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REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1631)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

ANNUAL RESULTS

The board of directors (the “**Directors**” and the “**Board**”, respectively) of REF Holdings Limited (the “**Company**”) announces the draft consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 (the “**Year**”) together with the comparative audited figures for the year ended 31 December 2019. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020	2019
		<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue	4	147,495	190,491
Cost of services		(78,037)	(93,102)
		<hr/>	<hr/>
Gross profit		69,458	97,389
Other gains and losses		4,460	2,093
Impairment losses under expected credit loss model, net of reversal		(1,728)	(281)
Selling and distribution expenses		(12,827)	(16,201)
Administrative expenses		(37,210)	(40,845)
Finance costs		(964)	(1,919)
		<hr/>	<hr/>
Profit before taxation		21,189	40,236
Taxation	6	(2,923)	(6,698)
		<hr/>	<hr/>
Profit and total comprehensive income for the year attributable to owners of the Company	7	<u>18,266</u>	<u>33,538</u>
Earnings per share			
— Basic and diluted (HK cents)	9	<u>7.14</u>	<u>13.10</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Assets			
Non-current assets			
Plant and equipment		5,282	8,852
Right-of-use assets		9,567	24,773
Goodwill		1,982	–
Deferred tax assets		939	230
		<u>17,770</u>	<u>33,855</u>
Current assets			
Trade receivables	<i>10</i>	20,940	23,644
Prepayments, deposits and other receivables		8,499	10,041
Other current assets		965	3,008
Tax recoverable		3,137	402
Financial assets at fair value through profit or loss		22,733	17,702
Bank balances and cash		186,487	232,251
		<u>242,761</u>	<u>287,048</u>
Current liabilities			
Trade payables	<i>11</i>	3,837	6,285
Accruals and other payables		11,450	12,195
Lease liabilities		9,301	18,652
Contract liabilities		27,137	34,627
		<u>51,725</u>	<u>71,759</u>
Net current assets		<u>191,036</u>	215,289
Total assets less current liabilities		<u>208,806</u>	249,144
Non-current liabilities			
Lease liabilities		1,173	8,471
Deferred tax liabilities		–	106
		<u>1,173</u>	<u>8,577</u>
Net assets		<u>207,633</u>	<u>240,567</u>
Capital and reserves			
Share capital		2,560	2,560
Reserves		205,073	238,007
Total equity attributable to owners of the Company		<u>207,633</u>	<u>240,567</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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 has been changed from Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands to Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands with effect from 16 December 2020 and the address of its headquarters, head office and principal place of business in Hong Kong is 6th Floor and 7th Floor, Nexxus Building, 77 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial printing services 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 *Amendments to References to the Conceptual Framework in HKFRS Standards* and 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 period beginning on or before 1 January 2020 for the preparation of the consolidated financial statements:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 3 (Amendments)	Definition of a Business
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year 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.

New and amendments to HKFRSs in issue but 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 ¹
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions ⁴
HKFRS 3 (Amendments)	Reference to the Conceptual Framework ²
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase 2 ⁵
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
HKAS 16 (Amendments)	Property, Plant and Equipment — Proceeds before Intended Use ²
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract ²
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

4. REVENUE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Financial printing services recognised at a point in time:		
Printing	95,972	133,724
Translation	39,293	43,397
Media placement	12,230	13,370
	<u>147,495</u>	<u>190,491</u>

5. SEGMENT INFORMATION

During the years ended 31 December 2020 and 2019, 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 2020 and 2019.

6. TAXATION

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
— Hong Kong	3,754	6,888
(Over)/under provision in prior year		
— Hong Kong	(20)	122
Deferred tax:		
Current year	<u>(811)</u>	<u>(312)</u>
	<u>2,923</u>	<u>6,698</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax rates regime is applicable to the Group for the years ended 31 December 2020 and 2019.

At the end of the reporting period, the Group had unused tax losses of approximately HK\$10,698,000 (2019: HK\$8,890,000) available for offset against the future assessable profits.

7. PROFIT FOR THE YEAR

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Directors' emoluments	2,505	6,798
Other staff costs:		
— Salaries, bonuses and other benefits	50,468	50,992
— Retirement scheme contributions	1,685	1,685
	<u>52,153</u>	<u>52,677</u>
Total employee benefit expense		
	<u>52,153</u>	<u>52,677</u>
Auditors' remuneration		
— Audit services	780	840
— Non-audit services	37	55
Depreciation of plant and equipment	3,635	3,653
Depreciation of right-of-use assets	17,992	17,670
Loss on disposal of plant and equipment	–	1
Unrealised loss on fair value of financial assets at fair value through profit or loss	5,026	1,874
Impairment loss recognised in respect of goodwill	426	–
Allowance for expected credit losses in respect of trade receivables, net	1,728	281
Bad debt written off	98	66
Interest on lease liabilities	954	1,906
	<u>954</u>	<u>1,906</u>

8. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2020 Interim — HK20 cents (2019: Nil)	<u>51,200</u>	<u>–</u>

On 11 March 2021, the Board recommended the payment of a final dividend of HK30 cents per share (2019: Nil), amounting to HK\$76,800,000 (2019: Nil). The proposed final dividend will be submitted for consideration at the Annual General Meeting to be held on 23 April 2021. Coupled with the interim dividend, the total dividend for the Year would amount to HK50 cents per share (2019: Nil).

9. EARNINGS PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	<u>18,266</u>	<u>33,538</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>Note</i>)	<u>256,000</u>	<u>256,000</u>
Basic earnings per share (HK cents)	<u>7.14</u>	<u>13.10</u>

Note:

The calculation of basic earnings per share for the years ended 31 December 2020 and 2019 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 2020 and 2019 as there were no potential dilutive ordinary shares in issue.

10. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	22,949	23,925
Less: Allowance for expected credit losses	<u>(2,009)</u>	<u>(281)</u>
	<u>20,940</u>	<u>23,644</u>

As at 1 January 2019, trade receivables from contracts with customers amounted to approximately HK\$28,560,000.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current — neither past due nor impaired	12,085	8,664
1–30 days past due	2,740	4,756
31–60 days past due	990	3,501
61–120 days past due	3,160	5,116
121–150 days past due	1,154	1,055
Over 150 days past due	2,820	833
	<u>22,949</u>	<u>23,925</u>

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

The Group does not hold any collateral over the balances.

11. TRADE PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	<u>3,837</u>	<u>6,285</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current — up to 60 days	3,601	5,727
1–30 days past due	–	–
31–60 days past due	–	–
61–120 days past due	–	558
Over 120 days past due	236	–
	<u>3,837</u>	<u>6,285</u>

12. ACQUISITION OF A SUBSIDIARY

On 1 October 2020, the Group acquired 100% interest in Finlang Translation Services Limited (“**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

	<i>HK\$'000</i>
Cash	<u>3,500</u>

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 current year, 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

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

Goodwill arising on acquisition

	<i>HK\$'000</i>
Consideration transferred	3,500
Less: Recognised amounts of net assets acquired	(1,092)
	<u>2,408</u>

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

	<i>HK\$'000</i>
Cash consideration paid	3,500
Less: Cash and cash equivalents balances acquired	(288)
	<u>3,212</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Review

Hong Kong economy faced unprecedented challenges during the Year including social unrest, the COVID-19 outbreak and ongoing Sino-US trade war. The top priority of the Group in this critical time is the health and safety of our staff, customers and business partners. Notwithstanding that, we believed that our one-stop service model not only provided a comprehensive range of convenient and quality services to our customers, but also attracted potential customers and enabled us to react to the changing needs of our customers efficiently.

For the Year, the Group's turnover decreased by approximately 22.6% as compared to that of the year ended 31 December 2019 (the "Year 2019"). The profit attributable to owners of the Company for the Year was approximately HK\$18.3 million (2019: approximately HK\$33.5 million), representing a decrease of about 45.4% as compared to that of Year 2019. Basic earnings per share for the Year was approximately HK7.14 cents (2019: approximately HK13.10 cents).

Financial Review

Revenue

The Group's revenue decreased by approximately HK\$43.0 million, or about 22.6%, from approximately HK\$190.5 million for the Year 2019 to approximately HK\$147.5 million for the Year. The decrease was attributable to the decreases in revenue from (i) printing services, amounting to approximately HK\$37.7 million, (ii) translation services, amounting to approximately HK\$4.1 million, and (iii) media placement services, amounting to approximately HK\$1.2 million.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$27.9 million, or about 28.6%, from approximately HK\$97.4 million for the Year 2019 to approximately HK\$69.5 million for the Year, which was mainly due to the decrease in revenue. Our gross profit margin for the Year and the Year 2019 were maintained at relative high level of approximately 47.1% and 51.1% respectively.

Other Gains and Losses

Other gains and losses increased by approximately HK\$2.4 million, or about 114.3% from approximately HK\$2.1 million for the Year 2019 to approximately HK\$4.5 million for the Year. The increase was attributable to the subsidies granted by The Hong Kong Special Administrative Region Government including the Employment Support Scheme and the Youth Employment and Training Programme amounting to approximately HK\$6.9 million, though partly offset by (i) the increase of unrealised loss on fair value of financial assets at fair value through profit or loss and (ii) the decrease of interest income due to lower interest rate offered by licensed banks in Hong Kong.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately HK\$3.4 million, or about 21.0%, from approximately HK\$16.2 million for the Year 2019 to approximately HK\$12.8 million for the Year. The decrease was mainly because of our sales and marketing activities had been significantly reduced since the outbreak of COVID-19.

Administrative Expenses

The Group's administrative expenses decreased by approximately HK\$3.6 million, or about 8.8%, from approximately HK\$40.8 million for the Year 2019 to approximately HK\$37.2 million for the Year. The Group implemented strict controls over the administrative expenses during the Year.

Finance Costs

Finance costs decreased by approximately HK\$0.9 million, or about 47.4% from approximately HK\$1.9 million for the Year 2019 to approximately HK\$1.0 million for the Year and it was mainly due to the fall of interest expenses on lease liabilities for leased properties and equipment over the lease terms for the Year.

Taxation

Taxation expense decreased by approximately HK\$3.8 million, or about 56.7%, from approximately HK\$6.7 million for the Year 2019 to approximately HK\$2.9 million for the Year. The decrease was in line with the drop in profit before taxation for the Year.

Profit for the Year and Net Profit Margin

Profit for the Year decreased by approximately HK\$15.2 million, or about 45.4%, from approximately HK\$33.5 million for the Year 2019 to approximately HK\$18.3 million for the Year. The decrease was primarily attributable to the decrease in revenue and the gross profit margin. The net profit margins for the Year and the Year 2019 were approximately 12.4% and 17.6%, respectively.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 31 December 2020,

- (a) the Group's total assets decreased to approximately HK\$260.5 million (2019: approximately HK\$320.9 million) while the total equity decreased to approximately HK\$207.6 million (2019: approximately HK\$240.6 million);
- (b) the Group's current assets decreased to approximately HK\$242.8 million (2019: approximately HK\$287.0 million) and the current liabilities decreased to approximately HK\$51.7 million (2019: approximately HK\$71.8 million);

- (c) the Group had approximately HK\$186.5 million in bank balances and cash available (2019: approximately HK\$232.3 million) and the current ratio of the Group was approximately 4.7 (2019: approximately 4.0);
- (d) the Group did not have any bank borrowings, bank overdrafts and tax loans (2019: Nil); and
- (e) the gearing ratio of the Group was approximately 0.05 due to the decrease in lease liabilities (2019: approximately 0.11).

CAPITAL EXPENDITURE

The capital expenditure during the Year was related to expenditures on additions of office equipment, amounting to approximately HK\$0.03 million, which was mainly to enhance the Group's operating efficiency. As at 31 December 2020, the Group did not have any significant capital expenditure commitments (2019: Nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2020, the Group maintained a portfolio of equity investments with total carrying amount of approximately HK\$22.7 million (2019: approximately HK\$17.7 million). The portfolio of equity investments as at 31 December 2020 are set out as follows:

	Investment cost <i>HK\$'000</i>	Percentage of fair value of the investment in listed securities/total assets of the Group as at 31 December 2020	Unrealised loss on fair value for the year ended 31 December 2020 <i>HK\$'000</i>	Accumulated unrealised loss on fair value of financial assets at fair value through profit or loss as at 31 December 2019 <i>HK\$'000</i>	Fair value of the investment in listed securities as at 31 December 2020 <i>HK\$'000</i>
Financial assets at fair value through profit or loss	29,633	8.7%	5,026	1,874	22,733

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 stock market in Hong Kong was volatile amid COVID-19 outbreak and thus generated unrealised loss for the Group's portfolio. The Group will continue to adopt the cautious and risk/return balanced approach in equity investments.

Save as disclosed above, the Group did not have any significant investment as at 31 December 2020 (2019: Nil).

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any significant contingent liabilities (2019: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 129 (2019: 126) full-time employees in Hong Kong. The Group believes that hiring, motivating and retaining qualified employees are crucial to the success as a leading financial printer. Total staff costs (including Directors' emoluments) were approximately HK\$54.7 million (2019: approximately HK\$59.5 million). The remuneration packages of the Group's employees include basic salary, allowances, medical scheme, mandatory provident fund scheme, commission and discretionary bonuses. The remuneration policies of the Group, including promotion, bonus, salary increment and other benefits, are based on the Group's operating results, employees' individual performance, working experience, respective responsibilities, merit, qualifications and competence, as well as those benefits comparable to the prevailing market practice, standards and statistics. The remuneration policies of the Group are reviewed by the management of the Group regularly. The dedication and hard work of the Group's staff during the Year are generally appreciated and recognised.

In addition, the Company adopted a share option scheme (the "Scheme"). Since its adoption, no options have been granted or agreed to be granted pursuant to the Scheme and therefore, there were no outstanding options as at 31 December 2020 (2019: Nil). The Group also provides and arranges on-the-job trainings for the employees.

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 31 December 2020, the Group had no borrowings or charges on the Group's assets (2019: Nil).

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 1 October 2020, REF Holdings (HK) Limited, a wholly owned subsidiary of the Company, had purchased the 100% shareholding of Finlang Translation Services Limited, a company principally engaged in the provision of translation services. We believes that the acquisition will enhance our translation services to the customers and broaden our revenue base in the coming years.

FOREIGN CURRENCY EXPOSURE

The Group's businesses are solely operated in Hong Kong. The sales and purchases are mainly denominated in Hong Kong dollars (“**HKD**”) and customers rarely request to settle our billing by other foreign currencies.

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

OUTLOOK

There are still uncertainties and challenges ahead of the Group's operating environment in 2021. The COVID-19 outbreak may continue to have an adverse impact on the Group's operating results. Meanwhile, the Stock Exchange is going to introduce the paperless listing and subscription regime, online display of documents and reduction of the types of documents on display in 2021. Besides the Stock Exchange had commenced its consultation to raise the profit threshold for listings on its main board. The Directors will closely monitor the development of all the above mentioned issues and assess their impact on the Group's operations.

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 (the “**CG Code**”) as set out in Appendix 14 of Listing Rules on the Stock Exchange 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.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee (the “**Audit Committee**”), a remuneration committee (the “**Remuneration Committee**”) and a nomination committee (the “**Nomination Committee**”) with specific written terms of reference.

COMPLIANCE WITH LAWS AND REGULATIONS

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

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (the “**Model Code**”) of 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 transaction during the Year.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2020 and up to the date of this announcement.

DIVIDENDS

On 15 September 2020, an interim dividend of HK20 cents per share was paid to shareholders of the Company whose names appear on the register of members of the Company on 11 September 2020, amounting to HK\$51,200,000 (2019: Nil).

On 11 March 2021, the Board recommended the payment of a final dividend of HK30 cents per share (2019: Nil) for the year ended 31 December 2020 to the shareholders of the Company, amounting to HK\$76,800,000 (2019: Nil). The proposed final dividend will be submitted for consideration at the Annual General Meeting to be held on Friday, 23 April 2021. Coupled with the interim dividend, the total dividend for the Year would amount to HK50 cents per share (2019: Nil).

ANNUAL GENERAL MEETING (“AGM”)

The forthcoming AGM will be held on Friday, 23 April 2021. A notice convening the AGM will be published in due course in the manner required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 20 April 2021 to Friday, 23 April 2021, both days inclusive, during which period no transfer of Shares will be registered. For determining the entitlement of the Shareholders to attend and vote at the AGM, the non-registered Shareholders must lodge all share transfer documents accompanied by the relevant share certificates with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, no later than 4:00 p.m. on Monday, 19 April 2021 for registration.

RECORD DATE FOR PROPOSED FINAL DIVIDEND

For the purpose of ascertaining the Shareholders' entitlement to the proposed final dividend, the register of members will be closed from Friday, 30 April 2021 to Tuesday, 4 May 2021, both days inclusive. The proposed final dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company as at Tuesday, 4 May 2021. In order to qualify for the proposed final dividend payable on or before Thursday, 6 May 2021, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong (Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong) for registration no later than 4:00 p.m. on Thursday, 29 April 2021.

AUDIT COMMITTEE

The Company had established the Audit Committee on 12 August 2015. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Company, make recommendations to the Board on the appointment, reappointment and removal of the independent auditors, and review the Company's financial information.

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

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

Hong Kong, 11 March 2021

As at the date of this announcement, the executive Director is Ms. Kwok Kam Lai; the non-executive Director is Mr. Lau Man Tak (Chairman); and the independent non-executive Directors are Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lee Hon Man Eric.