



iOne Holdings Limited
卓智控股有限公司*

(incorporated in Bermuda with limited liability)
Stock code: 982

Interim Report
2009

* for identification purpose only

Contents

02	Corporate Information
03	Condensed Consolidated Statement of Comprehensive Income
04	Condensed Consolidated Statement of Financial Position
05	Condensed Consolidated Statement of Changes in Equity
06	Condensed Consolidated Statement of Cash Flows
07	Notes to the Condensed Consolidated Financial Statements
15	Management Discussion and Analysis
19	Other Information

Corporate Information

Board of Directors

Executive directors

Ms. Ng Wing Mee, Denise (*Chairman*)
Ms. Chiu Hok Yu

Independent non-executive directors

Mr. Tse Chi Ming
Ms. Tsang Wing Yee
Mr. Yip Tai Him (appointed on 8 April 2009)
Mr. Leung Pak Keung
(resigned on 31 May 2009)

Audit committee

Ms. Tsang Wing Yee (*Chairman*)
Mr. Yip Tai Him (appointed on 8 April 2009)
Mr. Tse Chi Ming
Mr. Leung Pak Keung
(resigned on 31 May 2009)

Remuneration committee

Mr. Yip Tai Him (*Chairman*)
(appointed on 31 May 2009)
Ms. Tsang Wing Yee
Mr. Tse Chi Ming
Mr. Leung Pak Keung (*Chairman*)
(resigned on 31 May 2009)

Nomination committee

Mr. Tse Chi Ming (*Chairman*)
Ms. Tsang Wing Yee
Mr. Yip Tai Him (appointed on 8 April 2009)
Mr. Leung Pak Keung
(resigned on 31 May 2009)

Solicitors

lu, Lai & Li

Compliance adviser

Sun Hung Kai International Limited

Auditors

BDO Limited

Company secretaries

Mr. Ho Ming Fai *ACCA, CPA*
(resigned on 21 July 2009)
Mr. Lee Wing Yin *ACCA, CPA*
(appointed on 21 July 2009)
Mr. Ira Stuart OUTERBRIDGE III*
(*assistant secretary)

Authorised representatives

Ms. Chiu Hok Yu
Mr. Ho Ming Fai
(resigned on 21 July 2009)
Mr. Lee Wing Yin
(appointed on 21 July 2009)

Head office and principal place of business

Units 1204-06, Wheelock House
20 Pedder Street
Central
Hong Kong

Registered office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Bermuda principal share registrar and transfer office

Butterfield Fund Services (Bermuda)
Limited

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited

Principal banker

Standard Chartered Bank (Hong Kong)
Limited

Bermuda resident representatives

Mr. John Charles Ross COLLIS

Place of listing

The Stock Exchange of Hong Kong
Limited

Stock Code

982

Website address

www.ioneholdings.com

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Notes	Six months ended 30 June	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Turnover	4	96,464	155,418
Cost of services provided		(47,768)	(81,062)
Gross profit		48,696	74,356
Other income and gains		156	352
Selling and distribution expenses		(8,241)	(13,472)
Administrative expenses		(17,505)	(15,052)
Profit before income tax expense	5	23,106	46,184
Income tax expense	6	(3,903)	(7,863)
Profit and total comprehensive income for the period		19,203	38,321
Profit and total comprehensive income attributable to:			
Equity owners of the Company		19,203	38,257
Minority interests		-	64
		19,203	38,321
Earnings per share	8		
- Basic and diluted (HK\$)		0.08	0.19

Condensed Consolidated Statement of Financial Position

At 30 June 2009

	Notes	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	6,435	7,264
Deferred tax assets		29	29
		6,464	7,293
Current assets			
Work in progress		3,055	2,790
Trade receivables	10	44,606	34,769
Other receivables, deposits and prepayments		6,570	6,503
Income tax recoverable		2,008	3,573
Pledged bank deposit	11	150	150
Cash and cash equivalents	12	92,478	97,600
		148,867	145,385
Current liabilities			
Trade payables	13	8,713	10,087
Other payables and accruals		12,247	26,837
Amount due to a related company		1,061	1,263
Deferred income		1,026	1,271
		23,047	39,458
Net current assets			
		125,820	105,927
Total assets less current liabilities			
		132,284	113,220
Non-current liabilities			
Deferred income		293	403
Deferred tax liabilities		701	730
		994	1,133
Net assets			
		131,290	112,087
Capital and reserves			
Share capital	14	2,300	2,300
Reserves		128,990	109,787
Equity attributable to equity owners of the Company			
		131,290	112,087
Minority interests		-	-
Total equity			
		131,290	112,087

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to equity owners of the Company					Minority interests	Total
	Share capital	Share premium	Special reserve	Retained profits	Subtotal		
	HK\$'000	HK\$'000	HK\$'000 <i>(Note i)</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009 (Audited)	2,300	39,914	4,451	65,422	112,087	-	112,087
Profit and total comprehensive income for the period, representing total recognised income for the period	-	-	-	19,203	19,203	-	19,203
At 30 June 2009 (Unaudited)	2,300	39,914	4,451	84,625	131,290	-	131,290
At 1 January 2008 (Audited)	-	4,751	-	31,950	36,701	505	37,206
Profit and total comprehensive income for the period, representing total recognised income for the period	-	-	-	38,257	38,257	64	38,321
Acquisition of minority interests <i>(Note ii)</i>	-	-	-	(5,431)	(5,431)	(569)	(6,000)
Arising from the Reorganisation	300	(4,751)	4,451	-	-	-	-
At 30 June 2008 (Unaudited)	300	-	4,451	64,776	69,527	-	69,527

Notes:

- (i) Special reserve represents the difference between the aggregate amount of the share capital and share premium of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition pursuant to the Reorganisation.
- (ii) During the period ended 30 June 2008, the Group acquired the remaining 5% equity interests in a subsidiary, Rich Partners Holdings Limited, from a minority shareholder, who is also a key management personnel of the Group, at a cash consideration of HK\$6,000,000. The difference between the consideration and the minority interests was recognised in retained profits.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	Note	Six months ended 30 June	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Net cash (used in)/from operating activities		(5,065)	5,582
Net cash (used in)/from investing activities		(57)	1,437
Net cash used in financing activities		-	(74,705)
Net decrease in cash and cash equivalents		(5,122)	(67,686)
Cash and cash equivalents at beginning of period		97,600	97,916
Cash and cash equivalents at end of period	12	92,478	30,230

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

1. Group Reorganisation and Basis of Preparation

The Company was incorporated in Bermuda on 24 January 2008 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 14 July 2008.

Pursuant to a group reorganisation (the "Reorganisation") to rationalise the structure of the Company and its subsidiaries (collectively referred to as the "Group") in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the Group on 25 June 2008. Details of the Reorganisation were set out in the prospectus issued by the Company dated 30 June 2008 (the "Prospectus").

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the condensed consolidated financial statements of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" as if the group structure under the Reorganisation had been in existence throughout the six months ended 30 June 2008, or since the respective dates of incorporation or establishment of the companies comprising the Group where this is a shorter period.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. Principal Accounting Policies

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

The accounting policies used in the condensed consolidated financial statements are consistent with those set out in the Group's consolidated annual financial statements for the year ended 31 December 2008.

2. Principal Accounting Policies *(Continued)*

The following new standards and amendments to standards are mandatory for the financial year beginning 1 January 2009 and which are relevant to the Group.

HKAS 1 (revised)	'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement, but the Group can choose whether to present one performance statements (the statement of comprehensive income) or two statements (the consolidated income statement and statement of comprehensive income). Where the Group restates or reclassifies comparative information, the Group will be required to present its restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statement of financial position at end of the current period and comparative period. The Group has elected a single statement.
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The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning 1 January 2009, but not currently relevant for the Group.

HKAS 23 (amendment)	'Borrowing costs'
HKAS 32 (amendment)	'Financial instruments presentation'
HKAS 39 (amendment)	'Financial instruments: Recognition and measurement'
HKFRS 2 (amendment)	'Share-based payment – vesting conditions and cancellations'
HKFRS 7 (amendment)	'Financial instrument: disclosure'
HKFRS 8	'Operating segments'
HK(IFRIC) – interpretation 9 (amendment)	'Reassessment of embedded derivatives' and HKAS 39 (amendment), 'Financial instruments: recognition and measurement'
HK(IFRIC) – interpretation 13	'Customer loyalty programmes'
HK(IFRIC) – interpretation 15	'Agreement for the construction of real estate'
HK(IFRIC) – interpretation 16	'Hedges of a net investment in a foreign operation'

2. Principal Accounting Policies *(Continued)*

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

HKAS 1 (amendment)	'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2010
HKAS 7 (amendment)	'Statement of cash flows', effective for annual periods beginning on or after 1 January 2010
HKAS 17 (amendment)	'Lease', effective for annual periods beginning on or after 1 January 2010
HKAS 27 (revised)	'Consolidated and separate financial statements', effective for annual periods beginning on or after 1 July 2009
HKAS 36 (amendment)	'Impairment of assets', effective for annual periods beginning on or after 1 January 2010
HKAS 38 (amendment)	'Intangible assets', effective for annual periods beginning on or after 1 July 2009
HKAS 39 (amendment)	'Financial instruments: Recognition and measurement', effective for annual periods beginning on or after 1 January 2010 (published in May 2009)
HKAS 39 (amendment)	'Financial instruments: Recognition and measurement on eligible hedged items', effective for annual periods beginning on or after 1 July 2009
HKFRS 1 (amendment)	'Amendments to HKFRS 1 First-time adoption of Hong Kong Financial Reporting Standards – Additional exemptions for first-time adopters', effective for annual periods beginning on or after 1 January 2010
HKFRS 2 (amendment)	'Share-based payment', effective for annual periods beginning on or after 1 July 2009
HKFRS 2 (amendment)	'Share-based payment – group cash-settled share-based payment transactions', effective for annual periods beginning on or after 1 January 2010
HKFRS 3 (revised)	'Business combinations', effective for annual periods beginning on or after 1 July 2009
HKFRS 5 (amendment)	'Non-current Assets held for sale and discontinued operations', effective for annual periods beginning on or after 1 January 2010
HKFRS 8 (amendment)	'Operating segments', effective for annual periods beginning on or after 1 January 2010
HK(IFRIC) – interpretation 9 (amendment)	'Reassessment of embedded derivatives', effective for annual periods beginning on or after 1 July 2009
HK(IFRIC) – interpretation 16 (amendment)	'Hedges of a net investment in a foreign operation', effective for annual periods beginning on or after 1 July 2009
HK(IFRIC) – interpretation 17	'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009
HK(IFRIC) – interpretation 18	'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009

The Group has already commenced an assessment of the impact of the new standards, amendments to the standards or interpretations to existing standards but is not yet in a position to state whether these new standards, amendments to standards or interpretations to existing standards would have a significant impact to the Group's result of operations and financial position.

3. Segment Information

The Group has one single business segment, namely the provision of financial printing services. Although the financial printing services are currently organised into two revenue divisions of printing and translation, and advertising, the management considers that these revenue divisions are subject to similar risks and returns. Historically, management only relied on the reported revenue associated from these revenue divisions in making financial decisions and allocating resources, and significant costs incurred associated with the revenue generated could not be separately identified in accordance to these revenue divisions. 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.

4. Turnover

An analysis of the Group's turnover for the period is as follows:

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Financial printing services:		
– Printing and translation	85,732	139,608
– Advertising	10,732	15,810
	<u>96,464</u>	<u>155,418</u>

5. Profit Before Income Tax Expense

Profit before income tax expense has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Depreciation of property, plant and equipment	1,039	952
Loss on disposal of property, plant and equipment	1	11
Bank interest income	(153)	(350)

6. Income Tax Expense

Hong Kong profits tax is calculated at 16.5% (six months ended 30 June 2008: 16.5%) of the estimated assessable profits for the period.

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Current tax		
– Hong Kong profits tax	3,932	7,881
Deferred tax	(29)	(18)
	<u>3,903</u>	<u>7,863</u>

7. Dividends

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2009.

8. Earnings Per Share

The calculation of the basic earnings per share for the period is based on the profit attributable to equity owners of the Company of HK\$19,203,000 (six months ended 30 June 2008: HK\$38,257,000) and on the number of 230,000,000 shares (six months ended 30 June 2008: 200,000,000 shares).

The Company had no dilutive potential ordinary shares outstanding during both periods.

9. Property, Plant and Equipment

During the period, the Group spent approximately HK\$210,000 (six months ended 30 June 2008: HK\$570,000) on acquisition of property, plant and equipment.

10. Trade Receivables

The Group generally allows a credit period of 30 days to its customers. The aged analysis of trade receivables, based on invoice due date, is as follows:

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
Current – neither past due nor impaired	14,281	7,668
1 – 90 days past due	28,126	16,881
91 – 180 days past due	1,469	2,626
181 – 365 days past due	40	7,592
Over 365 days past due	690	2
Amounts past due but not impaired	30,325	27,101
	44,606	34,769

11. Pledged Bank Deposit

Pledged bank deposit represents deposit pledged to a bank to secure general banking facilities granted to the Group. The pledged bank deposit carries fixed interest on prevailing market rate ranging from 0.2% to 3% per annum at 30 June 2009 (31 December 2008: 3% per annum).

12. Cash and Cash Equivalents

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
Cash at bank and on hand	59,778	12,659
Term deposits with original maturities of three months or less	32,700	84,941
Cash and cash equivalents in the condensed consolidated statement of financial position and condensed consolidated statement of cash flows	92,478	97,600

13. Trade Payables

The Group normally receives credit terms of 30 days to 60 days from its suppliers. The aged analysis of the Group's trade payables, based on invoice due date, is as follows:

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
Current	4,357	4,699
1-90 days past due	3,952	4,833
91-180 days past due	132	364
181-365 days past due	208	107
Over 365 days past due	64	84
	8,713	10,087

14. Share Capital

The movements in the Company's authorised and issued share capital during the period from 24 January 2008 (date of incorporation) to 30 June 2009 are as follows:

<i>Notes</i>	Number of shares	Nominal value HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
On the date of incorporation	1,000,000	10
Increase on 25 June 2008	299,000,000	2,990
At 31 December 2008 and 30 June 2009	300,000,000	3,000
Issued and fully paid:		
Allotted and issued at nil paid on 28 February 2008	10,000	-
Issue of shares upon the Reorganisation	29,990,000	300
Issue of shares by way of placing and public offer	30,000,000	300
Issue of shares by way of capitalisation of share premium account	170,000,000	1,700
At 31 December 2008 and 30 June 2009	230,000,000	2,300

14. Share Capital *(Continued)*

Notes:

- (a) On 24 January 2008, the Company was incorporated in Bermuda with authorised share capital of HK\$10,000 divided into 1,000,000 shares of HK\$0.01 each. On 28 February 2008, 10,000 shares of HK\$0.01 each were allotted and issued at nil paid to the subscribers.
- (b) Pursuant to resolutions in writing of all shareholders of the Company passed on 25 June 2008, the authorised share capital of the Company was increased from HK\$10,000 to HK\$3,000,000 by creation of an additional 299,000,000 shares of HK\$0.01 each.
- (c) On 25 June 2008, as part of the Reorganisation, the Company (i) issued 29,990,000 new shares of HK\$0.01 each credited as fully paid at par, and (ii) credited as fully paid at par for the then existing 10,000 shares issued at nil paid on 28 February 2008 referred in (a) above, in consideration of and in exchange for the acquisition of the entire issued share capital of Miracle View Group Ltd.
- (d) On 11 July 2008, 30,000,000 new ordinary shares of HK\$0.01 each were issued by way of placing to professional, institutional and individual investors and public offer to the public at a price of HK\$1.60 per share. On 14 July 2008, the Company's shares were listed on the Stock Exchange.
- (e) On 11 July 2008, 170,000,000 new ordinary shares of HK\$0.01 each were allotted and issued as fully paid at par to the shareholders of the Company on the register of members of the Company at the close of business on 25 June 2008, by way of capitalisation of the sum of HK\$1,700,000 standing to the credit of the share premium account of the Company, conditional on the share premium account being credited as a result of placing and public offer of shares as set out in (d) above. For the purpose of preparing the financial statements, these shares were deemed to have been in issue throughout the year ended 31 December 2008.

All the shares which were issued by the Company during the period rank *pari passu* with each other in all respects.

15. Commitments

At 30 June 2009, the Group had no significant capital commitments. (31 December 2008: Nil).

16. Related Party Transactions

In addition to the transactions and balances detailed elsewhere in these condensed financial statements, the Group had the following material transactions with related parties during the period:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Printing charges to Sing Kee Printing Factory Limited ("Sing Kee")	5,561	12,398
Reimbursement of expenses in relation to the listing of the Company's shares on the Stock Exchange by the shareholders	-	3,912

Notes: Mr. Ip Mo Leung, Gary (spouse of Ms. Ng Wing Mee, Denise) and Ms. Ng Wing Mee, Denise, through Gold Fortune Investments Limited (owned as to 50% by Mr. Ip Mo Leung, Gary and as to 50% by Ms. Ng Wing Mee, Denise), own approximately 60.89% shareholding interest in Brilliant Eagle International Ltd. ("Brilliant Eagle"), the ultimate holding company of the Group. Further, Sing Kee is owned by Mr. Yip Sing Lam (father-in-law of Ms. Ng Wing Mee, Denise), Mr. Ip Mo Leung, Gary, Mr. Ip See Yuen (brother-in-law of Ms. Ng Wing Mee, Denise) and Mr. Yip King Man (cousin-in-law of Ms. Ng Wing Mee, Denise) as to 51%, 24%, 24% and 1%, respectively. Therefore, Sing Kee is an associate of Ms. Ng Wing Mee, Denise and Brilliant Eagle and is therefore a related party of the Company.

The directors of the Company represented that the above transactions were carried out on normal commercial terms and in the ordinary course of business.

A master subcontracting agreement for the printing work has been entered into between the Company and Sing Kee during the period, whereby the subcontracting fees payable by the Group to Sing Kee will be determined at the prevailing market prices and terms on a job basis for the period from 14 July 2008 to 31 December 2010, subject to annual caps, as stated in the subcontracting agreement.

Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Salaries, commissions and other allowances	5,884	5,539
Bonuses	2,442	5,914
Retirement benefits scheme contributions	30	32
	8,356	11,485

The remuneration of directors and key management is determined by having regard to the performance of individuals and market trends.

Management Discussion and Analysis

Review of result

The Group's profit attributable to the Company's equity owners for the six months ended 30 June 2009 amounted to approximately HK\$19.2 million (2008: approximately HK\$38.3 million) representing a decrease of approximately 49.9% in response to a decline in turnover by approximately 37.9% as compared to six months ended 30 June 2008. Basic earnings per share for the Period under Review was approximately HK\$0.08. (2008: approximately HK\$0.19).

Revenue

The Group recorded a turnover of approximately HK\$96.5 million for the six months ended 30 June 2009, representing a decrease of about 37.9% from approximately HK\$155.4 million for the corresponding period last year. During the Period under Review, revenue was dragged down by a decline in revenue from printing, which decreased to about HK\$71.7 million by approximately 41.2% from approximately HK\$122 million for the corresponding period last year. The decline was primarily attributable to a drop of approximately 69.2% in revenue from printing of Initial Public Offer ("IPO") prospectuses resulting from straitened economic conditions. Revenue from advertising also decreased approximately 32.3% to approximately HK\$10.7 million from approximately HK\$15.8 million as compared to the corresponding period last year due to a decrease in revenue from publication of listed company announcements in newspaper. Moreover, the approximately 20.9% decline in revenue from translation to approximately HK\$14 million from approximately HK\$17.7 million for the corresponding period last year further pulled down the total revenue.

Gross Profit Margin and Gross Profit

The Group's consolidated gross profit dropped approximately HK\$25.7 million during the Period under Review to approximately HK\$48.7 million from approximately HK\$74.4 million for the corresponding period last year. However, the Group's profit margin increased to approximately 50.5% from approximately 47.9% as compared to the corresponding period last year, resulting from decreases in advertising and printing cost and other production cost.

Other Income and Gains

The Group's other income and gains during the Period under Review was approximately HK\$0.2 million (2008: approximately HK\$0.4 million), a decrease of approximately HK\$0.2 million, mainly attributable to the decline in interest income under lower interest rate environment.

Selling and Distribution Expenses

The Group's selling and distribution expenses during the Period under Review were approximately HK\$8.2 million (2008: approximately HK\$13.5 million), representing a drop of approximately 39.3%, mainly due to a reduction in sales commission and provision for bonus.

Management Discussion and Analysis *(continued)*

Administrative Expenses

The Group's administrative expenses increased to approximately HK\$17.5 million for the six months ended 30 June 2009 from approximately HK\$15.1 million as compared to the corresponding period last year. The increase was mainly attributable to increase in rent, rate and building management fee totaling approximately HK\$2.5 million for setting up an office that served as the Group's head office and operation centre of its translation operation. The percentage of administrative expenses to sales revenue during the Period under Review was approximately 18.1% (2008: approximately 9.7%).

Liquidity and Financial Resources

As at 30 June 2009, the Group's cash and bank balances stood at approximately HK\$92.5 million (31 December 2008: approximately HK\$97.6 million). The Group did not have any borrowings (31 December 2008: Nil) at the end of the Period under Review. The Group had current assets of approximately HK\$148.9 million (31 December 2008: approximately HK\$145.4 million) and total current liabilities of approximately HK\$23 million (31 December 2008: approximately HK\$39.5 million). The Group's current ratio, defined as the total current assets over total current liabilities, was approximately 6.5 (31 December 2008: approximately 3.7).

The total equity of the Group as at 30 June 2009 was approximately HK\$131.3 million (31 December 2008: approximately HK\$112.1 million). The increase was mainly attributable to growth in net profit after tax. The Group's gearing ratio, determined as total liabilities over total assets was about 15.5% (31 December 2008: approximately 26.6%), representing a decrease of approximately 11.1% mainly due to decline in total liabilities resulted from subsequent settlement of bonus and commission payment.

Pledge of Assets

As at 30 June 2009, bank deposit of approximately HK\$0.2 million (31 December 2008: approximately HK\$0.2 million) were pledged to a bank to secure general banking facilities granted to the Group.

Capital Structure

The Company was incorporated in Bermuda on 24 January 2008 and 10,000 ordinary shares of HK\$0.01 per share was issued at nil paid on 28 February 2008. On 25 June 2008, the Company issued another 29,990,000 ordinary shares of HK\$0.01 per share, credited as fully paid, together with the aforementioned 10,000 ordinary shares, in exchange for the entire issued share capital of Miracle View Group Ltd. Thereafter, Miracle View Group Ltd became the wholly owned subsidiary of the Company. Recording oversubscription in the IPO, the Company was successfully listed on the Main Board of the Stock Exchange on 14 July 2008 (the "Listing Date"). The number of ordinary shares issued increased from 30,000,000 to 230,000,000 shares, of which 30,000,000 shares had been in issue as aforesaid, 170,000,000 shares were issued under the capitalisation issue, and 30,000,000 shares were issued pursuant to the IPO Share Offer. The Group's operations were mainly financed by internal resources and shareholders' equity.

Management Discussion and Analysis *(continued)*

Contingent Liabilities

As at 30 June 2009, the Group was not aware of any material contingent liabilities.

Business Plan

With the mission of establishing the Group as an international financial printing services provider, the Group is committed to expanding its scale of operations and strengthening its core competitiveness in financial sector. Meanwhile, new business opportunities are also being explored. In line with the future plan set out in the Company's IPO prospectus dated 30 June 2008, the Group intends to apply the net proceeds of approximately HK\$40.5 million from the Share Offer in upgrading the hardware and software; expanding its professional staff team; establishing or acquiring backup production hub in PRC and setting up a representative office in Beijing, PRC. In light of the continuing global economic uncertainties, the Group has adjusted its business plans and strategies by slowing down its expansion plans and had instead turned to strengthen its niche to maintain its edge. Pending the utilization of the fund for the above purposes, the proceeds was placed on short-term interest bearing deposits with authorized financial institutions and/or licensed banks in Hong Kong.

Use of proceeds

The net proceeds of approximately HK\$40.5 million from the IPO Share Offer will be used to strengthen its competitiveness by accomplishing the future plans as stated in the prospectus dated 30 June 2008. Since the Listing Date to 31 December 2008, the Group applied approximately HK\$2 million of the net proceeds from the IPO Share Offer to upgrade its production facility and a further HK\$1.8 million to set up an office that served as the Group's head office and operation centre of its translation operation. During the Period under Review, the Group did not use any balance of the proceeds and it stood at approximately HK\$36.7 million as at 30 June 2009.

Employees

As at 30 June 2009, the Group had a total of approximately 151(2008: approximately 174) full-time employees. The staff cost of the Group during the Period under Review was about HK\$30.7 million (2008: approximately HK\$35.7 million). The staff cost included salaries, commissions, bonus, other allowance, and retirement benefits scheme contribution. The Group operates a defined contribution benefits scheme under the Mandatory Provident Fund Schemes Ordinance and medical insurance or medical benefits for all its employees. The Group structured remuneration packages of employees by general reference to market terms, employees' duties and responsibilities and the Group's financial performance.

Management Discussion and Analysis *(continued)*

Significant Investment Held

The Group did not acquire any investments or properties during the Period under Review. There was no material acquisition and disposal of subsidiaries and associated companies during the Period under Review.

Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2009.

Interest Rate Risk

The Group had interest bearing financial assets at fixed interest rate which comprised short-term bank deposits. As there is no significant financial risk of change in interest rates, the Group currently does not have any interest rate hedging policy.

Foreign Exchange Risk

The Group conducted its business transactions principally in Hong Kong dollars. As at 30 June 2009, most of the Group's bank and cash balance are denominated in Hong Kong dollars. As the foreign exchange risk exposure is limited, the Group did not adopt any foreign currency derivatives for hedging purpose.

Other Information

Share Option Scheme

Pursuant to the resolution passed by the Shareholders on 25 June 2008, the Company approved and conditionally adopted a share option scheme whereby selected categories of the participants may be granted options to subscribe for shares at the discretion of the Board. No options were granted under the share option scheme for the six months ended 30 June 2009.

Audit Committee

The Group established an audit committee which consisted of three independent non-executive Directors, namely Messrs. Tsang Wing Yee, Yip Tai Him and Tse Chi Ming. Ms. Tsang Wing Yee is the chairman of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting and the internal control of the Group. The audit committee has reviewed the Group's interim report for the six months ended 30 June 2009.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2009.

Other Information *(continued)*

Directors' and Chief Executive's Interests and Short Positions in Shares

As at 30 June 2009, the interests or short positions of the Directors and chief executives and their associates in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Mode Code for Securities of Transaction by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position in ordinary share of HK\$0.01 each in the Company

Name of Directors	Company/name of associated corporation	Capacity	Number of shares held	Approximate percentage of interested shares to the issued shares capital of the Company/ associated corporation [%]
Ng Wing Mee, Denise <i>(Note 1)</i>	The Company	Controlled corporation	122,400,000 <i>(Note 1)</i>	53.22%
	Brilliant Eagle International Ltd ("Brilliant Eagle")	Controlled corporation	6,089	60.89% <i>(Note 1)</i>
Chiu Hok Yu	Brilliant Eagle	Beneficial owner	1,890 <i>(Note 2)</i>	18.90%

Notes:

- 122,400,000 shares of the Company were directly held by Brilliant Eagle. As Brilliant Eagle's issued share capital is held as to approximately 60.89% by Gold Fortune Investments Limited, whose entire issued share capital is in turn held as to 50% by Ms. Ng Wing Mee, Denise. She is deemed to have interests in the same block of 122,400,000 shares under Part XV of the SFO.
- 1,890 shares of Brilliant Eagle is beneficially owned as to about 18.90% by Ms. Chiu Hok Yu.

Other Information *(continued)*

Interest of Substantial Shareholders

As at 30 June 2009, so far as is known to any Director or chief executive of the Company, the following persons or corporations, other than a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company:

Long position in ordinary shares of HK\$0.01 each in the Company

Name of Substantial Shareholders	Capacity/ Nature of interest	Number of shares held	Approximate percentage of shareholding (%)
Brilliant Eagle <i>(Note 1)</i>	Beneficial owner	122,400,000	53.22%
Gold Fortune Investments Limited <i>(Note 2)</i>	Controlled corporation	122,400,000	53.22%
Mr. Ip Mo Leung, Gary <i>(Note 2)</i>	Interest of a Controlled corporation	122,400,000	53.22%
Goldfish Ventures Limited <i>(Note 3)</i>	Beneficial Owner	20,400,000	8.87%
Ms. Yeung Wing Yan, Wendy <i>(Note 3)</i>	Controlled corporation	20,400,000	8.87%
Mr. Tsang Link Carl, Brian <i>(Note 3)</i>	Controlled corporation	20,400,000	8.87%
Ms. Wong Yuen Man, Frances <i>(Note 4)</i>	Interest of Spouse	20,400,000	8.87%
Mr. Yih Lai Tak, Dieter <i>(Note 3)</i>	Controlled corporation	20,400,000	8.87%
Ms. Yih Caroline Celestine <i>(Note 5)</i>	Interest of Spouse	20,400,000	8.87%
Ms. Kong Yee Ching, Ellen <i>(Note 6)</i>	Controlled corporation	13,600,000	5.91%

Notes:

- Brilliant Eagle is beneficially owned as to about 60.89% by Gold Fortune Investments Limited.
- Gold Fortune Investments Limited is beneficially held by Ms. Ng Wing Mee, Denise and her spouse Mr. Ip Mo Leung, Gary in equal shares of 50% each.
- Goldfish Ventures Limited is beneficially held by Ms. Yeung Wing Yan, Wendy, Mr. Tsang Link Carl, Brian, and Mr. Yih Lai Tak, Dieter in equal shares of one-third each.
- Ms. Wong Yuen Man, Frances is the spouse of Mr. Tsang Link Carl, Brian who owns one-third of the shares in Goldfish Ventures Limited. Therefore, she is deemed to be interested in the shares of which Mr. Tsang Link Carl, Brian is deemed to be interested in for the purpose of the SFO.
- Ms. Yih Caroline Celestine is the spouse of Mr. Yih Lai Tak, Dieter who owns one-third of the shares in Goldfish Ventures Limited. Therefore, she is deemed to be interested in the shares of which Mr. Yih Lai Tak, Dieter is deemed to be interested in for the purpose of the SFO.
- Eternal Fortune Management Limited holds 6,800,000 shares of the Company and Twin Luck Worldwide Holdings Ltd. holds 6,800,000 shares of the Company. The entire share capital of Eternal Fortune Management Limited and Twin Luck Worldwide Holdings Ltd. is solely held by Ms. Kong Yee Ching Ellen. She is deemed to have interests in the 13,600,000 shares of the Company held by Eternal Fortune Management Limited and Twin Luck Worldwide Holdings Ltd.

Save as disclosed above, the register required to be kept under section 336 of the SFO shows that as at 30 June 2009, the Company had not been notified of any other person who had an interest or short position in the shares and underlying shares of the Company.

Other Information *(continued)*

Outlook

On 17 July 2009, Profit Allied Limited (the "Purchaser"), which is beneficially and wholly owned by Mr. Pong Wai San, Wilson, became the controlling shareholder of the Company under a Sale and Purchase Agreement in respect of 170,000,000 shares in the Company between the Purchaser and the vendors (Brilliant Eagle International Ltd; Goldfish Ventures Limited; New Court Management Inc.; Interasia Ventures Limited; Eternal Fortune Management Limited and Twin Luck Worldwide Holdings Ltd). As such, the Board will be reconstituted after the closing of the Mandatory Unconditional Cash Offer (the "Offers") made by the Purchaser. Detailed information was disclosed in the joint announcement of the Purchaser and the Company dated 21 July 2009.

Corporate Governance Practices

During the six months ended 30 June 2009, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules.

Model Code for Securities Transactions by Directors

The Company adopted the Model Code set out in the Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries, all Directors confirmed that they had complied with the Model Code during the six months ended 30 June 2009.

Appreciation

Our group's success greatly depended on all our staff's commitment, dedication and professionalism. On behalf of the Board, I would like to thank every staff for their loyalty, diligence and dedication. I would also take this opportunity to express my sincere appreciation to our shareholders, clients and suppliers for their continuous and valuable support.

I shall be leaving the Board after the closing of the Offers. I sincerely wish the Group every success in all its future endeavors.

By order of the Board

Ng Wing Mee, Denise

Chairman

Hong Kong 27 August 2009