis and Risk Management, Hong Kong since March 2004, a member and a registered financial planner of the Society of Registered Financial Planners in Hong Kong since September 2002, a qualified financial planner of the Occupational Skill Testing Authority of the People's Republic of China since December 2006 and a member of the Hong Kong Securities and Investment Institute since May 2014. He has also passed the AMAC Fund Participant Examination organised by the China Securities and Investment Fund Association.

SENIOR MANAGEMENT

Mr. LEE Sai Hong ("Mr. Lee"), aged 44, is the chief operating officer of REF Financial. Mr. Lee joined the Group in January 2012 and is responsible for REF Financial's operations and management, including account servicing, production and information technology. He graduated from The Hong Kong University of Science and Technology with a bachelor's degree in chemistry in November 1996. Mr. Lee has over 15 years of experience in the financial printing industry.

Ms. LAW Lai Yee Teresa ("Ms. Law"), aged 37, is the sales director of REF Financial. Ms. Law joined the Group in January 2011 and is responsible for the sales and marketing activities and general management of REF Financial. Ms. Law graduated from the University of British Columbia, Canada in May 2003 with a bachelor's degree in arts. She has over 10 years of experience in sales and marketing in the financial printing industry. Prior to joining the Group, Ms. Law served as a sales manager in another renowned financial printing company in Hong Kong from March 2006 to December 2010. Her main responsibility was to seek and prospect new business opportunities and promote financial printing services to potential customers.

The late **Mr. SO Ka Lung ("Mr. So")**, aged 50, right before his pass-away on 5 July 2017, was the creative director of REF Financial. Mr. So joined the Group in January 2011 and was responsible for overseeing design direction and quality control of the artwork production process of REF Financial for the period from January 2017 to July 2017 (the "**Past Period**"). Mr. So obtained a diploma in design (packaging/advertising) from the Shatin Technical Institute in Hong Kong (now known as "Hong Kong Institute of Vocational Education (Shatin)") in September 1988. Mr. So has over 12 years of experience in design. His main responsibilities for the Past Period included creative direction, printing quality control, artwork supervision, corporate identity and house brand building.

COMPANY SECRETARY

Mr. KO Wai Lun Warren ("Mr. Ko"), aged 50, is the company secretary of the Company. Mr. Ko has been a solicitor of The Supreme Court of the Hong Kong Special Administrative Region since November 1995 and the Supreme Court of England and Wales since September 1996. He obtained his Bachelor of Science from Simon Fraser University, Canada in June 1990 and Bachelor of Laws from the University of Leeds, England in July 1992. He is currently a partner at Robertsons and specialises in corporate finance law.

Mr. Ko was a non-executive director of Guoan International Limited (formerly known as Global Tech (Holdings) Limited) whose shares are listed on the Main Board of the Stock Exchange (stock code: 143) and Singapore Exchange Securities Trading Limited, from September 2003 to March 2016 and he has been an independent non-executive director of each of Cloud Investment Holdings Limited (formerly known as China Bio Cassava Holdings Limited) (stock code: 8129) since February 2014 and Roma Group Limited (stock code: 8072) since March 2014, both companies being listed on GEM of the Stock Exchange.

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

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

CORPORATE GOVERNANCE PRACTICES

The issued shares of the Company (the "**Shares**") were initially listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 25 September 2015 and were subsequently transferred from listing on GEM to the Main Board of the Stock Exchange (the "**Transfer of Listing**") on 20 June 2017. Prior to the Transfer of Listing, the Company had adopted the code provisions of the Corporate Governance Code (the "**GEM CG Code**") contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") as its own code of corporate governance. It adopted all the requirements of the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**" and the "**Main Board CG Code**", respectively) as its code provisions, which took effect immediately after the Transfer of Listing.

The board of Directors (the "**Board**") is satisfied that the Company has complied with the code provisions of:

(i) the GEM CG Code to the extent applicable to the Company during the period from 1 January 2017 to 19 June 2017 (being the date immediately before the Transfer of Listing taking place) (the "**January to June 2017 Period**"); and

(ii) the Main Board CG Code to the extent applicable to the Company during the period from 20 June 2017 (being the date on which the Transfer of Listing took place) to 31 December 2017 (the "**June to December 2017 Period**").

SECURITIES TRANSACTIONS BY DIRECTORS

Prior to the Transfer of Listing, the Company had adopted the required standard of dealings in the securities as contained in Rules 5.46 to 5.67 of the GEM Listing Rules as its own code of conduct governing the securities transactions by the Directors. Immediately after the Transfer of Listing, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' securities transactions. Following a specific enquiry made by the Company on each of the Directors, all of them confirmed that they had complied with the required standard set out in Chapter 5 of the GEM Listing Rules for the January to June 2017 Period and the Model Code for the June to December 2017 Period.

BOARD OF DIRECTORS

RESPONSIBILITIES

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

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

COMPOSITION

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

As at the date of this annual report, the Board comprises the following six Directors:

Non-executive Director

Mr. Lau Man Tak *(Chairman)*

Executive Directors

Ms. Chiu Hok Yu
Ms. Kwok Kam Lai

Independent Non-executive Directors (the "INEDs")

Mr. Leung Chi Hung
Mr. Wong Kun Kau
Mr. Lum Chor Wah Richard

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

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

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

Throughout the relevant periods in the year ended 31 December 2017 (the "**Year**"), the Company had three INEDs, representing half of the Board members, which has exceeded the requirements of the GEM Listing Rules and the Listing Rules that the number of INEDs must represent at least one-third of the Board members, and has met the requirement that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received an annual confirmation of independence in writing from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules and Rule 3.13 of the Listing Rules for the relevant periods. Based on such confirmation, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules and Rule 3.13 of the Listing Rules for the relevant periods.

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

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

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

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the trainings received by each of the Directors during the Year is summarised as follows:

Name of Directors	Type of trainings
Mr. Lau Man Tak *(Chairman)*	A, B
Ms. Chiu Hok Yu	B
Ms. Kwok Kam Lai	A, B
Mr. Leung Chi Hung	A, B
Mr. Wong Kun Kau	A, B
Mr. Lum Chor Wah Richard	A, B

A: attending seminars/conferences/forums

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

MEETINGS OF BOARD AND DIRECTORS' ATTENDANCE RECORDS

During the Year, the Board held 8 meetings, at which the Directors discussed and approved, amongst other matters, (i) the Group's consolidated results for the year ended 31 December 2016 (the "**Year 2016**"), the three months ended 31 March 2017 and the six months ended 30 June 2017; (ii) the proposed Transfer of Listing from GEM to the Main Board of the Stock Exchange; and the adoption of amended terms of reference of (a) Audit Committee, (b) Remuneration Committee, (c) Nomination Committee and (d) Compliance Committee, respectively, and the revised procedures for shareholders to propose a person for election as a Director after the Transfer of Listing; (iii) the appointment of service providers for the Year relating to (a) the review and assessment of the risk management and internal control systems of the Group (the "**Risk Management and Internal Control Systems**") and (b) the evaluation and drafting of the environmental, social and governance report; and (iv) the adoption of further amended terms of reference of Remuneration Committee. The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice is given in a reasonable time in advance. The Directors are allowed to include any other matters in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at the Board meetings and to make informed decisions, an agenda and the accompanying Board papers together with all appropriate and relevant information in relation to the matters of the meetings are sent to all Directors at least three days before the intended date of each regular Board meeting and three days or such other period as agreed before each other Board meeting. All Directors should have access to the advice and services of the company secretary of the Company (the "**Company Secretary**") with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record within a reasonable time after each meeting and the final version is open for the Directors' inspection. According to the Listing Rules, any Directors and their associates (as defined in the Listing Rules) with a material interest in the transactions to be discussed at the Board meetings will abstain from voting on resolutions approving such transactions and are not counted in the quorum of the meetings.

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

Name of Directors	No. of attendance/ No. of meetings
Non-executive Director	
Mr. Lau Man Tak *(Chairman)*	8/8
Executive Directors	
Ms. Chiu Hok Yu	8/8
Ms. Kwok Kam Lai	8/8
INEDs	
Mr. Leung Chi Hung	8/8
Mr. Wong Kun Kau	7/8
Mr. Lum Chor Wah Richard	8/8

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

During the Year, an annual general meeting of the Company (the "**AGM**") was held on 21 March 2017 (the "**2017 AGM**").

Name of Directors	No. of attendance/ No. of general meeting
Mr. Lau Man Tak *(Chairman)*	1/1
Ms. Chiu Hok Yu	1/1
Ms. Kwok Kam Lai	1/1
Mr. Leung Chi Hung	1/1
Mr. Wong Kun Kau	1/1
Mr. Lum Chor Wah Richard	1/1

DIRECTORS' COMPETING BUSINESS

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

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

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

BOARD DIVERSITY POLICY

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

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

CHAIRMAN AND CHIEF EXECUTIVE

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

BOARD COMMITTEES

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

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

AUDIT COMMITTEE

The Audit Committee was established on 12 August 2015 with written terms of reference in compliance with the Main Board CG Code. It comprises three INEDs, namely Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lum Chor Wah Richard. Mr. Leung Chi Hung is the chairperson of the Audit Committee.

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

Relationship with the Company's auditors

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

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

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

Review of the Company's financial information

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

  (i) any changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from audit;

  (iv) the going concern assumptions and any qualifications;

  (v) compliance with accounting standards; and

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

- regarding the above paragraph:

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

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

Oversight of the Company's financial reporting system, Risk Management and Internal Control Systems

- reviewing the Company's financial controls and the Risk Management and Internal Control Systems;
- discussing the Risk Management and Internal Control Systems with management to ensure that management has performed its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- where an internal audit function exists, ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- reviewing the financial and accounting policies and practices of the Group;
- reviewing the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response;
- ensuring that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- reporting to the Board on the matters in relation to its principal functions;
- considering other topics, as defined by the Board; and
- making recommendations to the Board as it deems appropriate on any area within its scope of duties where an action or improvement is needed.

Relationships with the employees of the Company

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

During the Year, 5 Audit Committee meetings were held, at which the Audit Committee (i) reviewed the Group's consolidated results for the Year 2016, the three months ended 31 March 2017 and the six months ended 30 June 2017; (ii) reviewed quotation relating to the provision of services in respect of the review and assessment of the Risk Management and Internal Control Systems; (iii) reviewed the effectiveness of the Group's internal audit function performed by an external professional company; and (iv) meeting with the Company's external auditors as to discuss and to resolve key matters, if any, raised by the auditors.

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

Name of Directors	No. of attendance/ No. of meetings
Mr. Leung Chi Hung *(chairman of the Audit Committee)*	5/5
Mr. Wong Kun Kau	5/5
Mr. Lum Chor Wah Richard	5/5

The Audit Committee held a meeting on 7 March 2018 and reviewed the Group's audited consolidated financial results for the Year, including the accounting principles and practice adopted by the Group, the Company's compliance with the code provisions of the GEM CG Code and the Main Board CG Code for the relevant periods and disclosure in this Corporate Governance Report, the effectiveness of the Group's risk management and internal control and the Group's internal audit function and recommended to the Board for consideration the same and the re-appointment of HLB Hodgson Impey Cheng Limited ("**HLB**") as the Company's external independent auditors at the forthcoming AGM to be held on 15 May 2018.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 12 August 2015 with written terms of reference in compliance with the Main Board CG Code. It comprises Ms. Chiu Hok Yu, an executive Director, and three INEDs, namely Mr. Lum Chor Wah Richard, Mr. Leung Chi Hung and Mr. Wong Kun Kau. Mr. Lum Chor Wah Richard is the chairperson of the Remuneration Committee.

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

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

- without prejudice to the generality of the foregoing:

  (i) establishing guidelines for the recruitment of the chief executive and senior management;

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

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

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

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

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

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

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

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

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

During the Year, 3 Remuneration Committee meetings were held, at which the Remuneration Committee evaluated the performance of the Directors and senior management for the Year 2016 and for the Year, respectively, and reviewed and recommended to the Board their discretionary bonuses for the Year 2016 and for the Year, respectively, and remuneration packages for the Year and for the year ending 31 December 2018, respectively.

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

Name of Directors	**No. of attendance/ No. of meetings**
Mr. Lum Chor Wah Richard *(chairman of the Remuneration Committee)*	3/3
Ms. Chiu Hok Yu	3/3
Mr. Leung Chi Hung	3/3
Mr. Wong Kun Kau	3/3

The Remuneration Committee held a meeting on 7 March 2018 and reviewed the performance of individual executive Directors and senior management for the Year and made final recommendations to the Board for consideration on their discretionary bonuses for the Year.

NOMINATION COMMITTEE

The Nomination Committee was established on 12 August 2015 with written terms of reference in compliance with the Main Board CG Code. It comprises Ms. Chiu Hok Yu, an executive Director, and three INEDs, namely Mr. Wong Kun Kau, Mr. Leung Chi Hung and Mr. Lum Chor Wah Richard. Mr. Wong Kun Kau is the chairperson of the Nomination Committee.

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

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

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

- assessing the independence of the INEDs;

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

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

During the Year, 1 Nomination Committee meeting was held, at which the Nomination Committee (i) reviewed the structure, size and diversity of the Board; (ii) assessed the independence of the INEDs; (iii) reviewed the Board Diversity Policy; and (iv) recommended to the Board for consideration the re-election of all the retiring Directors at the 2017 AGM.

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

Name of Directors	**No. of attendance/ No. of meeting**
Mr. Wong Kun Kau *(chairman of the Nomination Committee)*	1/1
Ms. Chiu Hok Yu	1/1
Mr. Leung Chi Hung	1/1
Mr. Lum Chor Wah Richard	1/1

The Nomination Committee held a meeting on 7 March 2018 and among other matters, (i) reviewed the structure, size and diversity of the Board; (ii) assessed the independence of the INEDs; (iii) reviewed the Board Diversity Policy; and (iv) recommended to the Board for consideration the re-election of all the retiring Directors at the forthcoming AGM.

COMPLIANCE COMMITTEE

The Compliance Committee was established on 12 August 2015 with written terms of reference. It comprises Ms. Kwok Kam Lai, an executive Director, and three INEDs, namely Mr. Lum Chor Wah Richard, Mr. Leung Chi Hung and Mr. Wong Kun Kau. Mr. Lum Chor Wah Richard is the chairperson of the Compliance Committee.

The primary duties of the Compliance Committee are to establish, maintain and approve the compliance system of the Group; support and provide instruction to ensure each department to establish, execute and maintain its compliance system; approve the compliance manual and ensure that it is updated from time to time; organise education and training programmes on compliance, including compliance seminars; monitor the status of the Group's compliance system; investigate compliance problems and take appropriate measures when one arises (it may instruct the relevant department(s) to deal with the problem depending on its nature); and delegate the day-to-day implementation and monitoring of compliance system to the Company's compliance officer. In addition, the functions of the Compliance Committee are as follows:

- reviewing and monitoring the ongoing compliance with the Listing Rules and relevant laws and regulations;
- noting any material deficiencies and taking remedial actions, if necessary and at all times keep the Board abreast of any such actions and/or developments; and
- reviewing the disclosures in the Company's interim, annual and quarterly reports regarding any regulatory deficiencies and remedial actions.

During the Year, 4 Compliance Committee meetings were held at which the Compliance Committee reviewed and approved the reports in respect of internal control system and non-compliance matters.

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

Name of Directors	**No. of attendance/ No. of meetings**
Mr. Lum Chor Wah Richard *(chairman of the Compliance Committee)*	4/4
Ms. Kwok Kam Lai	4/4
Mr. Leung Chi Hung	4/4
Mr. Wong Kun Kau	4/4

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for an initial period from 12 August 2015 to 25 September 2015 (i.e the date of which the Shares were initially listed on the GEM of the Stock Exchange) (the "**Listing Date**") and one year from the Listing Date, which will continue thereafter unless terminated by either party giving at least one month's notice in writing.

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

Each of the INEDs has signed a letter of appointment with the Company for an initial term of one year commencing on the Listing Date, which will continue thereafter unless terminated by either party giving at least one month's notice in writing.

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

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

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

Accordingly, Ms. Chiu Hok Yu and Mr. Wong Kun Kau will retire at the forthcoming AGM and both of them, being eligible, will offer themselves for re-election thereat.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

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

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

INDEPENDENT AUDITORS' REMUNERATION

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

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

Services	Fee paid/payable HK$'000
Audit services — Annual audit	840
Non-audit services	118
Total	958

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

Details of the Risk Management and Internal Control Systems are set out in the section headed "Risk Management and Internal Control System" of the "Management Discussion and Analysis" on page 10 of this annual report.

During the Year, the Board has conducted a review of the effectiveness of the Risk Management and Internal Control Systems and the Group's internal audit function through discussion with the Audit Committee on audit findings and control issue and considered them effective and adequate.

COMPANY SECRETARY

The Company has appointed Mr. Ko Wai Lun Warren ("**Mr. Ko**") as the Company Secretary with effect from 30 April 2014. Mr. Ko has been a solicitor of the Supreme Court of Hong Kong Special Administrative Region since November 1995 and the Supreme Court of England and Wales since September 1996. Mr. Ko is currently a partner at Robertsons and specialises in corporate finance law. The Company's primary corporate contact person with Mr. Ko is Ms. Kwok Kam Lai, an executive Director. Mr. Ko has complied with the training requirement for the Year under Rule 3.29 of the Listing Rules.

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

SHAREHOLDERS' RIGHTS

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

There are no provisions allowing Shareholders to make proposals or move resolutions at the general meetings under the memorandum of association of the Company and the Articles of Association (the "**M&A**") or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "**EGM**") in accordance with the "Procedures for Shareholders to convene an EGM" set out below.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EGM

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

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong (presently at 3/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong) for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder(s) will be verified with the Company's branch share registrar and transfer office in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, the Board will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM.

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

PROCEDURES FOR SHAREHOLDERS TO SEND ENQUIRES TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong (presently at 3/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong) by post or by email to investor@ref.com.hk.

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

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

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

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

COMMUNICATION WITH THE SHAREHOLDERS

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

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

CONSTITUTIONAL DOCUMENTS

There was no change in the constitutional documents of the Company during the Year.

The M&A is available on the respective websites of the Stock Exchange and the Company.

The board of directors of the Company (the "**Directors**" and the "**Board**", respectively) is pleased to present its report together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2017 (the "**Year**").

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the provision of financial printing services. The principal activities of the Company's principal subsidiaries are set forth in Note 31 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the financial position of the Company and the Group as at 31 December 2017 are set forth in the consolidated financial statements on pages 46 to 91 of this annual report.

The Board does not recommend the payment of any dividend for the Year (2016: Nil).

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 17 September 2015 (the "**Prospectus**") with the Group's actual business progress for the period from 25 September 2015 (the "**Listing Date**") to 31 December 2017 is set out below:

Business objectives	Actual progress up to 31 December 2017
Set up an in-house translation team	The Group's translation team has been established and commenced business in May 2017. The Group is still in the process of recruiting suitable staff to work for the team so as to strength the productivities.
Enhance our competitiveness through expansion of our workforce as well as improving and acquiring office facilities, equipment and software	The Group has from time to time recruited additional staff to enhance our competitiveness. During the reporting period, the Group had renovated the operating office to improve the office facilities, and purchased more software and equipment to maintain the quality of work and services.
Strengthen our design capabilities	The Group has hired additional design personnel and purchased various software to strengthen the design efficiency and capability.
Enhance our brand awareness and recognition	The Group has conducted additional marketing promotional activities to promote its branding in the market and attract new customers.

The Board will constantly evaluate the Group's business objectives and may change or modify plans against the changing market conditions to attain sustainable business growth of the Group.

USE OF PROCEEDS

The net proceeds from the placing of new shares of the Company (the "**Shares**") completed on 25 September 2015 (the "**Placing**") were approximately HK$31.4 million, after deducting the expenses relating to the listing of the Shares on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). As at 31 December 2017, all of the unused proceeds were deposited in licensed banks in Hong Kong. During the Year, a large portion of the net proceeds from the Placing was utilised and the corresponding explanations are set out in the table below:

Proposed use of proceeds	Proposed amount to be used and time frame	Amount used as of 31 December 2017	Amount committed/ estimated to be used for the next 6 to 12 months	Changes and explanations
Enhance competitiveness through expansion of workforce as well as improving and acquiring office facilities, equipment and software	HK$9.1 million (extend from before 30 June 2017 to 30 June 2018)	HK$2.8 million has been used to purchase office facilities, equipment and software; and HK$5.7 million has been used to expand workforce	HK$0.6 million will be used to expand workforce	Will be fully utilised as intended on or before 30 June 2018
Strengthen design capabilities	HK$2.1 million (extend from before 30 June 2017 to 30 June 2018)	HK$1.0 million has been used to employ additional design personnel; and HK$0.6 million has been used to purchase various equipment and software to improve the design efficiency	HK$0.3 million will be used to employ additional design personnel; and HK$0.2 million will be used to purchase various equipment and software to improve the design efficiency	Will be fully utilised as intended on or before 30 June 2018
Set up an in-house translation team	HK$18.5 million (extend from before 30 June 2017 to 31 March 2019)	HK$1.8 million has been used to set up a new office for the in-house translation team; and HK$2.4 million has been used as operating expenses for the new office and the newly recruited translation personnel	HK$12.1 million will be used as operating expenses for the new office and the newly recruited translation personnel	Will be fully utilised as intended on or before 31 March 2019

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements or the published Prospectus, is set out on page 92 of this annual report. This summary does not form part of the consolidated financial statements for the Year.

PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTION SCHEME

Details of the movements in share capital and share options of the Company during the Year are set out in Notes 23 and 24 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

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

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

RESERVES

Details of the movements in the reserves of the Company and of the Group during the Year are set out in Note 26 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Company's reserves available for distribution to owners of the Company comprising share premium and retained earnings amounted to approximately HK$28,100,000 (2016: approximately HK$32,645,000) calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

CHARITABLE CONTRIBUTIONS

During the Year, the Group made charitable contributions totaling HK$25,000 (2016: HK$96,700).

MAJOR CUSTOMERS AND SUPPLIERS

As a financial printer, the Group had a large and diversified customer base. Over 90% of the Group's customers are listed companies in Hong Kong. The Group did not rely on any single customer during the Year. For the Year, the five largest customers and the single largest customer of the Group accounted for approximately 11.6% (2016: 10.7%) and 3.0% (2016: 2.5%) of the total revenue of the Group, respectively.

For the Year, the five largest suppliers and the single largest supplier of the Group accounted for approximately 29.7% (2016: 32.9%) and 8.8% (2016: 10.8%) of the total cost of services of the Group, respectively.

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

RELATED PARTY TRANSACTIONS

Related party transactions of the Group during the Year are disclosed in Note 30 to the consolidated financial statements. They did not constitute one-off connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' REMUNERATIONS

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

DIRECTORS' EMOLUMENT POLICY

The remuneration committee of the Company (the "**Remuneration Committee**") was established for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group having regard to the Group's operating results, individual performance and comparable market standard and practices. The Company has adopted a share option scheme as an incentive to the Directors and eligible employees, details of which are set out in the section headed "Share Option Scheme" below and in Note 24 to the consolidated financial statements, respectively.

PERMITTED INDEMNITY PROVISION

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

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

DIRECTORS

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

CHAIRMAN AND NON-EXECUTIVE DIRECTOR:

Mr. Lau Man Tak

EXECUTIVE DIRECTORS:

Ms. Chiu Hok Yu
Ms. Kwok Kam Lai

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

Mr. Leung Chi Hung
Mr. Wong Kun Kau
Mr. Lum Chor Wah Richard

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

In accordance with Article 108(a) of the Articles of Association, Ms. Chiu Hok Yu and Mr. Wong Kun Kau would retire by rotation at the forthcoming annual general meeting of the Company (the "**AGM**") and both of them, being eligible, offer themselves for re-election.

The Company has received annual written confirmations of independence from each of the INEDs, namely Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lum Chor Wah Richard, pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the period from 1 January 2017 to 19 June 2017 and Rule 3.13 of the Listing Rules for the period from 20 June 2017 to the date of this report. As at the date of this report, the Company still considers the INEDs to be independent.

DIRECTORS' SERVICE CONTRACTS

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

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

None of the Directors proposed for re-election at the forthcoming AGM has a service contract or a letter of appointment with the Company, which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CHANGES IN INFORMATION OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, changes of the information of the Directors, subsequent to the date of the interim report of the Company for the six months ended 30 June 2017, required to be disclosed, are set out below:

CHANGE IN OTHER DIRECTORSHIP IN PUBLIC COMPANIES, THE SECURITIES OF WHICH ARE LISTED ON THE STOCK EXCHANGE OR ANY SECURITIES MARKET OVERSEAS

Name of Directors	Details of changes
Mr. Lau Man Tak	Appointed as an independent non-executive director of Synergis Holdings Limited (stock code: 2340), a company listed on the Main Board of the Stock Exchange, with effect from 28 September 2017
Mr. Leung Chi Hung	Appointed as an independent non-executive director of WT Group Holdings Limited (stock code: 8422), a company listed on GEM of the Stock Exchange, with effect from 1 December 2017

CHANGES IN DIRECTORS' EMOLUMENTS

Name of Directors	Immediately after 31 December 2016 Annual Directors' fee HK$'000	Immediately after 31 December 2016 Monthly basic salaries and housing allowances HK$'000	Immediately before 1 January 2017 Annual Directors' fee HK$'000	Immediately before 1 January 2017 Monthly basic salaries and housing allowances HK$'000
Ms. Chiu Hok Yu	180	80	138	62
Ms. Kwok Kam Lai	180	70	138	62
Mr. Lau Man Tak	180	–	138	–

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

As at 31 December 2017, 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 (the "**Model Code**") contained in the Listing Rules, 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 Man Tak ("**Mr. Lau**")	Interest in controlled corporations (Note)	192,000,000	75.0%

Note:

Mr. Lau, the chairman of the Board and the non-executive Director, owns 7,625 ordinary shares, 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, 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 are associated corporations of the Company.

Save as disclosed above, as at 31 December 2017, 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 contained in the Listing Rules to be notified to the Company and the Stock Exchange.

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

So far as the Directors are aware of, as at 31 December 2017, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO (the "**Substantial Shareholders' Register**"), or who were directly or indirectly interested in 5% or more of the issued voting Shares:

LONG POSITION IN THE SHARES

Names	Capacity/Nature of interest	Number of Shares held	Percentage of issued share capital of the Company
Jumbo Ace	Beneficial owner	192,000,000	75.0%
Rising Luck	Interest in a controlled corporation (Note 1)	192,000,000	75.0%
Ms. Lim Youngsook	Family interest (Note 2)	192,000,000	75.0%

Notes:

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.

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

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any persons who/entities which had any interest or short position in the Shares or underlying Shares that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Substantial Shareholders' Register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Scheme**") on 12 August 2015. The purpose of the Scheme is to advance the interests of the Company and the Shareholders by enabling (i) the Company to grant options to attract, retain and reward the eligible persons and to provide them with an incentive or reward for their contribution to the Group and (ii) such persons' contribution to further advance the interests of the Group.

As at 31 December 2017, there were a total of 25,600,000 Shares, representing 10% of the issued Shares, available for issue under the Scheme.

No share option has been granted since the adoption of the Scheme. Therefore, there was no share option outstanding as at 31 December 2017 (2016: Nil) and no share option was exercised or cancelled or lapsed during the Year.

Details of the Scheme as required to be disclosed under Chapter 17 of the Listing Rules are set out in Note 24 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Material Related Party Transactions and Balances" in Note 30 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business in which the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in Note 30 to the consolidated financial statements, there was no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

TAX RELIEF

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

CORPORATE SOCIAL RESPONSIBILITIES

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

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

INDEPENDENT AUDITORS

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

REVIEW BY AUDIT COMMITTEE

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

On behalf of the Board

Lau Man Tak
Chairman

Hong Kong, 7 March 2018

Independent Auditors' Report

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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

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

OPINION

We have audited the consolidated financial statements of REF Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 46 to 91, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter

Revenue recognition from provision of financial printing services

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

The Group recognised revenue from provision of financial printing services when the services are provided and the transactions can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group, which is dependent on the execution of significant acts in the financial printing services contract and may require management judgment.

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

- Obtaining evidence regarding the execution of significant acts in the financial printing services contracts;
- Reviewing the signed financial printing services contracts;
- Reconciling the monetary amounts to the signed financial printing services contracts; and
- Agreeing the payments from customers to the bank statements.

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

Key audit matter	How our audit addressed the key audit matter

Impairment of trade receivables

Refer to Notes 4 and 17 to the consolidated financial statements and the accounting policies in Note 3 to the consolidated financial statements.

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the credit history of the customers and the current market condition which may require management judgment.

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

- Discussing the Group's procedures on credit limits and credit periods given to customers with the management;
- Evaluating the management's impairment assessment of trade receivables; and
- Checking, on a sample basis, the accuracy and relevance of information included in the impairment assessment of trade receivables.

We consider the management conclusion to be consistent with the available information.

OTHER INFORMATION

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

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

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

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

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

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

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

AUDITORS’ RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Wong Sze Wai, Basilia.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Wong Sze Wai, Basilia
Practicing Certificate Number: P05806

Hong Kong, 7 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	Notes	**2017 HK$'000**	2016 HK$'000
Revenue	6	**236,284**	178,095
Cost of services		**(103,921)**	(82,564)
Gross profit		**132,363**	95,531
Other income	8	**1,147**	103
Selling and distribution expenses		**(19,345)**	(14,233)
Administrative expenses		**(36,194)**	(26,403)
Finance costs	9	**(14)**	(10)
Profit before taxation		**77,957**	54,988
Taxation	10	**(13,574)**	(9,369)
Profit for the year	11	**64,383**	45,619
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year		**64,383**	45,619
Profit and total comprehensive income for the year attributable to owners of the Company		**64,383**	45,619
Earnings per share			
— Basic and diluted (HK cents)	15	**25.15**	17.82

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

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	2017 HK'000	2016 HK$'000
Assets			
Non-current assets			
Plant and equipment	16	**2,363**	468
Deferred tax assets	22	**429**	237
		2,792	705
Current assets			
Work in progress		**1,500**	2,397
Trade receivables	17	**35,875**	30,992
Prepayments, deposits and other receivables	18	**7,867**	6,663
Fixed deposits	19	**130,000**	–
Bank balances and cash	19	**57,039**	111,311
		232,281	151,363
Current liabilities			
Trade payables	20	**10,890**	7,560
Accruals and other payables	21	**24,726**	13,173
Deposits received		**24,719**	23,197
Tax payables		**4,448**	2,231
		64,783	46,161
Net current assets		**167,498**	105,202
Total assets less current liabilities		**170,290**	105,907
Net assets		**170,290**	105,907
Capital and reserves			
Share capital	23	**2,560**	2,560
Reserves		**167,730**	103,347
Total equity attributable to owners of the Company		**170,290**	105,907

Approved and authorised for issue by the board of directors on 7 March 2018 and signed on its behalf by:

Chiu Hok Yu	**Kwok Kam Lai**
Executive Director	*Executive Director*

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Attributable to owners of the Company			
	Share capital HK$'000	**Share premium** HK$'000	**Retained earnings** HK$'000	**Total** HK$'000
As at 1 January 2016	2,560	41,233	16,495	60,288
Profit and total comprehensive income for the year	–	–	45,619	45,619
As at 31 December 2016 and 1 January 2017	2,560	41,233	62,114	105,907
Profit and total comprehensive income for the year	–	–	64,383	64,383
As at 31 December 2017	**2,560**	**41,233**	**126,497**	**170,290**

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Profit before taxation		**77,957**	54,988
Adjustments for:			
Interest income	8	**(115)**	(1)
Depreciation of plant and equipment	11&16	**544**	149
Operating cash flows before movements in working capital		**78,386**	55,136
Increase in work in progress		**(1,463)**	(2,388)
Increase in trade receivables		**(4,883)**	(7,573)
Increase in prepayments, deposits and other receivables		**(1,204)**	(1,991)
Increase in trade payables		**5,690**	133
Increase/(decrease) in accruals and other payables		**11,553**	(1,001)
Increase in deposits received		**1,522**	8,007
Cash generated from operations		**89,601**	50,323
Income taxes paid		**(11,549)**	(7,869)
Net cash generated from operating activities		**78,052**	42,454
Cash flows from investing activities			
Purchase of plant and equipment		**(2,439)**	(327)
Placement of fixed deposits		**(130,000)**	–
Interest received		**115**	1
Net cash used in investing activities		**(132,324)**	(326)
Net (decrease)/increase in cash and cash equivalents		**(54,272)**	42,128
Cash and cash equivalents at the beginning of the year		**111,311**	69,183
Cash and cash equivalents at the end of the year		**57,039**	111,311
Analysis of balances of cash and cash equivalents at the end of the year:			
Bank balances and cash		**57,039**	111,311

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

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 February 2014 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. Its immediate holding company is Jumbo Ace Enterprises Limited ("**Jumbo Ace**"), a company incorporated in the British Virgin Islands and its ultimate holding company is Rising Luck Management Limited, a company incorporated in the British Virgin Islands. 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. On 20 June 2017, the Company transferred the listing of its issued shares from GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") to the Main Board of the Stock Exchange.

The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of its headquarters, head office and principal place of business in Hong Kong is 3/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial printing services. The consolidated financial statements 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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following amendments (the "**amendments to HKFRSs**") issued by the HKICPA, which are effective for the Group's financial year beginning on or after 1 January 2017.

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendments)	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

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

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

AMENDMENTS TO HKAS 7 *DISCLOSURE INITIATIVE*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The application of these amendments has had no impact on the Group's consolidated financial statements.

NEW AND REVISED HKFRSS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle[2]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures[2]
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
HKAS 40 (Amendments)	Transfers of Investment Property[1]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatment[2]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
3 Effective for annual periods beginning on or after a date to be determined. Early adoption is permitted.
4 Effective for annual periods beginning on or after 1 January 2021.

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

HKFRS 9 *FINANCIAL INSTRUMENTS*

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the financial assets currently held by the Group includes debt instruments currently classified as loans and receivables which would likely continue to be measured at amortised cost. Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The impacts on the Group's financial results and position upon the adoption of HKFRS 9 are not expected to be material.

AMENDMENTS TO HKFRS 10 AND HKAS 28 *SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE*

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

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

AMENDMENTS TO HKFRS 10 AND HKAS 28 *SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE (Continued)*

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

HKFRS 15 *REVENUE FROM CONTRACTS WITH CUSTOMERS*

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

(a) Identify the contract(s) with a customer;

(b) Identify the performance obligations in the contract;

(c) Determine the transaction price;

(d) Allocate the transaction price to each performance obligation; and

(e) Recognise revenue when each performance obligation is satisfied.

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group's revenue recognition policies are disclosed in Note 3. Currently, revenue from the provision of printing services is recognised when significant acts were executed.

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

HKFRS 15 *REVENUE FROM CONTRACTS WITH CUSTOMERS* *(Continued)*

Management is currently assessing the effects of applying the new standard on the Group's consolidated financial statements and has identified the following areas that are likely to be affected:

(a) Application of HKFRS 15 may result in the identification of timing of revenue recognition either over the time or point in time which could affect those revenue from Group's printing service contracts recognised upon the significant acts were executed in earlier time than under the current accounting policy; and

(b) Certain costs incurred in obtaining a contract which are currently expensed may need to be recognised as an asset under HKFRS 15.

More detailed assessments will be carried out by the Group to estimate the impact of the new rules on the Group's consolidated financial statements.

HKFRS 16 *LEASES*

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the statement of financial position. Instead, all long-term leases must be recognised in the statement of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations). Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the statement of financial position. In the income statement, rental expenses will be replaced with depreciation and interest expense. The new standard is not expected to be applied by the Group until the financial year ending 31 December 2019. HKFRS 16 will primarily affect the accounting for the Group's operating leases. At 31 December 2017, the Group had non-cancellable operating lease commitments of HK$21,564,000. Upon adoption of HKFRS 16 the majority of operating lease commitments will be recognised in the consolidated statement of financial position as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortised cost and the right-of-use assets will be depreciated on a straight-line basis during the lease term.

The Group is in the process of assessing the potential impact of the other new and revised HKFRSs upon initial application but is not yet in a position to state whether the other new and revised HKFRSs will have a significant impact on the Group's financial performance and position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

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

BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis.

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

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

BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

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

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

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

SUBSIDIARIES

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

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

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

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

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

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

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

SEPARATE FINANCIAL STATEMENTS

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

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

SEGMENT REPORTING

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

REVENUE RECOGNITION

Revenue from the provision of financial printing services is recognised when the services are provided and the transactions can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group. In view of the business nature, the timing of the customers' shares being listed on the Stock Exchange for projects related to listing documents and the publication of financial reports, compliance documents and other documents are considered as specific acts which are much more significant than other acts in a financial printing services contract, and thus the recognition of revenue is postponed until the execution of the such significant acts.

- Revenue from the provision of printing services for the printing of listing documents is recognised when the relevant services are rendered to the relevant customers, which approximates the time when the customers are listed on the Stock Exchange, while the revenue from the provision of printing services for printing financial reports, compliance documents and other documents is recognised when the relevant services are rendered to the relevant customers, which approximates the time when the customers publish the relevant documents.

- Revenue from the provision of translation services to the customers is recognised when the relevant services are rendered to the relevant customers, which approximates the time when we deliver the approved or finalised documents to the customers or their designated recipients.

- Revenue from the provision of media placement services to the customers is recognised when the relevant services are rendered to the relevant customers, which approximates the time when the relevant documents are uploaded to the website of the Stock Exchange or customers' designated locations and/or published in newspapers.

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

REVENUE RECOGNITION *(Continued)*

Revenue from the provision of services for projects which cease to proceed is recognised as per the terms of framework agreement when:

- the framework agreement was expired and notified by the relevant customers that the projects cease to proceed, with the exception that a renewed framework agreement has been signed and/or written confirmation for the extension of expiry date has been agreed between the Group and the relevant customers; or

- the projects cease to proceed with early notification by the relevant customers before the framework agreement expired.

In addition, regarding the business related to listing documents, as the total services performed and the total costs of the services cannot be estimated reliably due to unforeseeable factors (such as the completion timing which is subject to the clearance of the regulator and the then market condition) and the uncertainties for various cost components (such as the number of pages to typeset, the number of pages to translate, timing to be involved such as overtime work beyond the normal office hour and/or during public holidays), the stage of completion of financial printing services provided by the Group cannot be measured reliably. Thus, the relevant revenue cannot be recognised by reference to the stage of completion of the project at the end of the reporting period.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

LEASING

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

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

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

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

FOREIGN CURRENCIES

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

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

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

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

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

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

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

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

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

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

RETIREMENT BENEFIT COSTS

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

TAXATION

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

Current tax

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

Deferred tax

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

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

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

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

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

TAXATION *(Continued)*

Deferred tax *(Continued)*

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

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

PLANT AND EQUIPMENT

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

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

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

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

IMPAIRMENT OF ASSETS OTHER THAN GOODWILL

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

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

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

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

PROVISIONS

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

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

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

WORK IN PROGRESS

Work in progress represents costs incurred on uncompleted financial printing projects that comprise of cost of suppliers directly engaged in providing the services and attributable overheads. Work in progress is stated at lower of cost and net realisable value.

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

CASH AND CASH EQUIVALENTS

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

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, other receivables, fixed deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

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

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

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

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

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

FINANCIAL INSTRUMENTS *(Continued)*

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

RELATED PARTIES TRANSACTIONS

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

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

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);
- (ii) one entity is an associate or joint venture of the other entity for an associate or joint venture of a member of a group which the other entity is a member);
- (iii) the entity and the Group are joint ventures of the same third party;

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

RELATED PARTIES TRANSACTIONS *(Continued)*

A party is considered to be related to the Group if: *(Continued)*

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

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

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

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

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

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

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

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

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

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

(A) IMPAIRMENT OF PLANT AND EQUIPMENT

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

(B) IMPAIRMENT OF TRADE RECEIVABLES

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the credit history of the customers and the current market condition. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Management reassesses the adequacy of impairment on a regular basis. Where the actual cash flows are less than expected, a material impairment loss may arise.

(C) DEPRECIATION

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

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

(D) PROVISION

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

(E) INCOME TAXES

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

5. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2017	2016
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)		
— Trade receivables	**35,875**	30,992
— Other receivables	**5**	5
— Fixed deposits	**130,000**	–
— Bank balances and cash	**57,039**	111,311
Financial liabilities		
Amortised cost		
— Trade payables	**10,890**	7,560
— Accruals and other payables	**24,726**	13,173

5. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

The Group's major financial instruments include trade receivables, other receivables, fixed deposits, bank balances and cash, trade payables and accruals and other payables. Details of these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group has no significant concentrations of credit risk with exposure spread over a large number of counterparties and customers. The carrying amounts of fixed deposits, bank balances, trade receivables and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. In order to minimise the credit risk, the management monitors the level of exposure to ensure that follow-up actions are taken to recover overdue debts. In addition, the management reviews the recoverability of each trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management considers the Group does not expose to significant credit risk.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

Market risk

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

Interest rate risk

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

Foreign exchange risk

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

5. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

Foreign exchange risk (Continued)

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

	2017	2016
	HK$'000	HK$'000
Assets:		
USD	**707**	197

Sensitivity analysis

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

Liquidity risk

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

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

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

5. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

	Weighted average interest rate %	**On demand or within one year HK$'000**	**More than one year but less than two years HK$'000**	**More than two years but less than five years HK$'000**	**Total undiscounted cash flow HK$'000**	**Carrying amount HK$'000**
As at 31 December 2017						
Non-derivative financial liabilities						
Trade payables	**–**	**10,890**	**–**	**–**	**10,890**	**10,890**
Accruals and other payables	**–**	**24,726**	**–**	**–**	**24,726**	**24,726**
		35,616	**–**	**–**	**35,616**	**35,616**

	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
As at 31 December 2016						
Non-derivative financial liabilities						
Trade payables	–	7,560	–	–	7,560	7,560
Accruals and other payables	–	13,173	–	–	13,173	13,173
		20,733	–	–	20,733	20,733

(C) FAIR VALUE

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

6. REVENUE

	2017 **HK$'000**	2016 HK$'000
Financial printing services:		
Printing	**172,538**	120,192
Translation	**48,641**	44,626
Media placement	**15,105**	13,277
	236,284	178,095

7. SEGMENT INFORMATION

During the years ended 31 December 2017 and 2016, the Group operates in one operating segment which is the provision of financial printing services. A single management team reports to the directors of the Company (being the chief operating decision-maker) who comprehensively manage the entire business. Accordingly, the Group does not present separately segment information. In addition, all of the Group's revenue is generated in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, no business or geographical segment information is presented.

INFORMATION ABOUT MAJOR CUSTOMERS

No individual customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2017 and 2016.

8. OTHER INCOME

	2017 **HK$'000**	2016 HK$'000
Interest income	**115**	1
Sundry income	**1,032**	102
	1,147	103

9. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Bank charges	**14**	10

10. TAXATION

	2017 HK$'000	2016 HK$'000
Current tax		
— Hong Kong	**13,786**	9,337
Over provision in prior year		
— Hong Kong	**(20)**	(19)
Deferred tax (Note 22):		
Current year	**(192)**	51
	13,574	9,369

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 December 2017 and 2016.

As at 31 December 2017, the Group has unused tax losses of approximately HK$6,076,000 (2016: HK$1,881,000) available for offset against the assessable profit for each particular year.

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

	2017 HK$'000	2016 HK$'000
Profit before taxation	**77,957**	54,988
Tax at the applicable tax rate of 16.5% (2016: 16.5%)	**12,863**	9,072
Tax effect of income not taxable for tax purpose	**(19)**	–
Tax effect of expenses not deductible for tax purpose	**57**	44
Over provision in prior year	**(20)**	(19)
Tax effect of tax losses not recognised	**693**	272
	13,574	9,369

11. PROFIT FOR THE YEAR

	2017 HK$'000	2016 HK$'000
Profit for the year has been arrived at after charging:		
Directors' emoluments (Note 12)	**9,193**	6,709
Other staff costs:		
— Salaries and other benefits	**33,589**	26,511
— Discretionary bonuses	**15,623**	11,360
— Retirement scheme contributions	**1,284**	1,100
Total employee benefit expense	**50,496**	38,971
Auditors' remuneration		
— Audit services	**840**	600
— Non-audit services	**118**	–
Depreciation of plant and equipment	**544**	149
Operating lease rental expenses in respect of rented premises	**10,486**	9,118

12. DIRECTORS' REMUNERATIONS

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

	2017 HK$'000	2016 HK$'000
Directors' fees	**1,080**	954
Salaries and other benefits	**1,753**	1,440
Discretionary bonuses	**6,306**	4,265
Retirement schemes contributions	**54**	50
	9,193	6,709

12. DIRECTORS' REMUNERATIONS *(Continued)*

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

31 December 2017

Name of director	**Directors' fees HK$'000**	**Salaries and other benefits HK$'000**	**Discretionary bonuses HK$'000**	**Retirement scheme contributions HK$'000**	**Total HK$'000**
Executive directors:					
Ms. Chiu Hok Yu	**180**	**913**	**4,204**	**27**	**5,324**
Ms. Kwok Kam Lai	**180**	**840**	**2,102**	**27**	**3,149**
Non-executive director:					
Mr. Lau *(Chairman)*	**180**	**–**	**–**	**–**	**180**
Independent non-executive directors:					
Mr. Leung Chi Hung	**180**	**–**	**–**	**–**	**180**
Mr. Wong Kun Kau	**180**	**–**	**–**	**–**	**180**
Mr. Lum Chor Wah Richard	**180**	**–**	**–**	**–**	**180**
	1,080	**1,753**	**6,306**	**54**	**9,193**

31 December 2016

Name of director	Directors' fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors:					
Ms. Chiu Hok Yu	138	701	2,844	25	3,708
Ms. Kwok Kam Lai	138	739	1,421	25	2,323
Non-executive director:					
Mr. Lau *(Chairman)*	138	–	–	–	138
Independent non-executive directors:					
Mr. Leung Chi Hung	180	–	–	–	180
Mr. Wong Kun Kau	180	–	–	–	180
Mr. Lum Chor Wah Richard	180	–	–	–	180
	954	1,440	4,265	50	6,709

12. DIRECTORS' REMUNERATIONS *(Continued)*

Note:

The remuneration shown above represents remuneration received and receivable from the Group by these directors in their capacity as employees to the Group and/or in their capacity as the directors of the Company during the years ended 31 December 2017 and 2016. No directors waived or agreed to waive any emoluments during the years ended 31 December 2017 and 2016.

None of the directors of the Company is designated as chief executive officer of the Company during the years ended 31 December 2017 and 2016.

13. EMPLOYEES EMOLUMENTS AND SENIOR MANAGEMENT EMOLUMENTS

The five highest paid individuals for the year ended 31 December 2017 included two (2016: two) executive directors of the Company, details of whose emoluments are set out above in Note 12. The aggregate emoluments of the remaining three (2016: three) highest paid individuals for the year ended 31 December 2017 are as follows:

	2017	2016
	HK$'000	HK$'000
Salaries and other benefits	**5,970**	4,275
Discretionary bonuses	**7,843**	4,885
Retirement benefit schemes contributions	**54**	54
	13,867	9,214

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

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

	Number of individuals	
	2017	2016
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**1**	1
HK$3,000,001 to HK$3,500,000	**–**	–
HK$3,500,001 to HK$4,000,000	**–**	–
HK$4,000,001 to HK$4,500,000	**–**	1
HK$4,500,001 to HK$5,000,000	**1**	–
HK$5,000,001 to HK$5,500,000	**–**	–
HK$5,500,001 to HK$6,000,000	**–**	–
HK$6,000,001 to HK$6,500,000	**1**	–
	3	3

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

	Number of individuals	
	2017	2016
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**1**	1
HK$3,000,001 to HK$3,500,000	**–**	–
HK$3,500,001 to HK$4,000,000	**–**	–
HK$4,000,001 to HK$4,500,000	**–**	–
HK$4,500,001 to HK$5,000,000	**1**	–
	3	3

During the years ended 31 December 2017 and 2016, no emoluments were paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or any of the five highest paid employees waived or agreed to waive any emoluments during the years ended 31 December 2017 and 2016.

14. DIVIDENDS

The directors of the Company do not recommend the payment of any final dividend for the year ended 31 December 2017 (2016: Nil).

15. EARNINGS PER SHARE

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

	2017	2016
	HK$'000	HK$'000
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	**64,383**	45,619
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (Note)	**256,000**	256,000
Basic earnings per share (HK cents)	**25.15**	17.82

Note:

The calculation of basic earnings per share for the years ended 31 December 2017 and 2016 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 2017 and 2016 as there was no potential dilutive ordinary shares in issue.

16. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Cost				
As at 1 January 2016	1,950	2,127	2,647	6,724
Additions	–	238	89	327
Written off	–	–	(15)	(15)
As at 31 December 2016 and 1 January 2017	1,950	2,365	2,721	7,036
Additions	1,097	557	785	2,439
Written off	–	–	(2)	(2)
As at 31 December 2017	**3,047**	**2,922**	**3,504**	**9,473**
Accumulated depreciation				
As at 1 January 2016	1,950	1,910	2,574	6,434
Provided for the year	–	96	53	149
Elimination on written off	–	–	(15)	(15)
As at 31 December 2016 and 1 January 2017	1,950	2,006	2,612	6,568
Provided for the year	258	152	134	544
Elimination on written off	–	–	(2)	(2)
As at 31 December 2017	**2,208**	**2,158**	**2,744**	**7,110**
Net book values				
As at 31 December 2017	**839**	**764**	**760**	**2,363**
As at 31 December 2016	–	359	109	468

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

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

17. TRADE RECEIVABLES

	2017 **HK$'000**	2016 HK$'000
Trade receivables	**35,875**	30,992

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

	2017 **HK$'000**	2016 HK$'000
Current — neither past due nor impaired	**20,518**	15,554
Under 31 days past due	**10,551**	8,662
31–60 days past due	**1,533**	1,805
61–120 days past due	**2,285**	4,879
121–150 days past due	**152**	90
Over 150 days past due	**836**	2
	35,875	30,992

The Group generally allows a credit period of 30 days to its customers. Receivables that were neither past due nor impaired related to customers for whom there was no default. Receivables that were past due but not impaired related to customers that have good creditworthiness. Based on past experience, the management considered that no impairment is necessary as there has not been a significant change in the credit quality of these balances, which are still considered fully recoverable.

AGE OF RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

	2017 **HK$'000**	2016 HK$'000
0–60 days past due	**12,084**	10,467
61–120 days past due	**2,285**	4,879
121–150 days past due	**152**	90
Over 150 days past due	**836**	2
	15,357	15,438

The Group does not hold any collateral over the balances.

Note:

Included above are trade receivables from a related party, TEM Holdings Limited, of approximately HK$5,000 as at 31 December 2017 (2016: HK$2,000), Mr. Lau, a substantial shareholder, non-executive director and chairman of the Company, is the controlling shareholder of TEM Holdings Limited. The maximum outstanding balance during the year was approximately HK$171,000 (2016: HK$497,000).

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Rental, utility and other deposits	**6,793**	5,931
Prepayments and other receivables	**1,074**	732
	7,867	6,663

19. FIXED DEPOSITS/BANK BALANCES AND CASH

	2017 HK$'000	2016 HK$'000
Fixed deposits	**130,000**	–
Bank balances and cash	**57,039**	111,311
	187,039	111,311

The fixed deposits are short-term fixed deposits with an original maturity of six months or less which are held for the purpose of meeting short-term cash commitments and are subject to an insignificant risk of changes in value. These fixed deposits carry fixed interest rate ranging from 1.10% to 1.45% per annum at 31 December 2017.

Bank balances and cash carrying interest at market rates of 0.001% per annum for the years ended 31 December 2017 and 2016.

20. TRADE PAYABLES

	2017 HK$'000	2016 HK$'000
Trade payables	**10,890**	7,560

20. TRADE PAYABLES *(Continued)*

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

	2017	2016
	HK$'000	HK$'000
Current — up to 60 days	**10,890**	7,136
Under 31 days past due	**–**	424
	10,890	7,560

21. ACCRUALS AND OTHER PAYABLES

	2017	2016
	HK$'000	HK$'000
Accruals	**1,408**	888
Other payables (Note)	**23,318**	12,285
	24,726	13,173

Note:

Included above are provision of staff bonus of approximately HK$21,307,000 and HK$11,073,000 as at 31 December 2017 and 2016 respectively.

22. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised and movements thereon during the year:

	Accelerated tax depreciation
	HK$'000
As at 1 January 2016	288
Debit to profit or loss (Note 10)	(51)
As at 31 December 2016 and 1 January 2017	237
Credit to profit or loss (Note 10)	192
As at 31 December 2017	**429**

23. SHARE CAPITAL

	2017		2016	
	Number of shares '000	HK$'000	Number of shares '000	HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**10,000,000**	**100,000**	10,000,000	100,000
Issued and fully paid:				
At the beginning and at the end of the year	**256,000**	**2,560**	256,000	2,560

24. SHARE OPTION SCHEME

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

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

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

24. SHARE OPTION SCHEME *(Continued)*

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

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

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

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

The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options under the Share Option Scheme) in the twelve-month period expiring on the offer date must not exceed 1% of the issued share capital of the Company.

Where any further grant of options to an eligible person would result in excess of such limit shall be subject to the approval of the shareholders at general meeting with such eligible person and his associates abstaining from voting.

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

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

For the years ended 31 December 2017 and 2016, no share option was granted by the Company under the Share Option Scheme.

25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017 HK$'000	2016 HK$'000
Assets		
Non-current asset		
Investment in subsidiaries	–	–
Current assets		
Prepayments and deposits	268	326
Amounts due from subsidiaries	4,028	28
Bank balances and cash	26,364	34,851
	30,660	35,205
Net current assets	30,660	35,205
Total assets less current liability	30,660	35,205
Net assets	30,660	35,205
Capital and reserves		
Share capital	2,560	2,560
Reserves (Note 26)	28,100	32,645
Total equity	30,660	35,205

Approved and authorised for issue by the board of directors on 7 March 2018 and signed on its behalf by:

Chiu Hok Yu
Executive Director

Kwok Kam Lai
Executive Director

26. RESERVES OF THE COMPANY

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 January 2016	41,233	(6,695)	34,538
Loss and total comprehensive loss for the year	–	(1,893)	(1,893)
As at 31 December 2016 and 1 January 2017	41,233	(8,588)	32,645
Loss and total comprehensive loss for the year	–	(4,545)	(4,545)
As at 31 December 2017	**41,233**	**(13,133)**	**28,100**

As at 31 December 2017, the Company had distributable reserves of approximately HK$28,100,000 (2016: HK$32,645,000) calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

27. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, share premium, reserves and retained earnings.

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

The following is the gearing ratio at the end of each reporting period:

	2017 **HK$'000**	2016 HK$'000
Net debt	**–**	–
Total equity (Note)	**170,290**	105,907
Gearing ratio	**N/A**	N/A

Note:

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

28. RETIREMENT BENEFIT PLANS

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

The total expense recognised in consolidated statement of profit or loss and other comprehensive income of approximately HK$1,338,000 and HK$1,150,000, represent contributions paid and/or payable to the scheme by the Group for the years ended 31 December 2017 and 2016 respectively.

29. OPERATING LEASE ARRANGEMENTS

THE GROUP AS LESSEE:

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follow:

	2017	2016
	HK$'000	HK$'000
Within one year	**11,369**	10,558
In the second to fifth years inclusive	**10,195**	19,592
	21,564	30,150

Operating lease related to its office premise and equipment with lease terms ranging from three to five years.

30. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

Save as disclosed in elsewhere in the consolidated financial statements, the Group had also entered into the following material related party transactions during the reporting period:

(A) TRANSACTIONS WITH A RELATED PARTY

Name of company	**Nature of transactions**	**2017 HK$'000**	2016 HK$'000
TEM Holdings Limited (Note)	Financial printing services income rendered	**237**	1,177

Note:

Mr. Lau, a substantial shareholder, non-executive director and chairman of the Company, is the controlling shareholder of both TEM Group Limited ("**TEMG**") and TEM Holdings Limited. TEM Holdings Limited became the holding company of TEMG now comprising the group (the "**TEM Group**") after the reorganisation on 8 January 2016. The shares of the TEM Group were listed on the GEM of the Stock Exchange on 18 May 2016.

On 6 January 2016, the Company entered into a service contract with the TEM Group for the printing services in the contract sum of approximately HK$451,000. These transactions fall within the de minimis criteria of a connected transaction and are fully exempt from the reporting and shareholders' approval requirements in the Listing Rules. In the opinion of the directors of the Company, the balance was conducted in the normal course of business and based on the terms mutually determined and agreed by the respective parties.

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

31. PRINCIPAL SUBSIDIARIES

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

Name of company	**Place and date of incorporation**	**Issued and fully paid share capital**	**Equity interest and voting power directly attributable to the Company 2017**	2016	**Principal activity**
REF Holdings (HK) Limited	Hong Kong, 28 April 2010	HK$1	**100%**	100%	Provision of translation services
REF Financial Press Limited	Hong Kong, 28 April 2010	HK$1	**100%**	100%	Provision of financial printing services

32. EVENTS AFTER THE REPORTING PERIOD

On 8 January 2018, REF Financial Press Limited, a wholly-owned subsidiary of the Company, had entered a tenancy agreement with Mutual Capital Limited, the landlord, for the leasing of Unit 502, 5/F., Nexxus Building, No. 77 Des Voeux Road Central, Hong Kong for a lease term of 2 months commencing from 21 February 2018 to 20 April 2018.

33. AUTHORISATION OF ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 7 March 2018.

Five-Year Financial Summary

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

	Year ended 31 December				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**236,284**	178,095	142,355	134,132	99,077
Cost of services	**(103,921)**	(82,564)	(67,777)	(65,247)	(52,138)
Gross profit	**132,363**	95,531	74,578	68,885	46,939
Other income	**1,147**	103	287	29	180
Selling and distribution expenses	**(19,345)**	(14,233)	(11,560)	(11,163)	(8,692)
Administrative expenses	**(36,194)**	(26,403)	(27,633)	(26,113)	(16,122)
Finance costs	**(14)**	(10)	(24)	(11)	(6)
Profit before taxation	**77,957**	54,988	35,648	31,627	22,299
Taxation	**(13,574)**	(9,369)	(6,976)	(6,064)	(3,830)
Profit for the year	**64,383**	45,619	28,672	25,563	18,469
Attributable to:					
Owners of the Company	**64,383**	45,619	28,672	25,563	18,469
ASSETS AND LIABILITIES					
Total assets	**235,073**	152,068	99,183	39,040	52,068
Total liabilities	**(64,783)**	(46,161)	(38,895)	(28,217)	(41,808)
Total equity	**170,290**	105,907	60,288	10,823	10,260