REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1631

2021

Annual Report

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Corporate Information

BOARD OF DIRECTORS

Executive Director
Ms. Kwok Kam Lai

Non-executive Director
Mr. Lau Man Tak *(Chairman)*

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

COMPANY SECRETARY
Mr. Ko Wai Lun Warren

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

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

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

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

INDEPENDENT AUDITORS
HLB Hodgson Impey Cheng Limited
Certified Public Accountants

REGISTERED OFFICE
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Units 5906–5912, 59th Floor
The Center, 99 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
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 BANKERS
The Hongkong and Shanghai Banking Corporation Limited
Nanyang Commercial Bank, Limited

WEBSITE
www.ref.com.hk

STOCK CODE
1631

Financial Highlights

Key Financial Figures and Ratios	Notes	**Year ended 31 December 2021 HK$'000**	Year ended 31 December 2020 HK$'000	Increase/ (decrease) in % or percentage point ("**pp**")
Performance				
Revenue		**135,082**	147,495	(8.4%)
Profit before taxation and depreciation of plant and equipment		**14,721**	24,824	(40.7%)
Profit for the year		**8,628**	18,266	(52.8%)
Profit attributable to owners of the Company		**8,628**	18,266	(52.8%)
Gross profit margin	1	**53.5%**	47.1%	6.4pp
Net profit margin	2	**6.4%**	12.4%	(6.0pp)
Per Share Data		**HK cents**	HK cents	
Earnings per share				
— Basic^		**3.37**	7.14	
— Diluted^		**3.37**	7.14	

^ Number of issued shares:

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

Note:

The calculation of basic earnings per share for the years ended 31 December 2021 and 2020 is based on the profit attributable to owners of the Company for the years and the weighted average number of issued ordinary shares for the relevant period.

Diluted earnings per share is the same as the basic earnings per share for the years ended 31 December 2021 and 2020 as there were no potential dilutive ordinary shares in issue.

Financial Highlights

Key Financial Figures and Ratios	Notes	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000	Increase/ (decrease) in %
Total assets		**210,373**	260,531	(19.3)
Net assets		**139,461**	207,633	(32.8)
Bank balances and cash		**127,565**	186,487	(31.6)
Net cash	3	**127,565**	186,487	(31.6)
Liquidity and Gearing Ratio				
Current ratio	4	**3.3**	4.7	(29.8)
Quick ratio	5	**3.2**	4.7	(31.9)
Gearing ratio	6	**0.3**	0.05	500.0
Per Share Data		**HK cents**	HK cents	
Net asset value per share	7	**54**	81	(33.3)
Net cash per share	8	**50**	73	(31.5)

Notes:

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

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

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

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

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

6. Gearing ratio is calculated by dividing total debt by total equity. Total debt is defined to include all lease liabilities.

7. Net asset value per share is calculated based on the number of 256,000,000 issued shares (2020: 256,000,000 issued shares).

8. Net cash per share is calculated based on the number of 256,000,000 issued shares (2020: 256,000,000 issued shares).

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors of REF Holdings Limited (the "**Directors**" and the "**Board**", respectively), I present the consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021 (the "**Year**").

The global economies staged strong recoveries as a result of the extraordinary monetary and fiscal policies launched under the continuous Covid-19 pandemic during the Year, however, the Hong Kong stock market was still under pressure and the Hong Kong initial public offering (the "**IPO**") activities turned extremely quiet in the second half of 2021. Thus the Group experienced the slowing demand of financial printing services and the intensifying market competition. Nevertheless our dedicated staff has spent relentless effort to ensure our best-in-class one-stop financial printing services uninterrupted, as well as to keep our customers and business partners safe under the pandemic. In May 2021, the Group relocated its office to a world class building premises for rent in light of the lessee friendly environment. The new office is also with comprehensive security and information technological capabilities.

During the Year, the Group recorded revenue of approximately HK$135.1 million, representing a year-on-year decrease of about 8.4% as our IPO projects on hand were either delayed or cancelled. Profit attributable to owners of the Company was approximately HK$8.6 million, representing a year-on-year decrease of about 53.0% due to the absence of the government grants and one-off office relocation expenses. Considering the Group's financial positions and performance, the Board has recommended a final dividend of HK20 cents per share.

Our prolific designed annual reports are always well recognised in the industry. During the Year, we once again achieved excellent results in various renowned international annual report competitions. We have won a total of 26 awards (the "**Awards**") from the ARC Awards, Astrid Awards, Galaxy Awards, Mercury Awards and LACP Vision Awards. The Awards include: (i) 1 grand award, (ii) 5 gold awards, (iii) 5 silver awards, (iv) 9 bronze awards and (v) 6 honors awards during the Year.

Looking ahead, the outbreak of the new Covid-19 variant is the key barrier of ending the pandemic. The expected global interest rate hikes and tightening monetary policies may bring along financial markets turmoil. We will remain responsive to the changing market conditions and will continue to leverage on our competitive edges in branding and networking to further expand our customer base.

Finally, I would like to express my sincere gratitude to my fellow directors, management team, staff, shareholders, customers, suppliers and business partners for their trust and support during the challenging times. As always, the Group does not satisfy just meeting customers' expectations, but strives to provide customers with unique and perfect experiences.

Lau Man Tak
Chairman

Hong Kong, 4 March 2022

ABOUT THE GROUP

The issued shares of REF Holdings Limited (the "**Company**") are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Group is a one-stop financial printing service provider, which offers a wide range of convenient and quality financial printing services including typesetting, proofreading, translation, design, printing, web submitting, media placement and distribution in Hong Kong. The Group does not satisfy just meeting customers' expectations, but strives to provide customers unique and perfect experiences. The services of the Group can be categorised into printing, translation and media placement. The core financial printing services of the Group include printing of listing documents, financial reports, compliance and other documents. Most of the Group's customers are listed on the Stock Exchange.

BUSINESS REVIEW

The Hong Kong stock market was the worst performing during the Year among major global equity markets. The Hong Kong IPO market dried up in the second half of the Year after several high profile Chinese new economy companies IPO in the first half. Hong Kong's 2021 IPO ranking slipped to fourth place behind the stock exchanges of Nasdaq, New York and Shanghai. Under this backdrop and in addition to the intensified competition for the financial printing industry, overall performance of the Group during the Year was behind against the year ended 31 December 2020 (the "**Prior Year**"). The Group's mission remains to offer convenient and top-quality one-stop financial printing services to the customers. Operationally, the Group was able to maintain unbroken services to the customers contribute to the business continuity measures already taken place in the Prior Year and the relentless efforts of the staff. Meanwhile, taking advantage of the lessee friendly environment, the Group relocated its office to a world class building premises in May 2021 with comprehensive security, information technological capabilities and on competitive rental terms.

	Revenue attributable to each category of services provided by the Group			
	Year 2021		Year 2020	
	HK$ million	**%**	HK$ million	%
Printing Services	**89.0**	**65.9**	96.0	65.1
Translation Services	**35.8**	**26.5**	39.3	26.6
Media Placement Services	**10.3**	**7.6**	12.2	8.3
Total	**135.1**	**100.0**	147.5	100.0

PRINTING SERVICES

Printing revenue during the Year was approximately HK$89.0 million (Prior Year: approximately HK$96.0 million), representing a decrease of approximately 7.3% as compared to that of the Prior Year, which was primarily due to (i) the delay or cancellation of existing IPO projects on hand; and (ii) the intensified market competition under the Covid-19 pandemic. For the years ended 31 December 2021 and 2020, the revenue generated from the printing services represented approximately 65.9% and 65.1% respectively of the total revenue.

TRANSLATION SERVICES

Translation revenue during the Year was approximately HK$35.8 million (Prior Year: approximately HK$39.3 million), representing a decrease of approximately 8.9% as compared to that of the Prior Year, which was mainly attributable to the tight budget of the customers under the Covid-19 pandemic. For the years ended 31 December 2021 and 2020, the revenue generated from the translation services represented approximately 26.5% and 26.6% respectively of the total revenue.

MEDIA PLACEMENT SERVICES

Media placement revenue during the Year was approximately HK$10.3 million (Prior Year: approximately HK$12.2 million), representing a decrease of approximately 15.6% as compared to that of the Prior Year, which was mainly due to the decreasing of demand from customers for media placement services under the Covid-19 pandemic. For the years ended 31 December 2021 and 2020, the revenue generated from the media placement services represented approximately 7.6% and 8.3% respectively of the total revenue.

FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

	Year 2021 HK$ million	Year 2020 HK$ million	Increase/(decrease) in % or pp
Revenue	**135.1**	147.5	(8.4%)
Cost of Services	**62.9**	78.0	(19.4%)
Gross Profit	**72.2**	69.5	3.9%
Gross Profit Margin	**53.5%**	47.1%	6.4pp
Net Profit	**8.6**	18.3	(53.0%)
Net Profit Margin	**6.4%**	12.4%	(6.0pp)

REVENUE

The Group's revenue decreased by approximately HK$12.4 million, or 8.4%, from approximately HK$147.5 million for the Prior Year to approximately HK$135.1 million for the Year. The decrease was primarily attributable to (i) the existing IPO projects on hand were either delayed or cancelled; and (ii) the intensified market competition under the Covid-19 pandemic.

COST OF SERVICES

The Group's cost of services decreased by approximately HK$15.1 million, or 19.4%, from approximately HK$78.0 million for the Prior Year to approximately HK$62.9 million for the Year. The cost saving was mainly attributable to the decrease in translation cost after the Group acquired the entire shareholding of a translation services company in October 2020.

OTHER GAINS AND LOSSES, NET

The Group's other losses, net were approximately HK$5.1 million for the Year whereas it was recorded other gains, net of approximately HK$4.5 million for the Prior Year. Such change was mainly attributable to the absence of government grants of approximately HK$6.9 million received in the Prior Year pursuant to the Anti-epidemic Fund and the Employment Support Scheme set up by the Hong Kong Government.

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses increased by approximately HK$1.0 million, or 7.8%, from approximately HK$12.8 million for the Prior Year to approximately HK$13.8 million for the Year. The increase was mainly attributable to the resumption of sales initiatives to retain existing customers and enhance customer base after the propagation of Covid-19 vaccination during the Year.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased by approximately HK$4.7 million, or 12.6%, from approximately HK$37.2 million for the Prior Year to approximately HK$41.9 million for the Year. The increase was attributable to (i) the one-off expenses for office relocation during the Year; and (ii) the provision of personal protective equipment to its staff and customers in the fight against Covid-19.

FINANCE COSTS

Finance costs decreased by approximately HK$0.1 million, or 10.0%, from approximately HK$1.0 million for the Prior Year to approximately HK$0.9 million for the Year. The decrease was mainly due to the decrease of finance expenses on leased premises and leased equipment for the Year.

TAXATION

Taxation decreased by approximately HK$0.4 million, or 13.8%, from approximately HK$2.9 million for the Prior Year to approximately HK$2.5 million for the Year. The decrease was mainly attributable to the decrease in profit before taxation for the Year.

PROFIT FOR THE YEAR

The profit for the Year was approximately HK$8.6 million, representing a decrease of approximately HK$9.7 million, or 53.0% as compared with approximately HK$18.3 million for the Prior Year. The decrease was primarily attributable to (i) the reduction in government grants; (ii) the incurrence of one-off expenses for office relocation and loss on disposal of fixed assets during the Year; (iii) the existing IPO projects on hand were either delayed or cancelled; and (iv) the intensified market competition under the Covid-19 pandemic.

PROFITABILITY

Contributed to the stringent cost control, the Group's gross profit increased by 3.9% in comparison to the Prior Year, to approximately HK$72.2 million for the Year. Gross profit margin improved by 6.4 percentage points to 53.5% for the Year. The net profit margin for the Year was 6.4%.

GEARING RATIO

As at 31 December 2021, the gearing ratio of the Group was 0.3 (31 December 2020: 0.05). The increase was due to the increase in lease liabilities for the Year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, bank balances and cash of the Group amounted to approximately HK$127.6 million (31 December 2020: HK$186.5 million). The current ratios (current assets divided by current liabilities) of the Group were 3.3 times and 4.7 times as at 31 December 2021 and 31 December 2020, respectively. In view of the Group's current level of bank balances and cash and funds generated internally from its operations, the Board is confident that the Group will have sufficient resources to meet the future financial needs for its operations.

CAPITAL EXPENDITURE

The capital expenditure during the Year was related to expenditures on additions of plant and equipment amounting to approximately HK$13.5 million, mainly to cope with the operation needs and the enhancement of office premises in May 2021 (31 December 2020: approximately HK$32,000).

DIVIDENDS

On 4 March 2022, the Board recommended the payment of a final dividend in respect of the year ended 31 December 2021 of HK20 cents per share (2020: final dividend in respect of the year ended 31 December 2020 of HK30 cents per share), amounting to HK$51,200,000 (2020: HK$76,800,000). The proposed final dividend will be submitted for consideration at the Annual General Meeting to be held on Wednesday, 27 April 2022.

CAPITAL STRUCTURE

As at 31 December 2021 and 31 December 2020, the authorised share capital of the Company was HK$100,000,000 divided into 10,000,000,000 ordinary shares of par value of HK$0.01 each (the "**Ordinary Shares**") and the issued share capital of the Company was HK$2,560,000 divided into 256,000,000 shares. The share capital of the Company only comprised the Ordinary Shares. There was no change in the share capital of the Company during the Year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had 122 (31 December 2020: 129) full-time employees in Hong Kong. The Board believes that hiring, motivating and retaining qualified employees are crucial to the success as a reliable financial printer. During the Year, total staff costs (including Directors' emoluments) were approximately HK$53.6 million (Prior Year: approximately HK$54.7 million). The remuneration policies of the Group, including promotion, bonus, salary increment and other benefits, are based on the Group's operating results, employees' individual performance, working experience, respective responsibilities, merit, qualifications and competence, as well as those benefits comparable to the prevailing market practice, standards and statistics. The remuneration policies of the Group are reviewed by the management of the Group regularly. The Group also provides and arranges on-the-job trainings for its employees.

In addition, the Company adopted a share option scheme (the "**Scheme**") on 12 August 2015 (please refer to "SHARE OPTION SCHEME" under "Report of the Directors" section for more information). Since the adoption of the Scheme, 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 2021 (31 December 2020: Nil).

CAPITAL COMMITMENT

As at 31 December 2021, the Group had capital commitment in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements of approximately HK$391,000 (31 December 2020: Nil).

FOREIGN CURRENCY EXPOSURE

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

SIGNIFICANT INVESTMENTS

As at 31 December 2021, the Group maintained a portfolio of equity investments with total carrying amount of approximately HK$1.4 million (31 December 2020: approximately HK$22.7 million). The portfolio of equity investments as at 31 December 2021 are set out as follows:

	Investment cost	Percentage of fair value of the investment in listed securities/ total assets of the Group as at 31 December 2021	Net sales proceeds on the investment in listed securities disposed during the Year	Unrealised loss on fair value of financial assets at fair value through profit or loss recognised prior to disposal during the Year	Unrealised loss on fair value of financial assets at fair value through profit or loss recognised for the Year	Accumulated unrealised gain/ (loss) on fair value of financial assets at fair value through profit or loss recognised up to 31 December 2020 in relation to disposal during the Year	Accumulated unrealised gain/ (loss) on fair value of financial assets at fair value through profit or loss recognised up to 31 December 2020	Fair value of the investment in listed securities as at 31 December 2021
	HK$'000		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at fair value through profit or loss	30,459	0.7%	(19,074)	(2,738)	(321)	1,910	(8,810)	1,426

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

During the Year, the Hong Kong stock market remained volatile and thus the Group has sold most of the stocks in its equity portfolio to reduce risk.

Save as disclosed above, the Group did not have any significant investment as at 31 December 2021.

CHARGES ON THE GROUP ASSETS

As at 31 December 2021, the Group had no charges on the Group's assets (31 December 2020: Nil).

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any material contingent liabilities or guarantees (31 December 2020: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 December 2021.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

COMPETING INTERESTS

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

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

OBJECTIVES OF RISK MANAGEMENT AND INTERNAL CONTROL

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

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

THREE-TIER RISK MANAGEMENT APPROACH

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

PRINCIPLES OF INTERNAL CONTROL

Our risk management and internal control systems are developed by reference to the Committee of Sponsoring Organisations 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 realisation of development strategy of the Group.

DISCLOSURE OF INSIDE INFORMATION

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

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements, circulars and its website;

- the Group has strictly prohibited unauthorised use of confidential or inside information; and

- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Director, company secretary and investor relations officers are authorised to communicate with parties outside the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

For details, please refer to the Group's published "Environmental, Social and Corporate Governance Report".

KEY RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

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

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

During the Year, there was no dispute on salary payments and all accrued remunerations, at all kinds, were settled on or before their respective due dates, as stipulated under individual employee's employment contract. For details, please refer to the sections headed "Employees and Remuneration Policies" in the "Management Discussion and Analysis" and "Corporate Social Responsibilities" in the "Report of the Directors", respectively of this annual report. Being people-oriented, the Group is committed to providing a safe and healthy workplace for its employees and encouraging them to have a work-life balance.

TREASURY POLICY

The Group may invest its surplus funds or funds not designated for specific purpose or funds designated for specific purpose but application of which is no immediately required (collectively "**the Group's Funds**") in the form of short to medium term (i.e. not more than two years) and liquid stocks through investing the Group's Funds in diversified portfolio of investments products including listed securities, or such other investments as the Board of the Company, or such committees or person as the Board may authorise, may decide from time to time so as to preserve the value of the Group's Funds and/or achieve capital appreciation.

Directors and Senior Management

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. LAU Man Tak ("Mr. Lau"), aged 52, 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 was also appointed as an authorised representative of the Company on 24 January 2020. His role and responsibility in the Group is strategic planning while he does not involve in the day-to-day management of the business operations. Mr. Lau is a director of Rising Luck Management Limited and Jumbo Ace Enterprises Limited, both being substantial shareholders of the Company.

Mr. Lau graduated from the Hong Kong Polytechnic University with a bachelor's degree of arts in accountancy in November 1991. He has more than 21 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 independent non-executive director of each of Kingston Financial Group Limited (stock code: 1031) and ISP Holdings Limited (formerly known as Synergis Holdings Limited) (stock code: 2340), both listed on the Main Board of the Stock Exchange. Mr. Lau was previously an independent non-executive director of Chinese Food and Beverage Group Limited and resigned in July 2021 upon its cancellation of listing. Mr. Lau was an executive director and chairman of TEM Holdings Limited ("**TEM**") since 2015 and was re-designated as director in January 2021 upon the withdrawal of the listing of TEM by way of privatisation.

EXECUTIVE DIRECTOR

Ms. KWOK Kam Lai ("Ms. Kwok"), aged 60, was appointed as a Director on 5 February 2014 and was re-designated as an executive Director on 7 March 2014. Ms. Kwok is the human resources and administration director of REF Financial Press Limited ("**REF Financial**"). Ms. Kwok joined the Group in January 2011 and is responsible for overseeing the administration and human resources affairs of the Group. She has been in the financial printing industry for over 16 years and has over 26 years of experience in auditing and accounting prior to joining the Group. Ms. Kwok is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the UK.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEUNG Chi Hung ("Mr. Leung"), aged 66, was appointed as an independent non-executive Director (the "**INED**") on 12 August 2015. He is the chairperson of the audit committee of the Company ("**Audit Committee**") as well as a member of each of the remuneration committee of the Company ("**Remuneration Committee**") and the nomination committee of the Company ("**Nomination Committee**"). Mr. Leung has over 40 years of experience in audit and taxation. He is currently a director of Philip Leung & Co. Limited, a certified public accountants firm.

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

He is currently an independent non-executive director of each of (i) Daido Group Limited (stock code: 544) and Zhongzheng International Company Limited (formerly known as 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 are listed on GEM of the Stock Exchange. Mr. Leung was previously an independent non-executive director, the chairperson of the audit committee as well as a member of each of the nomination committee, the remuneration committee and the independent committee of Evergreen International Holdings Limited (stock code: 238), a company listed on Main Board of the Stock Exchange, and resigned with effect from 5 January 2022 as he wishes to devote more time to other business.

Directors and Senior Management

Mr. WONG Kun Kau ("Mr. Wong"), aged 61, was appointed as an INED on 12 August 2015. He is the chairperson of the Nomination Committee as well as a member of each of the Audit Committee and the Remuneration Committee. Mr. Wong has more than 39 years of experience in investment banking and corporate finance. He founded Bull Capital Partners Ltd. ("**Bull Capital**"), a fund management company specialising in direct investment in the Greater China region and is currently its chief executive officer. Prior to founding Bull Capital, Mr. Wong held senior management positions with several multinational financial institutions including BNP Paribas Capital (Asia Pacific) Limited from January 1998 to November 2007, where he left as head of Asia investment banking.

Mr. Wong is currently an independent non-executive director, the chairperson of the audit committee as well as a member of each of the remuneration committee, the nomination committee and the risk management committee of Jianzhong Construction Development Limited (stock code: 589), a company listed on the Main Board of the Stock Exchange and an independent non-executive director of Huaxin Cement Co., Ltd., a company listed on the Shanghai Stock Exchange.

He was also an independent non-executive director of West China Cement Limited (principally engaged in manufacture and sale of cement and cement products) from July 2010 to May 2019, which is listed on the Main Board of the Stock Exchange (stock codes: 2233).

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

Mr. LEE Hon Man Eric ("Mr. Lee"), aged 55, was appointed as an INED on 19 September 2019. He is the chairperson of the Remuneration Committee as well as a member of each of the Audit Committee and the Nomination Committee. Mr Lee is currently an independent non-executive director of ISP Holdings Limited (formerly known as Synergis Holdings Limited) (stock code: 2340), a company listed on the Main Board of the Stock Exchange. Mr. Lee was also an independent non-executive director of TEM since April 2016 until his resignation in January 2021 upon the withdrawal of the listing of TEM by way of privatisation. Mr. Lee is currently employed by Alliance Capital Partners Limited, a company engaging in advising on corporate finance and dealing in securities, as managing director.

Mr. Lee graduated from the University of Birmingham, the UK with a bachelor's degree of engineering in electronic and electrical engineering in July 1988, and obtained a master's degree in business administration from the Chinese University of Hong Kong in December 1993.

Mr. Lee has over 20 years of experience in the corporate finance industry. From March 2017 to June 2020, Mr. Lee worked at Orient Capital (Hong Kong) Limited, a company engaging in advising on corporate finance, as managing director of investment banking department. From August 2015 to February 2017, Mr. Lee worked at LY Capital Limited, a company engaging in advising on corporate finance, as a director. From April 2002 to November 2014, Mr. Lee worked at First Shanghai Capital Limited, a company engaging in advising on corporate finance, and his last position was managing director. From July 1997 to March 2002, Mr. Lee worked at DBS Asia Capital Limited, a company engaging in advising on corporate finance, and his last position was vice president.

SENIOR MANAGEMENT

Ms. CHIU Hok Yu ("Ms. Chiu"), aged 50, is the managing director of REF Financial. 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. FAN Jia Yin ("Ms. Fan"), aged 35, joined REF Financial as the financial controller in July 2021 and is responsible for overseeing the financial affairs of the Group. Ms. Fan has over 10 years of experience in accounting and auditing covering a variety of industries including property investment, trading, manufacturing and entertainment. Prior to joining the Group, she worked in an international accounting firm covering areas such as IPO and mergers and acquisitions. Ms. Fan graduated from the University of Sydney, Australia, with a bachelor's degree of commerce in accounting and management in December, 2010. She is a Certified Practising Accountant of CPA Australia.

Ms. LAW Lai Yee Teresa ("Ms. Law"), aged 41, 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.

Ms. LI Hoi Yee ("Ms. Li"), aged 37, is the sales director of REF Financial. Ms. Li joined the Group in January 2011 and is responsible for the sales and marketing activities of REF Financial. She graduated from The Hong Kong University of Science and Technology in 2006, with a bachelor's degree in Business Administration in Marketing and Management of Organisations. Ms. Li has over 10 years of experience in the financial printing industry.

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 recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the shareholders, customers, suppliers and employees of the Company. The Company has adopted the principles and the code provisions of the Corporate Governance Code (version up to 31 December 2021) (the "**CG Code**") as set out in Appendix 14 of the Listing Rules to ensure that business activities and decision making processes of the Group are regulated in a proper and prudent manner. The Board is satisfied that the Company had complied with the applicable code provisions as set out in the CG Code during the Year.

Furthermore, the Board will adopt the new CG Code (version with effect from 1 January 2022), the requirements under which shall apply to the Company's corporate governance report in the forthcoming financial year ending 31 December 2022.

In accordance with the requirements of the Listing Rules, the Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee with specific written terms of reference.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (the "**Model Code**") to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Following a specific enquiry made by the Company on each of the Directors, all of them confirmed that they had complied with the Model Code and its code of conduct regarding Directors' securities transactions during the Year.

THE BOARD

RESPONSIBILITIES

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

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

COMPOSITION

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

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

Non-executive Director

Mr. Lau *(Chairman)*

Executive Director

Ms. Kwok

INEDs

Mr. Leung
Mr. Wong
Mr. Lee

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

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

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

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

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

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

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

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

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

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

Name of Directors	Type of trainings
Mr. Lau *(Chairman)*	A, B
Ms. Kwok	A, B
Mr. Leung	A, B
Mr. Wong	A, B
Mr. Lee	A, B

A: attending seminars/conferences/forums

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

MEETINGS OF BOARD AND DIRECTORS' ATTENDANCE RECORDS

During the Year, the Board held 4 regular board meetings, at which the Directors discussed and approved, amongst other matters, the Group's consolidated results for the Prior Year, the three months ended 31 March 2021, the six months ended 30 June 2021 and the nine months ended 30 September 2021. The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings (if any), notice is given in a reasonable time in advance. The Directors are allowed to include any other matters in the agenda, that are required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at the Board meetings and to make informed decisions, an agenda and the accompanying Board papers together with all appropriate and relevant information in relation to the matters of the meetings are sent to all Directors at least three days before the intended date of each regular Board meeting and three days or such other period as agreed before each other Board meeting. All Directors should have access to the advice and services of the company secretary of the Company (the "**Company Secretary**") with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record within a reasonable time after each meeting and the final version is open for the Directors' inspection. According to the Listing Rules, any Directors and their close associates (as defined in the Listing Rules) with a material interest in the transactions to be discussed at the Board meetings will abstain from voting on resolutions approving such transactions and are not counted in the quorum of the meetings.

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

Name of Directors	No. of attendance/ No. of meetings
Non-executive Director	
Mr. Lau *(Chairman)*	4/4
Executive Director	
Ms. Kwok	4/4
INEDs	
Mr. Leung	4/4
Mr. Wong	4/4
Mr. Lee	4/4

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

During the Year, an annual general meeting of the Company (the "**AGM**") was held on 23 April 2021 (the "**2021 AGM**").

Name of Directors	**No. of attendance/ No. of general meeting**
Mr. Lau *(Chairman)*	1/1
Ms. Kwok	1/1
Mr. Leung	1/1
Mr. Wong	1/1
Mr. Lee	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 CG Code, the roles of the Chairman and the chief executive of the Company should be separate and performed by different individuals to ensure a balance of power and authority so that power is not concentrated in any one individual. Mr. Lau Man Tak, the non-executive Director, is the Chairman and is responsible for the management of the Board while the executive Director is performing the function of the chief executive of the Company and is responsible for managing the Group's business and overall operations.

BOARD COMMITTEES

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

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

AUDIT COMMITTEE

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

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

Relationship with the Company's auditors

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

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

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

Review of the Company's financial information

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

  (i) any changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from audit;

  (iv) the going concern assumptions and any qualifications;

  (v) compliance with accounting standards; and

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

- regarding the above paragraph:

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

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

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

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

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

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

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

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

- reviewing the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response;
- ensuring that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- reporting to the Board on the matters in relation to its principal functions;
- considering other topics, as defined by the Board; and
- making recommendations to the Board as it deems appropriate on any area within its scope of duties where an action or improvement is needed.

Relationships with the employees of the Company

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

During the Year, 3 Audit Committee meetings were held, at which the Audit Committee, among other matters, (i) reviewed the Group's consolidated results for the Prior Year and the six months ended 30 June 2021; (ii) reviewed the effectiveness of the Group's internal audit function performed by an external professional company; and (iii) met with the Company's external auditors as to discuss and to resolve key matters, if any, raised by the auditors.

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

Name of Directors	**No. of attendance/ No. of meetings**
Mr. Leung *(chairperson of the Audit Committee)*	3/3
Mr. Wong	3/3
Mr. Lee	3/3

The Audit Committee held a meeting on 4 March 2022 and, among other matters, reviewed the Group's audited consolidated financial results for the Year, including the accounting principles and practice adopted by the Group, the effectiveness of the Group's risk management and internal control systems and the Group's internal audit function and the re-appointment of HLB Hodgson Impey Cheng Limited ("**HLB**") as the Company's external independent auditors at the forthcoming AGM to be held on 27 April 2022, and recommended the same to the Board for consideration.

REMUNERATION COMMITTEE

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

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

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

- without prejudice to the generality of the foregoing:

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

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

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

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

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

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

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

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

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

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

During the Year, 2 Remuneration Committee meetings were held on 11 March 2021 and 2 June 2021, respectively, at which the Remuneration Committee, among other matters, (i) evaluated the performance of the Directors and senior management for the Prior Year, and reviewed and recommended their discretionary bonuses for the Prior Year to the Board for consideration; and (ii) reviewed and recommended the remuneration package of one of the senior management for the Year to the Board for consideration, respectively.

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

Name of Directors	**No. of attendance/ No. of meetings**
Mr. Lee *(chairperson of the Remuneration Committee)*	2/2
Mr. Leung	2/2
Mr. Wong	2/2

The Remuneration Committee held a meeting on 7 January 2022 and, among other matters, reviewed the performance of Directors and senior management for the Year and made final recommendations to the Board for consideration on their discretionary bonuses for the Year.

NOMINATION COMMITTEE

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

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

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

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

- assessing the independence of the INEDs;

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

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

During the Year, 1 Nomination Committee meeting was held on 11 March 2021, at which the Nomination Committee, among other matters, (i) reviewed the structure, size and diversity of the Board; (ii) assessed the independence of the INEDs; (iii) reviewed the Board Diversity Policy; and (iv) recommended to the Board for consideration the re-election of all the retiring Directors at the 2021 AGM.

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

Name of Directors	**No. of attendance/ No. of meetings**
Mr. Wong *(chairperson of the Nomination Committee)*	1/1
Mr. Leung	1/1
Mr. Lee	1/1

The Nomination Committee held a meeting on 4 March 2022 and among other matters, (i) reviewed the structure, size and diversity of the Board; (ii) assessed the independence of the INEDs; (iii) reviewed the Board Diversity Policy; and (iv) recommended to the Board for consideration the re-election of all the retiring Directors at the forthcoming AGM.

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

CORPORATE GOVERNANCE FUNCTIONS

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

- developing and reviewing the Company's policies and practices on corporate governance;

- reviewing and monitoring the training and continuous professional development of the Directors and senior management;

- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and

- reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

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

The INED, Mr. Lee, entered into a letter of appointment with the Company for a term of one year commencing on 19 September 2019 which will continue thereafter unless terminated by either party giving at least one month's notice in writing.

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

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

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

Accordingly, Ms. Kwok and Mr. Leung will retire at the forthcoming AGM and all of them, being eligible, will offer themselves for re-election thereat.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

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

Remuneration band (in HK$)	Number of individual
Nil to 1,000,000	1
1,500,001 to 2,000,000	1
2,000,001 to 2,500,000	1
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 for the Year is set out below:

Services	Fee paid/payable HK$'000
Audit services — Annual audit	688
Non-audit services	37
Total	725

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

COMPANY SECRETARY

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

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

SHAREHOLDERS' RIGHTS

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

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

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EGM

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

Eligible Shareholders who wish to convene an EGM for the purpose of moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong (presently at Units 5906–5912, 59th Floor, The Center, 99 Queen's Road Central, Hong Kong) for the attention of the Company Secretary.

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

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

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

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

PROCEDURES FOR SHAREHOLDERS TO SEND ENQUIRIES

Shareholders should direct their questions about their shareholdings to the Company's branch share registrar is Hong Kong. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong (presently at Units 5906–5912, 59th Floor, The Center, 99 Queen's Road Central, Hong Kong) by post or by email to investor@ref.com.hk.

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

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

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

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

COMMUNICATION WITH THE SHAREHOLDERS

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

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

CONSTITUTIONAL DOCUMENTS

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

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

The Board presents its report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the provision of financial printing services and investment holdings. The principal activities of the Company's principal subsidiaries are set forth in Note 36 to the consolidated financial statements.

BUSINESS REVIEW

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

No important events affecting the Group have occurred after the Year and up to the date of this annual report except the continuous impact and the uncertainties of the global financial market that imposed by the outbreak of Covid-19 as set out in the "Management Discussion and Analysis" of this annual report.

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

RESULTS AND DIVIDENDS

The results of the Group for the Year and the financial position of the Company and the Group as at 31 December 2021 are set forth in the consolidated financial statements on pages 45 to 107 of this annual report.

DIVIDENDS

On 4 March 2022, the Board recommended the payment of a final dividend in respect of the year ended 31 December 2021 of HK20 cents per share (2020: final dividend in respect of the year ended 31 December 2020 of HK30 cents per share), amounting to HK$51,200,000 (2020: HK$76,800,000). The proposed final dividend will be submitted for consideration at the Annual General Meeting to be held on Wednesday, 27 April 2022.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements is set out on page 108 of this annual report. This summary does not form part of the consolidated financial statements for the Year.

PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTION SCHEME

Details of the movements in the share capital and share options of the Company during the Year are set out in Notes 28 and 29 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

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

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

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company's reserves available for distribution to owners of the Company amounted to approximately HK$83,586,000 (2020: approximately HK$164,544,000) calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**").

CHARITABLE CONTRIBUTION

During the Year, the Group did not make any charitable contribution (2020: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

As a financial printer, the Group had a large and diversified customer base. Over 90% of the Group's customers are listed companies in Hong Kong. The Group did not rely on any single customer during the Year. For the Year, the five largest customers and the single largest customer of the Group accounted for approximately 12.6% (2020: 12.0%) and 3.2% (2020: 4.7%) 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 40.0% (2020: 24.3%) and 14.8% (2020: 7.0%) of the total cost of services of the Group, respectively.

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

MATERIAL RELATED PARTY TRANSACTIONS

Material related party transactions of the Group during the Year are disclosed in Note 35 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 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 29 to the consolidated financial statements, respectively.

DIVIDEND POLICY

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

PERMITTED INDEMNITY PROVISION

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

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

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

DIRECTORS

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

CHAIRMAN AND NON-EXECUTIVE DIRECTOR:

Mr. Lau

EXECUTIVE DIRECTOR:

Ms. Kwok

INEDs:

Mr. Leung
Mr. Wong
Mr. Lee

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

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

The Company has received annual written confirmations of independence from each of the INEDs, namely Mr. Leung, Mr. Wong and Mr. Lee, pursuant to Rule 3.13 of the Listing Rules. As at the date of this report, the Company still considers the current INEDs to be independent.

DIRECTORS' SERVICE CONTRACTS

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

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

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

CHANGES IN INFORMATION OF DIRECTOR

In accordance with Rule 13.51B(1) of the Listing Rules, changes of the information of the Director, subsequent to the date of the interim report of the Company for the six months ended 30 June 2021, 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 Director	Details of changes
Mr. Wong	On 28 April 2021 appointed as an independent non-executive director of Huaxin Cement Co., Ltd., a company listed on the Shanghai Stock Exchange.

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 2021, 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, to be notified to the Company and the Stock Exchange were as follows:

LONG POSITION IN THE SHARES

Name of Director	Capacity/Nature of interest	Number of Shares held	Percentage of issued share capital of the Company
Mr. Lau	Interest in controlled corporations (Note)	192,000,000	75.0%

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

Save as disclosed above, as at 31 December 2021, none of the Directors and the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the Register, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

So far as the Directors are aware of, as at 31 December 2021, the following persons/entities had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO (the "**Substantial Shareholders' Register**"), or who were directly or indirectly interested in 5% or more of the issued voting Shares:

LONG POSITION IN THE SHARES

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

Notes:

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

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

Save as disclosed above, as at 31 December 2021, the Directors were not aware of any persons who/entities which had any interest or short position in the Shares or underlying Shares that would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Substantial Shareholders' Register.

SHARE OPTION SCHEME

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

As at the date of this annual report, there were a total of 25,600,000 Shares, representing 10% of the issued Shares, available for issue under the Scheme.

No share option has been granted since the adoption of the Scheme. Therefore, there was no share option outstanding as at 31 December 2021 (2020: Nil) and no share option lapsed or was exercised or cancelled during the Year.

Details of the Scheme as required to be disclosed under Chapter 17 of the Listing Rules are set out in Note 29 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in Note 35 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 35 to the consolidated financial statements, no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

MANAGEMENT CONTRACTS

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

TAX RELIEF

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

CORPORATE SOCIAL RESPONSIBILITIES

During the Year, the Company had participated in and supported various charitable activities. The Group strives to be a good corporate citizen and is determined to create harmony and make full commitments to social services in order to fulfill its corporate social responsibilities and promote sustainable growth within the Group and in society. It is dedicated to promoting corporate social responsibilities through caring for its employees, community and environment. The Group is committed to providing a safe, healthy and harmonious working environment for its employees. The Group hosted various events and activities, during office hours or after work, for its employees during the Year to promote work-life balance. The events/ activities included (i) Christmas party; (ii) love-teeth day; and (iii) dress casual day. The Group has addressed to its employees the Company's policy on anti-corruption and integrity promotion system. In addition, the code of conduct forms part of the staff manual. Employees are required to act with integrity and to report any suspected bribery and money laundering cases to management or the Audit Committee. The employees are required to declare any conflict of interest when performing their duties.

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

INDEPENDENT AUDITORS

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

REVIEW BY AUDIT COMMITTEE

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

On behalf of the Board

Lau Man Tak
Chairman

Hong Kong, 4 March 2022

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 45 to 107, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, 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.

Key audit matter

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

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

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

How our audit addressed the key audit matter

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

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

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter

Provision for expected credit losses on trade receivables

Refer to Notes 4 and 19 to the consolidated financial statements and the accounting policies in Note 3 to the consolidated financial statements.

The Group had net carrying amount of trade receivables of approximately HK$14,440,000 (2020: HK$20,940,000) after provision of allowance for expected credit losses of approximately HK$1,416,000 (2020: HK$2,009,000). In general, the trade receivable credit terms granted by the Group to the customers was 30 days. Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of provision for expected credit losses based on information including credit profile of different customers, aging of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.

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

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

- Obtaining an understanding of Group's controls and processes in assessing provision for expected credit losses on trade receivables;
- Checking, on a sample basis, the aging profile of the trade receivables as at 31 December 2021 to the underlying financial records and post year-end settlements to bank receipts;
- Inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and
- Assessing the appropriateness of the expected credit loss provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

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

OTHER INFORMATION

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

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

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

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made 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, actions taken to eliminate threats or safeguards applied.

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 Yau Wai Ip.

Certified Public Accountants
Yau Wai Ip
Practising Certificate Number: P07849

Hong Kong, 4 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	6	**135,082**	147,495
Cost of services		**(62,878)**	(78,037)
Gross profit		**72,204**	69,458
Other gains and losses, net	8	**(5,107)**	4,460
Reversal/(provision) of allowance for expected credit losses in respect of trade receivables, net	19	**593**	(1,728)
Selling and distribution expenses		**(13,854)**	(12,827)
Administrative expenses		**(41,868)**	(37,210)
Finance costs	9	**(853)**	(964)
Profit before taxation	11	**11,115**	21,189
Taxation	10	**(2,487)**	(2,923)
Profit and total comprehensive income for the year attributable to owners of the Company		**8,628**	18,266
Earnings per share — Basic and diluted *(HK cents)*	15	**3.37**	7.14

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

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	**2021 HK$'000**	2020 HK$'000
Assets			
Non-current assets			
Plant and equipment	16	**12,087**	5,282
Right-of-use assets	17	**39,924**	9,567
Goodwill	18	**1,982**	1,982
Deposits	20	**6,616**	–
Deferred tax assets	27	**–**	939
		60,609	17,770
Current assets			
Trade receivables	19	**14,440**	20,940
Prepayments, deposits and other receivables	20	**2,677**	8,499
Other current assets	21	**1,597**	965
Tax recoverable		**2,059**	3,137
Financial assets at fair value through profit or loss	22	**1,426**	22,733
Bank balances and cash	23	**127,565**	186,487
		149,764	242,761
Current liabilities			
Trade payables	24	**2,602**	3,837
Accruals and other payables	25	**8,344**	11,450
Lease liabilities	17	**18,513**	9,301
Contract liabilities	26	**16,421**	27,137
		45,880	51,725
Net current assets		**103,884**	191,036
Total assets less current liabilities		**164,493**	208,806
Non-current liabilities			
Lease liabilities	17	**23,131**	1,173
Accruals and other payables	25	**1,858**	–
Deferred tax liabilities	27	**43**	–
		25,032	1,173
Net assets		**139,461**	207,633
Capital and reserves			
Share capital	28	**2,560**	2,560
Reserves		**136,901**	205,073
Total equity attributable to owners of the Company		**139,461**	207,633

Approved and authorised for issue by the board of directors on 4 March 2022 and signed on its behalf by:

Lau Man Tak
Director

Kwok Kam Lai
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 2021

	Attributable to owners of the Company			
	Share capital HK$'000	**Share premium** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
As at 1 January 2020	2,560	41,233	196,774	240,567
Profit and total comprehensive income for the year	–	–	18,266	18,266
Dividend paid (Note 14)	–	–	(51,200)	(51,200)
As at 31 December 2020 and 1 January 2021	2,560	41,233	163,840	207,633
Profit and total comprehensive income for the year	–	–	8,628	8,628
Dividend paid (Note 14)	–	–	(76,800)	(76,800)
As at 31 December 2021	**2,560**	**41,233**	**95,668**	**139,461**

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Profit before taxation		**11,115**	21,189
Adjustments for:			
Interest income	8	**(747)**	(2,664)
Interest on lease liabilities	9	**842**	954
Bad debt written off	11	**711**	98
Fair value change on financial assets at fair value through profit or loss	8&22	**3,059**	5,026
Depreciation of plant and equipment	11&16	**3,606**	3,635
Depreciation of right-of-use assets	11&17	**18,552**	17,992
Impairment loss recognised in respect of goodwill	8&18	**–**	426
(Reversal)/provision of allowance for expected credit losses in respect of trade receivables, net	19	**(593)**	1,728
Loss on disposal of plant and equipment	8	**3,086**	–
Operating cash flows before movements in working capital		**39,631**	48,384
Decrease in trade receivables		**6,382**	1,330
(Increase)/decrease in prepayments, deposits and other receivables		**(794)**	1,973
Increase in other current assets		**(632)**	(797)
(Decrease)/increase in trade payables		**(1,235)**	392
Decrease in accruals and other payables		**(3,106)**	(824)
Decrease in contract liabilities		**(10,716)**	(7,490)
Cash generated from operations		**29,530**	42,968
Income taxes paid		**(427)**	(6,483)
Net cash generated from operating activities		**29,103**	36,485
Cash flows from investing activities			
Net cash outflow on acquisition of a subsidiary	34	**–**	(3,212)
Purchase of plant and equipment	16	**(13,510)**	(32)
Proceeds on disposal of plant and equipment		**13**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**19,074**	–
Purchase of financial assets at fair value through profit or loss		**(826)**	(10,057)
Placement of fixed deposits		**–**	(1,149,000)
Uplift of fixed deposits		**–**	1,367,240
Interest received		**747**	2,664
Net cash generated from investing activities		**5,498**	207,603
Cash flows from financing activities			
Dividend paid	14	**(76,800)**	(51,200)
Capital element of lease rentals paid	37	**(15,881)**	(19,458)
Interest element of lease rentals paid	37	**(842)**	(954)
Net cash used in financing activities		**(93,523)**	(71,612)
Net (decrease)/increase in cash and cash equivalents		**(58,922)**	172,476
Cash and cash equivalents at the beginning of the year		**186,487**	14,011
Cash and cash equivalents at the end of the year	23	**127,565**	186,487

Certain comparative figures have been reclassified to conform with current year's presentation.

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

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 February 2014 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. Its immediate holding company is Jumbo Ace Enterprises Limited, a company incorporated in the British Virgin Islands (the "**BVI**") and its ultimate holding company is Rising Luck Management Limited, a company incorporated in the BVI. Its ultimate controlling party is Mr. Lau Man Tak ("**Mr. Lau**"), who is also the chairman and non-executive director of the Company. The Company has been registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap. 622) since 12 March 2014. The Company's issued shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The address of the Company's registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of its headquarters, head office and principal place of business in Hong Kong has been changed to Units 5906-5912, 59th Floor, The Center, 99 Queen's Road Central, Hong Kong with effect from 17 May 2021.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial printing services and investment holdings. The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") which is also the functional currency of the Company. All values are rounded to the nearest thousand ("**HK$'000**") except otherwise indicated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021.

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 positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR *(Continued)*

Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions and early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions for the first time and early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 in the current year retrospectively. The amendments introduce a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions that occurred as a direct consequence of the Covid-19 pandemic that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of these amendments has had no material impact on the Group's financial positions and performance in the current and prior years.

NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT ARE NOT YET EFFECTIVE

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

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS16	Property, Plant and Equipment — Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs Standard 2018–2020[1]

[1] Effective for annual periods beginning on or after 1 January 2022.
[2] Effective for annual periods beginning on or after 1 January 2023.
[3] Effective for annual periods beginning on or after a date to be determined.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Hong Kong Companies Ordinance.

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

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

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

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exceptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations or asset acquisitions *(Continued)*

Business combinations *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("**CGUs**") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

- Revenue from the provision of printing services for the printing of listing documents is recognised at a point in time as the customer obtains control of the service, which approximates the time when the customers are listed on the Stock Exchange and obtain substantially all of the remaining benefits of the services, while the revenue from the provision of printing services for printing financial reports, compliance documents and other documents is recognised at a point in time as the customer obtains control of the service, which approximates the time when the customers publish the relevant documents and obtain substantially all of the remaining benefits of the services.
- Revenue from the provision of translation services to the customers is recognised at a point in time as the customer obtains control of the service, which approximates the time when we deliver the approved or finalised documents to the customers or their designated recipients and the customers obtain substantially all of the remaining benefits of the services.
- Revenue from the provision of media placement services to the customers is recognised at a point in time as the customer obtains control of the service, which approximates the time when the relevant documents are uploaded to the website of the Stock Exchange or customers' designated locations and/or published in newspapers and the customers obtain substantially all of the remaining benefits of the services.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

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

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

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Contract costs

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its financial printing services contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant Standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of a leased property that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities (continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment; and
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on 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 on 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 arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses 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 date of 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 (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, 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 does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed 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.

Borrowing costs

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants *(Continued)*

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other gains and losses, net".

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Employee benefits

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.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Taxation

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities and provision for decommissioning and restoration in which the tax deductions are attributable to ultimate costs incurred, the Group applies HKAS 12 requirements to the assets and the related liabilities separately. Temporary differences on initial recognition of the relevant assets and the related liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of the assets and the related liabilities, resulting from remeasurement of the liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Plant and equipment

Plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Plant and equipment are stated in the consolidated statement 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 estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Impairment on plant and equipment, right-of-use assets and contract costs

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the CGU to which they belong for the purpose of evaluating impairment of that CGU.

Recoverable amount is the higher of fair value less costs of disposal 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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on plant and equipment, right-of-use assets and contract costs *(Continued)*

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 a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) 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 a CGU or a group of CGUs) 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.

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

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

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

Interest income which are derived from those other than the Group's ordinary course of business are presented as "other gains and losses, net".

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

A financial asset is classified as held for trading if:

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

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

Amortised cost and interest income

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

Financial assets at FVTPL

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

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

Impairment of financial assets

The Group performs impairment assessment under expected credit losses ("**ECL**") model on financial assets (including trade receivables, deposits and other receivables and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

The Group always recognises lifetime ECL for trade receivables without significant financing component.

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

(i) Significant increase in credit risk

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

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

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

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

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

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

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

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

(iv) Write-off policy

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, and forward looking information that is available without undue cost or effort.

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

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Derecognition of financial liabilities

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties transactions

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

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

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

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

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);
- (ii) one entity is an associate or joint venture of the other entity for an associate or joint venture of a member of a group which the other entity is a member);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the reporting entity is itself such a plan, the sponsoring employees are also related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

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

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

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The following are the critical judgments, apart from those involving estimations, that the directors 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) ESTIMATED IMPAIRMENT OF PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND GOODWILL

Plant and equipment and right-of-use assets are stated at costs less accumulated depreciation, if any. Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU (or group of CGUs) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or a group of CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

For impairment assessment, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Further, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions in the Group's financial printing operations.

As at 31 December 2021, the carrying amounts of plant and equipment, right-of-use assets and goodwill subjected to impairment assessment were of approximately HK$12,087,000, HK$39,924,000 and HK$1,982,000 (net of accumulated impairment loss of approximately HK$426,000) respectively (2020: approximately HK$5,282,000, HK$9,567,000 and HK$1,982,000 (net of accumulated impairment loss of approximately HK$426,000) respectively). Details of the impairment of goodwill are disclosed in Note 18.

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

(B) PROVISION FOR ECL ON TRADE RECEIVABLES

Trade receivables with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Due to greater financial uncertainty triggered by the Covid-19 pandemic, the Group has increased the expected loss rates in the current year as there is higher risk that a prolonged pandemic could led to increased credit default rates. The information about the ECL and the Group's trade receivables are disclosed in Note 5(B).

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

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

5. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2021 **HK$'000**	2020 HK$'000
Financial assets		
At amortised cost		
— Trade receivables	**14,440**	20,940
— Deposits and other receivables	**7,206**	7,916
— Bank balances and cash	**127,565**	186,487
At FVTPL	**1,426**	22,733
Financial liabilities		
At amortised cost		
— Trade payables	**2,602**	3,837
— Accruals and other payables	**8,344**	11,450
— Lease liabilities	**41,644**	10,474

(B) FINANCIAL RISK MANAGEMENT

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

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

Credit risk and impairment assessment

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

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

In respect of bank balances, the credit risk is considered to be low as the counterparties are reputable banks and licensed financial institution with high credit ratings. The existing counterparties do not have defaults in the past. Therefore, ECL rate of bank balances is assessed to be close to zero and no loss allowance was recognised as at 31 December 2021 and 2020.

5. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT *(Continued)*

Credit risk and impairment assessment *(Continued)*

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

The Group makes periodic assessment on the recoverability of the trade receivables by using a provision matrix to measure ECL. The provision rates are based on debtors' aging for groupings of various customer segments with similar financial strength and any disputes with the debtors. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than two years. The directors were of opinion that loss allowances of approximately HK$1,416,000 (2020: HK$2,009,000) for trade receivables recognised as at 31 December 2021 under HKFRS 9 respectively.

Trade receivables

	Within 30 days	31 to 60 days	61 to 90 days	91 to 150 days	Over 150 days	Total
As at 31 December 2021						
ECL rate	**1.39%**	**1.52%**	**6.17%**	**10.94%**	**81.27%**	**8.93%**
Gross carrying amount (HK$'000)	**6,811**	**5,259**	**536**	**2,038**	**1,212**	**15,856**
Lifetime ECL	**(95)**	**(80)**	**(33)**	**(223)**	**(985)**	**(1,416)**
	6,716	**5,179**	**503**	**1,815**	**227**	**14,440**

	Within 30 days	31 to 60 days	61 to 90 days	91 to 150 days	Over 150 days	Total
As at 31 December 2020						
ECL rate	4.03%	0.66%	2.83%	1.96%	35.58%	8.75%
Gross carrying amount (HK$'000)	12,085	2,740	990	3,160	3,974	22,949
Lifetime ECL	(487)	(18)	(28)	(62)	(1,414)	(2,009)
	11,598	2,722	962	3,098	2,560	20,940

For deposits and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of deposits and other receivables.

5. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT *(Continued)*

Market risk

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see Note 17 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 23 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. No sensitivity analysis was prepared for bank balances as the financial impact arising on changes in interest rates was minimal due to limited changes in interest rate. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

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 material 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**"). 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 sensitivity analysis.

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

	2021 **HK$'000**	2020 HK$'000
Assets:		
USD	**200**	341

Equity price risk

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

Sensitivity analysis

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

If the prices of the equity shares had been 5% higher/lower (2020: 5% higher/lower), the post-tax profit for the year ended 31 December 2021 would increase/decrease by approximately HK$71,000 (2020: increase/decrease by approximately HK$1,137,000) as a result of the changes in fair value of financial assets at FVTPL.

5. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT *(Continued)*

Liquidity risk

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

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

	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 2021						
Non-derivative financial liabilities						
Trade payables	–	**2,602**	–	–	**2,602**	**2,602**
Accruals and other payables	–	**8,344**	–	–	**8,344**	**8,344**
Lease liabilities	**2.55**	**19,403**	**19,023**	**4,498**	**42,924**	**41,644**
		30,349	**19,023**	**4,498**	**53,870**	**52,590**

	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 2020						
Non-derivative financial liabilities						
Trade payables	–	3,837	–	–	3,837	3,837
Accruals and other payables	–	11,450	–	–	11,450	11,450
Lease liabilities	4.93	9,455	901	312	10,668	10,474
		24,742	901	312	25,955	25,761

5. FINANCIAL INSTRUMENTS *(Continued)*

(C) FAIR VALUE OF FINANCIAL INSTRUMENT

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

Fair value measurements recognised in the consolidated statement of financial position.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 December 2021 and 2020.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
As at 31 December 2021				
Financial assets at FVTPL	**1,426**	**–**	**–**	**1,426**

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2020				
Financial assets at FVTPL	22,733	–	–	22,733

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

6. REVENUE

	2021 HK$'000	2020 HK$'000
Financial printing services recognised at a point in time:		
Printing	**89,033**	95,972
Translation	**35,794**	39,293
Media placement	**10,255**	12,230
	135,082	147,495

(I) PERFORMANCE OBLIGATIONS FOR CONTRACTS WITH CUSTOMERS

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

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

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

Financial printing services

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021 and the expected timing of recognising revenue are as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**26,940**	58,518
More than one year but not more than two years	**–**	5,233
	26,940	63,751

7. SEGMENT INFORMATION

During the years ended 31 December 2021 and 2020, the Group operated in one operating segment which was the provision of financial printing services. A single management team reports to the directors (being the chief operating decision-maker) who comprehensively manage the entire business. Accordingly, the Group does not present separately segment information. In addition, all of the Group's revenue is generated in Hong Kong and all of the Group's assets and liabilities are 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 2021 and 2020.

8. OTHER GAINS AND LOSSES, NET

	2021	2020
	HK$'000	HK$'000
Dividend income	**239**	174
Interest income	**747**	2,664
Fair value change on financial assets at fair value through profit or loss (Note 22)	**(3,059)**	(5,026)
Loss on disposal of plant and equipment	**(3,086)**	–
Government grants (note)	**–**	6,935
Impairment loss recognised in respect of goodwill (Note 18)	**–**	(426)
Exchange gain	**3**	24
Sundry income	**49**	115
	(5,107)	4,460

note:

During the year ended 31 December 2021, no government grants have been received which provided by Hong Kong government in respect of Covid-19 (2020: HK$6,935,000).

9. FINANCE COSTS

	2021	2020
	HK$'000	HK$'000
Bank charges	**11**	10
Interest on lease liabilities	**842**	954
	853	964

10. TAXATION

	2021 HK$'000	2020 HK$'000
Current tax:		
— Hong Kong	**1,630**	3,754
Over provision in prior year		
— Hong Kong	**(125)**	(20)
Deferred tax (Note 27):		
Current year	**982**	(811)
	2,487	2,923

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

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

	2021 HK$'000	2020 HK$'000
Profit before taxation	**11,115**	21,189
Tax at Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	**1,833**	3,496
Tax relief of 8.25% on first HK$2 million assessable profits	**(165)**	(165)
Tax effect of income not taxable for tax purpose	**(262)**	(1,583)
Tax effect of expenses not deductible for tax purpose	**1,026**	963
Over provision in prior year	**(125)**	(20)
Tax effect of tax losses not recognised	**180**	232
	2,487	2,923

11. PROFIT BEFORE TAXATION

	2021 HK$'000	2020 HK$'000
Profit before taxation has been arrived at after charging:		
Directors' emoluments (Note 12)	**2,185**	2,505
Other staff costs:		
— Salaries, bonuses and other benefits	**49,617**	50,468
— Retirement scheme contributions	**1,806**	1,685
Total employee benefit expense	**51,423**	52,153
Auditors' remuneration		
— Audit services	**688**	780
— Non-audit services	**37**	37
Depreciation of plant and equipment (Note 16)	**3,606**	3,635
Depreciation of right-of-use assets (Note 17)	**18,552**	17,992
Expenses related to short-term lease	**1,635**	–
Impairment loss recognised in respect of goodwill (Note 18)	**–**	426
Bad debt written off	**711**	98

12. DIRECTORS' REMUNERATIONS

The aggregate amounts of emoluments paid to the directors of the Company during the years ended 31 December 2021 and 2020 are as follows:

	2021 HK$'000	2020 HK$'000
Directors' fees	**900**	912
Salaries and other benefits	**1,072**	1,155
Bonuses*	**186**	409
Retirement schemes contributions	**27**	29
	2,185	2,505

12. DIRECTORS' REMUNERATIONS *(Continued)*

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

31 December 2021

Name of directors	Directors' fees HK$'000	Salaries and other benefits HK$'000	Bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive director:					
Ms. Kwok Kam Lai	**180**	**1,072**	**186**	**27**	**1,465**
Non-executive director:					
Mr. Lau Man Tak *(Chairman)*	**180**	**–**	**–**	**–**	**180**
Independent non-executive directors:					
Mr. Leung Chi Hung	**180**	**–**	**–**	**–**	**180**
Mr. Wong Kun Kau	**180**	**–**	**–**	**–**	**180**
Mr. Lee Hon Man Eric	**180**	**–**	**–**	**–**	**180**
	900	**1,072**	**186**	**27**	**2,185**

31 December 2020

Name of directors	Directors' fees HK$'000	Salaries and other benefits HK$'000	Bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors:					
Ms. Chiu Hok Yu (note (a))	12	75	–	2	89
Ms. Kwok Kam Lai	180	1,080	409	27	1,696
Non-executive director:					
Mr. Lau Man Tak *(Chairman)*	180	–	–	–	180
Independent non-executive directors:					
Mr. Leung Chi Hung	180	–	–	–	180
Mr. Wong Kun Kau	180	–	–	–	180
Mr. Lee Hon Man Eric	180	–	–	–	180
	912	1,155	409	29	2,505

12. DIRECTORS' REMUNERATIONS *(Continued)*

note:

(a) Resigned on 24 January 2020.

* Executive director of the Company is entitled to bonus payments which are determined based on certain percentage of the profit before taxation for the year of the Company's subsidiary.

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 2021 and 2020. No directors waived or agreed to waive any emoluments during the years ended 31 December 2021 and 2020.

13. EMPLOYEES EMOLUMENTS AND SENIOR MANAGEMENT EMOLUMENTS

The five highest paid individuals for the year ended 31 December 2021 included one (2020: one) executive director of the Company, details of whose emoluments are set out above in Note 12. The aggregate emoluments of the remaining four (2020: four) highest paid individuals for the year ended 31 December 2021 are as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries, bonuses and other benefits	**9,850**	9,634
Retirement benefit schemes contributions	**72**	66
	9,922	9,700

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	
	2021	2020
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**1**	1
HK$4,000,001 to HK$4,500,000	**–**	1
HK$4,500,001 to HK$5,000,000	**1**	–
	4	4

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

	Number of individuals	
	2021	2020
Nil to HK$1,000,000	**1**	–
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**1**	1
HK$4,500,001 to HK$5,000,000	**1**	–
	4	2

During the years ended 31 December 2021 and 2020, 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 2021 and 2020.

14. DIVIDENDS

	2021 HK$'000	2020 HK$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2021 Interim — HK$Nil (2020: 2020 interim dividend of HK20 cents) per share	–	51,200
2020 Final — HK30 cents (2020: 2019 final dividend of HK$Nil) per share	**76,800**	–
	76,800	51,200

On 4 March 2022, the board of directors (the "**Board**") recommended the payment of a final dividend in respect of the year ended 31 December 2021 of 20 cents per share (2020: final dividend in respect of the year ended 31 December 2020 of HK30 cents per share), amounting to HK$51,200,000 (2020: HK$76,800,000). The proposed final dividend will be submitted for consideration at the annual general meeting to be held on 27 April 2022.

15. EARNINGS PER SHARE

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

	2021	2020
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share (HK$'000)	**8,628**	18,266
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share ('000) (note)	**256,000**	256,000
Basic earnings per share (HK cents)	**3.37**	7.14

note:

The calculation of basic earnings per share for the years ended 31 December 2021 and 2020 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 2021 and 2020 as there were no potential dilutive ordinary shares in issue.

16. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Cost				
As at 1 January 2020	5,862	3,012	6,592	15,466
Additions	–	32	–	32
Acquired on acquisition of a subsidiary (Note 34)	–	27	6	33
As at 31 December 2020 and 1 January 2021	5,862	3,071	6,598	15,531
Additions	6,403	665	6,442	13,510
Written off/disposal (note)	(5,628)	(560)	(5,512)	(11,700)
As at 31 December 2021	**6,637**	**3,176**	**7,528**	**17,341**
Accumulated depreciation				
As at 1 January 2020	2,859	1,728	2,027	6,614
Provided for the year	1,909	412	1,314	3,635
As at 31 December 2020 and 1 January 2021	4,768	2,140	3,341	10,249
Provided for the year	1,871	402	1,333	3,606
Written off/disposal (note)	(5,158)	(337)	(3,106)	(8,601)
As at 31 December 2021	**1,481**	**2,205**	**1,568**	**5,254**
Net book values				
As at 31 December 2021	**5,156**	**971**	**5,960**	**12,087**
As at 31 December 2020	1,094	931	3,257	5,282

note:

During the year ended 31 December 2021, the head office and principal place of business have been changed. The leasehold improvements, office equipment and furniture and fixtures have been disposed or written off and a loss on disposal of plant and equipment of HK$3,086,000 (2020: HK$Nil) was recognised in profit or loss during the year ended 31 December 2021.

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

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

17. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Leased equipment HK$'000	Total HK$'000
As at 1 January 2020	22,724	2,049	24,773
Addition (note)	1,667	–	1,667
Acquired on acquisition of a subsidiary (Note 34)	1,119	–	1,119
Provided for the year	(17,392)	(600)	(17,992)
As at 31 December 2020 and 1 January 2021	8,118	1,449	9,567
Addition (note)	48,909	–	48,909
Provided for the year	(17,952)	(600)	(18,552)
As at 31 December 2021	**39,075**	**849**	**39,924**

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

note:

Addition represents leased properties located in Hong Kong with lease term from two to three years and related reinstallation cost of HK$47,051,000 and HK$1,858,000 respectively (2020: HK$1,667,000 and HK$Nil respectively).

LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Lease liabilities payable:		
— Within one year	**18,513**	9,301
— More than one year but not later than two years	**18,626**	866
— More than two years but not later than five years	**4,505**	307
	41,644	10,474
Less: Amount due for settlement within 12 months shown under current liabilities	**(18,513)**	(9,301)
Amount due for settlement after 12 months shown under non-current liabilities	**23,131**	1,173

The weighted average incremental borrowing rate applied to lease liabilities was 2.55% (2020: 4.93%).

18. GOODWILL

	Acquisition of Finlang Translation Services Limited HK$'000
Cost	
As at 1 January 2020	–
Arising on acquisition of a subsidiary (Note 34)	2,408
As at 31 December 2020, 1 January 2021 and 31 December 2021	**2,408**
Impairment	
As at 1 January 2020	–
Impairment loss recognised in the year	426
As at 31 December 2020, 1 January 2021 and 31 December 2021	**426**
Carrying amounts	
As at 31 December 2021	**1,982**
As at 31 December 2020	1,982

18. GOODWILL *(Continued)*

Goodwill arose from the acquisition of Finlang Translation Services Limited ("**Finlang**") during the year ended 31 December 2020 was allocated to CGU of provision of translation services operations.

Particulars regarding impairment testing on goodwill are disclosed below:

The recoverable amount has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 16.53% (2020: 18.26%). Cash flows beyond the 5-year period are extrapolated using a steady 2.5% (2020: 2.5%) growth rate. This growth rate is based on the inflation rate and average customer prices in Hong Kong. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, gross margin and expense, such estimation is based on the past performance and management's expectations for the market development.

The directors have assessed the recoverable amount of CGU based on the valuation report issued by an independent professional valuer, the recoverable amount of the CGU exceeds its carrying amount and no further impairment was provided during the year ended 31 December 2021 (2020: HK$426,000). The directors believe that any reasonably possible change in any of these assumptions would not result in impairment.

For the year ended 31 December 2020, if the discount rate was increased/decreased by 1%, while other parameters remain constant, the recoverable amount would decrease/increase to approximately HK$2,871,000 and HK$3,317,000 respectively and impairment of goodwill of approximately HK$635,000 and HK$189,000 respectively would be recognised.

19. TRADE RECEIVABLES

	2021	2020
	HK$'000	HK$'000
Trade receivables (note)	**15,856**	22,949
Less: Allowance for ECL	**(1,416)**	(2,009)
	14,440	20,940

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

	2021	2020
	HK$'000	HK$'000
Within 30 days	**6,811**	12,085
31 to 60 days	**5,259**	2,740
61 to 90 days	**536**	990
91 to 150 days	**2,038**	3,160
Over 150 days	**1,212**	3,974
	15,856	22,949

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

The Group does not hold any collateral over the balances.

19. TRADE RECEIVABLES *(Continued)*

The following is the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in HKFRS 9 for the years ended 31 December 2021 and 2020:

	Lifetime ECL (non credit–impaired) HK$'000
As at 1 January 2020	281
Allowance for ECL	1,728
As at 31 December 2020 and 1 January 2021	2,009
Reversal of allowance for ECL	(593)
As at 31 December 2021	**1,416**

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

The amount of bad debt written off recognised in profit or loss during the year ended 31 December 2021 was approximately HK$711,000 (2020: HK$98,000). The directors consider there were no reasonable expectation of recovery as those debtors were delisted by Stock Exchange or proceeding winding up petition.

Details of impairment assessment of trade receivables for the years ended 31 December 2021 and 2020 are set out in Notes 3 and 5(B) to the consolidated financial statements.

note:

Included above are trade receivables from a related party, TEM Holdings Limited, of approximately HK$Nil as at 31 December 2021 (2020: HK$14,000), which has been privatised and withdrawal of listing from the GEM of the Stock Exchange with effect from 12 January 2021. 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$37,000 (2020: HK$209,000).

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021	2020
	HK$'000	HK$'000
Rental, utility and other deposits	**7,477**	7,754
Prepayments	**1,711**	583
Other receivables (note a)	**105**	162
	9,293	8,499
Less: Current portion	**(2,677)**	(8,499)
Non-current portion (note b)	**6,616**	–

notes:

(a) Included above are interest receivables from bank deposits and fixed deposits of approximately HK$105,000 as at 31 December 2021 (2020: HK$106,000).

(b) As at 31 December 2021, the non-current portion of deposits represent the refundable rental deposit of amount HK$6,240,000 (2020: HK$Nil) and deposit of plant and equipment of amount HK$376,000 (2020: HK$Nil).

21. OTHER CURRENT ASSETS

	2021	2020
	HK$'000	HK$'000
Other current assets (note)	**1,597**	965

note:

Other current assets capitalised as at 31 December 2021 and 2020 relate to the costs to fulfil contracts with customers at the reporting date. Other current assets are recognised as part of "cost of services" in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related services is recognised. The amount of capitalised costs recognised in profit or loss during the year was approximately HK$823,000 (2020: HK$2,840,000). There was no impairment in relation to the costs capitalised during the year (2020: HK$Nil).

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

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK$'000	2020 HK$'000
Listed securities		
— Equity securities listed in Hong Kong	**1,426**	22,733

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

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

	2021 HK$'000	2020 HK$'000
Fair value change on financial assets at fair value through profit or loss	**(3,059)**	(5,026)

23. BANK BALANCES AND CASH

	2021 HK$'000	2020 HK$'000
Bank balances and cash	**47,565**	186,487
Fixed deposit	**80,000**	–
Cash and cash equivalents	**127,565**	186,487

The fixed deposit is short-term fixed deposit with an original maturity of three months which is held for the purpose of meeting short-term cash commitments and are subject to an insignificant risk of changes in value. This fixed deposit carries fixed interest rate at 0.8% per annum as at 31 December 2021.

Bank balances and cash carrying interest at market rates range from 0.001% to 0.7% per annum for the year ended 31 December 2021 (2020: 0.001% to 0.7%).

24. TRADE PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	**2,602**	3,837

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

	2021 HK$'000	2020 HK$'000
Within 60 days	**2,524**	3,601
61 to 90 days	**70**	–
91 to 120 days	**8**	–
Over 120 days	**–**	236
	2,602	3,837

25. ACCRUALS AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Accruals	**980**	1,079
Other payables (note)	**9,222**	10,371
	10,202	11,450
Less: Current portion	**(8,344)**	(11,450)
Non-current portion	**1,858**	–

note:

Included above are provision of staff bonus and provision of reinstallation of approximately HK$6,300,000 and HK$1,858,000 respectively as at 31 December 2021 (2020: HK$8,976,000 and HK$Nil respectively).

26. CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
Contract liabilities		
Provision of financial printing services		
— Billings in advance of performance	**16,421**	27,137

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

PROVISION OF FINANCIAL PRINTING SERVICES

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

MOVEMENTS IN CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
As at 1 January	**27,137**	34,627
Decrease in contract liabilities as a result of recognising revenue during the year	**(21,200)**	(20,813)
Increase in contract liabilities as a result of receiving deposits during the year in respect of projects still under progress as at 31 December	**10,484**	13,323
As at 31 December	**16,421**	27,137

27. DEFERRED TAX (LIABILITIES)/ASSETS

	2021	2020
	HK$'000	HK$'000
Deferred tax assets	**–**	939
Deferred tax liabilities	**(43)**	–
	(43)	939

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

	Accelerated tax depreciation	**Tax losses**	**Credit loss allowances**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2020	(176)	254	46	124
Acquired on acquisition of a subsidiary (Note 34)	4	–	–	4
Credited to profit or loss (Note 10)	459	67	285	811
As at 31 December 2020 and 1 January 2021	287	321	331	939
Charged to profit or loss (Note 10)	(563)	(321)	(98)	(982)
As at 31 December 2021	**(276)**	**–**	**233**	**(43)**

At the end of the reporting period, the Group had unused tax losses of approximately HK$9,843,000 (2020: HK$10,698,000) available for offset against the future assessable profits. A deferred tax asset has been recognised in respect of approximately HK$Nil (2020: HK$1,941,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$9,843,000 (2020: HK$8,757,000) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

28. SHARE CAPITAL

	2021 Number of shares '000	2021 HK$'000	2020 Number of shares '000	2020 HK$'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

29. 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 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).

29. SHARE OPTION SCHEME *(Continued)*

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

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

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

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

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

29. SHARE OPTION SCHEME *(Continued)*

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

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

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

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

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

For the years ended 31 December 2021 and 2020, no share option was granted by the Company under the Share Option Scheme.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK$'000	2020 HK$'000
Assets		
Non-current assets		
Investment in subsidiaries	**20,000**	20,000
Current assets		
Prepayments and other receivables	**297**	259
Amounts due from subsidiaries	**77,182**	158,003
Bank balances and cash	**1,176**	1,351
	78,655	159,613
Current liabilities		
Accruals	**9**	9
Amount due to a subsidiary	**12,500**	12,500
	12,509	12,509
Net current assets	**66,146**	147,104
Total assets less current liabilities	**86,146**	167,104
Net assets	**86,146**	167,104
Capital and reserves		
Share capital	**2,560**	2,560
Reserves (Note 31)	**83,586**	164,544
Total equity	**86,146**	167,104

Approved and authorised for issue by the Board on 4 March 2022 and signed on its behalf by:

Lau Man Tak
Director

Kwok Kam Lai
Director

31. RESERVES OF THE COMPANY

	Share premium HK$'000	Retained earnings HK$'000	Total HK$'000
As at 1 January 2020	41,233	(17,886)	23,347
Profit and total comprehensive income for the year	–	192,397	192,397
Dividend paid	–	(51,200)	(51,200)
As at 31 December 2021 and 1 January 2021	41,233	123,311	164,544
Loss and total comprehensive loss for the year	–	(4,158)	(4,158)
Dividend paid	–	(76,800)	(76,800)
As at 31 December 2021	**41,233**	**42,353**	**83,586**

As at 31 December 2021, the Company had distributable reserves of approximately HK$83,586,000 (2020: HK$164,544,000) calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

32. CAPITAL RISK MANAGEMENT

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

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

The directors 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 Group's net debt-to-capital ratio at the end of the current and previous reporting periods was as follows:

	2021 HK$'000	2020 HK$'000
Total debt (note (a))	**41,644**	10,474
Total equity (note (b))	**139,461**	207,633
Gearing ratio	**0.30**	0.05

notes:

(a) Total debt comprise lease liabilities (Note 17).

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

33. RETIREMENT BENEFIT PLANS

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

The total expense recognised in the consolidated statement of profit or loss and other comprehensive income of approximately HK$1,833,000 (2020: HK$1,714,000), represent contributions paid and/or payable to the scheme by the Group for the year ended 31 December 2021.

34. ACQUISITION OF A SUBSIDIARY

On 1 October 2020, the Group acquired 100% interest in Finlang. Finlang is principally engaged in the provision of translation services and was acquired with the objective of expanding the Group's translation services operations. The acquisition has been accounted for as acquisition of business using the acquisition method.

CONSIDERATION TRANSFERRED

	HK$'000
Cash	3,500

Acquisition-related costs amounting to approximately HK$16,000 have been excluded from the consideration transferred and have been recognised as an expense in the year ended 31 December 2020, within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

ASSETS ACQUIRED AND LIABILITIES RECOGNISED AT THE DATE OF ACQUISITION

	HK$'000
Plant and equipment (Note 16)	33
Right-of-use assets (Note 17)	1,119
Trade receivables	452
Prepayments, deposits and other receivables	431
Bank balances and cash	288
Deferred tax assets (Note 27)	4
Accruals and other payables	(79)
Tax payable	(14)
Lease liabilities	(1,142)
	1,092

34. ACQUISITION OF A SUBSIDIARY *(Continued)*

GOODWILL ARISING ON ACQUISITION

	HK$'000
Consideration transferred	3,500
Less: Recognised amounts of net assets acquired	(1,092)
Goodwill arising on acquisition	2,408

Goodwill arose on the acquisition of Finlang because the acquisition included the amounts in relation to the benefit of expected synergies, revenue growth and future market development of Finlang. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purpose.

Net cash outflow on acquisition of Finlang

	HK$'000
Cash consideration paid	3,500
Less: Cash and cash equivalents balances acquired	(288)
	3,212

IMPACT OF ACQUISITION ON THE RESULTS OF THE GROUP

Included in the profit for the year ended 31 December 2020 was of approximately HK$379,000 loss attributable to the additional business generated by Finlang.

Had the acquisition of Finlang been completed on 1 January 2020, revenue for the year ended 31 December 2020 of the Group would have been of approximately HK$147,505,000, and profit for the year ended 31 December 2020 would have been of approximately HK$19,187,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Finlang been acquired at the beginning of the current year, the directors calculated depreciation of plant and equipment and right-of-use assets based on the recognised amount of plant and equipment and right-of-use assets at the date of the acquisition.

35. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

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

(A) TRANSACTIONS WITH A RELATED PARTY

Name of related party	Nature of transactions	2021 HK$'000	2020 HK$'000
TEM Holdings Limited (note)	Financial printing services income rendered	**22**	453

note:

Mr. Lau, a substantial shareholder, non-executive director and chairman of the Company, is the controlling shareholder of TEM Holdings Limited, which has been privatised and withdrawal of listing from the GEM of the Stock Exchange with effect from 12 January 2021.

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, 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 Notes 12 and 13.

36. PRINCIPAL SUBSIDIARIES

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

Name of subsidiaries	Principal place of operations/ place and date of incorporation	Issued and fully paid share capital	Equity interest and voting power attributable to the Company				Principal activities
			Directly 2021	Indirectly 2021	Directly 2020	Indirectly 2020	
REF Holdings (HK) Limited	Hong Kong, 28 April 2010	HK$1	**100%**	**–**	100%	–	Provision of translation services
REF Financial Press Limited	Hong Kong, 28 April 2010	HK$1	**100%**	**–**	100%	–	Provision of financial printing services
Profit Intelligence Corporation	The BVI, 2 January 2019	USD1	**100%**	**–**	100%	–	Investment holdings
Finlang (Note 34)	Hong Kong, 2 November 2010	HK$10,000	**–**	**100%**	–	100%	Provision of translation services

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities HK$'000 (Note 17)
As at 1 January 2020	27,123
Changes from financing cash flows:	
Capital element of lease rentals paid	(19,458)
Interest element of lease rentals paid	(954)
Total changes from financing cash flows	(20,412)
Other changes:	
Interest expenses (Note 9)	954
Addition	1,667
Acquired on acquisition of a subsidiary	1,142
Total other changes	3,763
As at 31 December 2020 and 1 January 2021	10,474
Changes from financing cash flows:	
Capital element of lease rentals paid	(15,881)
Interest element of lease rentals paid	(842)
Total changes from financing cash flows	(16,723)
Other changes:	
Interest expenses (Note 9)	842
Addition	47,051
Total other changes	47,893
As at 31 December 2021	**41,644**

38. CAPITAL COMMITMENTS

	2021 **HK$'000**	2020 HK$'000
Capital commitments in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements	**391**	–

39. AUTHORISATION OF ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 4 March 2022.

Financial Summary

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

	Year ended 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**135,082**	147,495	190,491	192,392	236,284
Cost of services	**(62,878)**	(78,037)	(93,102)	(92,938)	(103,921)
Gross profit	**72,204**	69,458	97,389	99,454	132,363
Other gains and losses, net	**(5,107)**	4,460	2,093	3,270	1,147
Reversal/(provision) of allowance for expected credit losses in respect of trade receivables, net	**593**	(1,728)	(281)	–	–
Selling and distribution expenses	**(13,854)**	(12,827)	(16,201)	(17,141)	(19,345)
Administrative expenses	**(41,868)**	(37,210)	(40,845)	(42,033)	(36,194)
Finance costs	**(853)**	(964)	(1,919)	(15)	(14)
Profit before taxation	**11,115**	21,189	40,236	43,535	77,957
Taxation	**(2,487)**	(2,923)	(6,698)	(6,796)	(13,574)
Profit for the year	**8,628**	18,266	33,538	36,739	64,383
Attributable to:					
Owners of the Company	**8,628**	18,266	33,538	36,739	64,383
ASSETS AND LIABILITIES					
Total assets	**210,373**	260,531	320,903	268,605	235,073
Total liabilities	**(70,912)**	(52,898)	(80,336)	(61,576)	(64,783)
Total equity	**139,461**	207,633	240,567	207,029	170,290