# iOne Holdings Limited
# 卓智控股有限公司*

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

# Interim Report 2010

* for identification purpose only

iOne Financial Press Limited
iOne Regional RFP

## Contents

# Corporate Information

## Board of Directors

*Executive directors*

Mr. Lee Wing Yin
(appointed as Chairman on 1 March 2010)
Mr. Lau Wai Shu
(appointed as Managing Director on 1 March 2010)
Ms. Chiu Hok Yu
(resigned as Executive Director and Managing Director on 1 March 2010)

*Independent non-executive directors*

Mr. Yip Tai Him
Mr. Lung Hung Cheuk
Mr. Ng Chi Ming

## Audit Committee

Mr. Yip Tai Him *(Chairman)*
Mr. Lung Hung Cheuk
Mr. Ng Chi Ming

## Remuneration Committee

Mr. Lung Hung Cheuk *(Chairman)*
Mr. Ng Chi Ming
Mr. Yip Tai Him

## Nomination Committee

Mr. Ng Chi Ming *(Chairman)*
Mr. Yip Tai Him
Mr. Lung Hung Cheuk

## Solicitors

Iu, Lai & Li

## Auditor

BDO Limited

## Company Secretary

Mr. Lee Wing Yin FCCA, CPA
Mr. Ira Stuart OUTERBRIDGE III*
*(* assistant secretary)*

## Head Office and Principal Place of Business

Units 1204-6, 12th Floor 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

## Authorised Representatives

Mr. Lee Wing Yin
Mr. Lau Wai Shu
(appointed on 1 March 2010)
Ms. Chiu Hok Yu
(resigned on 1 March 2010)

## 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 2010*

| | Notes | Six months ended 30 June 2010 HK$'000 (Unaudited) | 2009 HK$'000 (Unaudited) |
|---|---|---|---|
| Turnover | 4 | **116,319** | 96,464 |
| Cost of services provided | | **(50,858)** | (47,768) |
| Gross profit | | **65,461** | 48,696 |
| Other income and gains | | **236** | 156 |
| Selling and distribution expenses | | **(10,408)** | (8,241) |
| Administrative expenses | | **(12,328)** | (17,505) |
| Profit before income tax expense | 5 | **42,961** | 23,106 |
| Income tax expense | 6 | **(7,263)** | (3,903) |
| Profit and total comprehensive income for the period attributable to owners of the Company | | **35,698** | 19,203 |
| | | | (restated) |
| Earnings per share | 8 | | |
| – Basic and diluted (HK$) | | **0.004** | 0.002 |

## Condensed Consolidated Statement of Financial Position

*At 30 June 2010*

| | Notes | 30 June 2010 HK$'000 (Unaudited) | 31 December 2009 HK$'000 (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | **6,061** | 6,818 |
| **Current assets** | | | |
| Work in progress | | **2,520** | 1,432 |
| Trade receivables | 10 | **70,063** | 71,278 |
| Other receivables, deposits and prepayments | | **4,866** | 6,106 |
| Amount due from a related company | | **30** | 23 |
| Income tax recoverable | | **44** | 33 |
| Pledged bank deposit | | **–** | 150 |
| Cash and cash equivalents | | **168,664** | 129,391 |
| | | **246,187** | 208,413 |
| **Current liabilities** | | | |
| Trade payables | 11 | **34,187** | 21,362 |
| Other payables and accruals | | **14,187** | 21,094 |
| Deferred income | | **293** | 604 |
| Income tax payable | | **11,212** | 5,380 |
| | | **59,879** | 48,440 |
| **Net current assets** | | **186,308** | 159,973 |
| **Total assets less current liabilities** | | **192,369** | 166,791 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | | **502** | 502 |
| **Net assets** | | **191,867** | 166,289 |
| **Capital and reserves** | | | |
| Share capital | 12 | **2,300** | 2,300 |
| Reserves | | **189,567** | 163,989 |
| **Total equity** | | **191,867** | 166,289 |

# Condensed Consolidated Statement of Changes in Equity

*For the six months ended 30 June 2010*

| | Attributable to owners of the Company | | | | |
|---|---|---|---|---|---|
| | Share capital | Share premium | Special reserve | Retained profits | Total |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| At 1 January 2010 (Audited) | 2,300 | 39,914 | 4,451 | 119,624 | 166,289 |
| 2009 final dividend declared and paid | – | – | – | (10,120) | (10,120) |
| Total comprehensive income for the period | – | – | – | 35,698 | 35,698 |
| At 30 June 2010 (Unaudited) | 2,300 | 39,914 | 4,451 | 145,202 | 191,867 |
| At 1 January 2009 (Audited) | 2,300 | 39,914 | 4,451 | 65,422 | 112,087 |
| Total comprehensive income for the period | – | – | – | 19,203 | 19,203 |
| At 30 June 2009 (Unaudited) | 2,300 | 39,914 | 4,451 | 84,625 | 131,290 |

## Condensed Consolidated Statement of Cash Flows

*For the six months ended 30 June 2010*

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Net cash from/(used in) operating activities | **49,618** | (5,065) |
| Net cash used in investing activities | **(225)** | (57) |
| Net cash used in financing activities | **(10,120)** | – |
| Net increase/(decrease) in cash and cash equivalents | **39,273** | (5,122) |
| Cash and cash equivalents at beginning of period | **129,391** | 97,600 |
| Cash and cash equivalents at end of period | **168,664** | 92,478 |

## Notes to the Condensed Consolidated Financial Statements

*For the six months ended 30 June 2010*

### 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.

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 and methods of computation 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 2009 except as those explained below.

The Group has applied for the first time the following relevant revised standards, amendment and interpretations ("new/revised HKFRSs") issued by HKICPA which are effective for the current period.

| | |
|---|---|
| HKFRSs (Amendments) | Improvements to HKFRSs 2009 |
| Amendments to HKFRS 2 | Share-based Payment – Group Cash-settled Share-based Payment Transactions |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements |
| HKFRS 3 (Revised) | Business Combinations |
| HK(IFRIC) – Interpretation 17 | Distributions of Non-cash Assets to Owners |

The revised HKAS 27 requires changes in parent's interest in subsidiaries that do not result in changes of control to be accounted for within equity, with no goodwill or gain from bargain purchase is recognised. The revised HKAS 27 renames "minority interests" as "non-controlling interests" and requires an entity to attribute the share of profit or loss to non-controlling interests even if it results in the non-controlling interests having a deficit balance.

The revised HKFRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 January 2010. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

The changes in HKFRS 3 and HKAS 27 were applied prospectively and had no material impact on earnings per share. The adoption of these new/revised HKFRSs did not have an impact on the Group's financial position and performance.

The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of the new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 3. Segment Information

The chief operating decision-maker of the Group has been identified as the executive directors of the Company. The executive directors regularly review revenue and operating result derived from provision of financial printing services on an aggregated basis and consider them as one single operating segment.

The Group principally operates in Hong Kong with revenue and profits derived from its operations in Hong Kong.

## 4. Turnover

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

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| | ***HK$'000*** | *HK$'000* |
| Financial printing services: | | |
| – Printing and translation | **103,537** | 85,732 |
| – Advertising | **12,782** | 10,732 |
| | **116,319** | 96,464 |

## 5. Profit Before Income Tax Expense

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

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| | ***HK$'000*** | *HK$'000* |
| Depreciation of property, plant and equipment | **1,104** | 1,039 |
| Loss on disposal of property, plant and equipment | **16** | 1 |
| Bank interest income | **(12)** | (153) |

## 6. Income Tax Expense

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both periods.

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| | ***HK$'000*** | *HK$'000* |
| Current tax | | |
| – Hong Kong profits tax | **7,263** | 3,932 |
| Deferred tax | **–** | (29) |
| | **7,263** | 3,903 |

## 7. Dividends

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2010 and 2009.

## 8. Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the period of HK$35,698,000 (six months ended 30 June 2009: HK$19,203,000) and the weighted average of 9,200,000,000 (six months ended 30 June 2009: 9,200,000,000, as adjusted to reflect the share subdivision on 12 January 2010 as set out in note 12) shares in issue during the period.

Diluted earnings per share is the same as the basic earnings per share as there are no potential dilutive ordinary shares outstanding during both periods.

## 9. Property, Plant and Equipment

During the period, the Group spent approximately HK$397,000 (six months ended 30 June 2009: HK$210,000) on acquisition of property, plant and equipment.

## 10. Trade Receivables

The Group generally allows a credit period of 30 days to its customers. The ageing analysis of trade receivables based on the invoice date at the end of reporting period is as follows:

| | **30 June 2010** *HK$'000* | 31 December 2009 *HK$'000* |
|---|---|---|
| 0 – 90 days | **57,372** | 65,025 |
| 91 – 180 days | **11,090** | 4,918 |
| 181 – 365 days | **1,415** | 1,319 |
| Over 365 days | **186** | 16 |
| | **70,063** | 71,278 |

## 11. Trade Payables

The Group normally receives credit terms of 30 days to 60 days from its suppliers. The ageing analysis of trade payables based on invoice date at the end of reporting period is as follows:

| | **30 June 2010 *HK$'000*** | 31 December 2009 *HK$'000* |
|---|---|---|
| 0–90 days | **26,399** | 18,639 |
| 91–180 days | **7,132** | 2,504 |
| 181–365 days | **642** | 80 |
| Over 365 days | **14** | 139 |
| | **34,187** | 21,362 |

## 12. Share Capital

| | **30 June 2010 *HK$'000*** | 31 December 2009 *HK$'000* |
|---|---|---|
| Authorised: 12,000,000,000 (31 December 2009: 300,000,000) ordinary shares of HK$0.00025 each (31 December 2009: HK$0.01 each) | **3,000** | 3,000 |
| Issued and fully paid: 9,200,000,000 (31 December 2009: 230,000,000) ordinary shares of HK$0.00025 each (31 December 2009: HK$0.01 each) | **2,300** | 2,300 |

*Note:*

Pursuant to an ordinary resolution passed at general meeting of the Company on 11 January 2010, each issued share of the Company of HK$0.01 was subdivided into 40 shares of HK$0.00025 each, resulting in the number of shares of the Company in issue of 9,200,000,000 on 12 January 2010.

## 13. Commitments

At 30 June 2010, the Group had no significant capital commitments (31 December 2009: Nil).

## 14. 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 | |
|---|---|---|
| | **2010** | 2009 |
| | ***HK$'000*** | *HK$'000* |
| Printing charges to a related company (note a) | **–** | 5,561 |
| Rental expenses to a related company (note b) | **588** | – |
| Printing income from a related company (note b) | **82** | – |

*Notes:*

(a) The spouse of a director, who resigned during the year ended 31 December 2009, had beneficial interests in the related company.

(b) A controlling shareholder of the Company is also director and controlling shareholder of the related company.

*Compensation of key management personnel*

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

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| | ***HK$'000*** | *HK$'000* |
| Short-term benefits | **5,690** | 8,326 |
| Post-employment benefits | **15** | 30 |
| | **5,705** | 8,356 |

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 owners for the six months ended 30 June 2010 ("Period under Review") amounted to approximately HK$35.7 million (2009: approximately HK$19.2 million) representing an increase of approximately 85.9%. Basic earnings per share for the Period under Review was approximately HK$0.004. (2009: approximately HK$0.002).

In December 2009, the Group has successfully merged the businesses of its two major operating subsidiaries, namely iOne Financial Press Limited ("iOne FPL") and iOne (Regional) Financial Press Limited ("iOne (Regional) FPL") and the benefit of the merger was reflected in the Period under Review.

### Revenue

The Group recorded a turnover of approximately HK$116.3 million for the six months ended 30 June 2010, representing an increase of about 20.5% from approximately HK$96.5 million for the six months ended 30 June 2009. Increase in revenue was attributable to 19.1% increase in revenue from advertising, 12.3% increase in revenue from translation and 22.4% increase in printing revenue. All three areas showed positive growths mainly attributable to increase in revenue from Initial Public Offer ("IPO") prospectuses.

### Gross Profit Margin and Gross Profit

The Group's consolidated gross profit rose approximately 34.5% during the Period under Review to approximately HK$65.5 million from approximately HK$48.7 million for the corresponding period last year. The Group's profit margin increased to approximately 56.3% from approximately 50.5% as compared to the corresponding period last year, primarily due to increase in turnover and decrease in direct labour cost from streamlining structure as a result of merger.

### Other Income and Gains

The Group's other income and gains during the Period under Review remained at approximately HK$0.2 million (2009: approximately HK$0.2 million).

### Selling and Distribution Expenses

The Group's selling and distribution expenses during the Period under Review were approximately HK$10.4 million (2009: approximately HK$8.2 million), representing an increase of approximately 26.8%, mainly due to increase in promotion charges, sales commissions and provision for bonuses.

### Administrative Expenses

The Group's administrative expenses dropped to approximately HK$12.3 million for the six months ended 30 June 2010 from approximately HK$17.5 million for the corresponding period last year. The decline was mainly attributable to decrease in rent and rate, building management fee, directors' remuneration and staff cost. The percentage of administrative expenses to sales revenue during the Period under Review was approximately 10.6% (2009: approximately 18.1%).

### Liquidity and Financial Resources

As at 30 June 2010, the Group's cash and bank balances increased to approximately HK$168.7 million (31 December 2009: approximately HK$129.4 million). The Group did not have any borrowings (31 December 2009: Nil) at the end of the Period under Review. The Group had current assets of approximately HK$246.2 million (31 December 2009: approximately HK$208.4 million) and total current liabilities of approximately HK$59.9 million (31 December 2009: approximately HK$48.4 million). The Group's current ratio, defined as the total current assets over total current liabilities, was approximately 4.1 (31 December 2009: approximately 4.3).

The total equity of the Group as at 30 June 2010 was approximately HK$191.9 million (31 December 2009: approximately HK$166.3 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 23.9% (31 December 2009: approximately 22.7%), representing an increase of approximately 1.2% mainly due to rise in total liabilities resulted from both increase in trade payables and income tax payable.

### Pledge of Assets

As at 30 June 2010, the Group had no pledge of assets. At 31 December 2009, bank deposits of approximately HK$0.2 million were pledged to a bank to secure general banking facilities granted to the Group.

### Capital Structure

An ordinary resolution for approving the share subdivision ("Share Subdivision") was duly passed by the shareholders in the special general meeting held on 11 January 2010. Accordingly, each of then issued and unissued shares of HK$0.01 each in the share capital of the Company was subdivided into 40 shares of HK$0.00025 each, resulting in the number of issued shares of the Company in issue of 9,200,000,000 on 12 January 2010. Upon completion of procedure of the Share Subdivision, the subdivided shares have been traded on the Stock Exchange in board lots of 20,000 subdivided shares.

### Contingent Liabilities

As at 30 June 2010, the Group did not have any material contingent liabilities.

### Use of Proceeds

The Company was successfully listed on the Main Board of the Stock Exchange on the Listing Date on 14 July 2008, raising net proceeds of approximately HK$40.5 million. The Group will use the proceeds to strengthen its competitiveness by implementing its future plans as stated in the IPO prospectus of the Company dated 30 June 2008. During the Period under Review, the Group applied approximately HK$0.2 million of the net proceeds from the IPO to upgrade its production facility. As at 30 June 2010, the aggregate amount of proceeds used was HK$6.2 million. Save for the amounts allocated for the aforementioned intended uses, and pending the utilisation of the proceeds, the Group has placed the remaining proceeds on deposits with authorised financial institutions and/or licensed banks in Hong Kong.

### Business Plan

The Group's fundamental business objective is to establish itself as an international financial printing service provider in the financial sector by strengthening its core competitiveness. After the merger of iOne FPL and iOne (Regional) FPL, the Group began to enjoy the combined merit of both major operating subsidiaries of the Group and benefit from the synergistic effect of the merger, which would not only reduce costs, but also enhance work quality and strengthen administrative efficiency.

In light of the economy recovery, the Group will take a prudent approach to its expansion plan. It will continue to seek any opportunities for strategic alliance with regional partners for new market and business development. The Group are reviewing the expansion plans, including the establishment of a representative office in Beijing and a backup production and translation hub in mainland China as stated in the IPO prospectus, in view of lower production costs and economic growth in mainland China. Furthermore, the Group will continue to refine its office facilities, to streamline work procedure and to upgrade the software and equipment with an aim to enhancing its competitiveness in the sector.

### Employees

As at 30 June 2010, the Group had a total of approximately 134 (2009: approximately 151) full-time employees. The staff cost of the Group during the Period under Review was about HK$24.7 million (2009: approximately HK$30.7 million). The staff cost included salaries, commissions, bonuses, other allowances and contributions to retirement benefits scheme. The Group operates a defined contribution scheme under the Mandatory Provident Fund Schemes Ordinance and medical insurance for all its employees. Basically, the Group structured remuneration packages of employees in reference to general market practice, 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 2010.

### Interest Rate Risk

The Group had interest bearing financial assets at fixed interest rate which comprised short-term bank deposits. As there was no significant financial risk of change in interest rates, the Group currently did 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 2010, most of the Group's bank and cash balances are denominated in Hong Kong dollars. As the foreign exchange risk exposure was 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 classes 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 2010.

### 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 2010.

### Audit Committee

The Group established an audit committee which consisted of three independent non-executive Directors, namely Mr. Yip Tai Him, Ng Chi Ming and Lung Hung Cheuk. Mr. Yip Tai Him 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 system of the Group. The audit committee has reviewed the Group's interim report for the six months ended 30 June 2010.

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

As at 30 June 2010, 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 (HK$0.00025 after Share Subdivision) of the Company*

| **Name of Directors** | **Capacity** | **Number of shares held** (before Share Subdivision) | **Number of shares held** (after Share Subdivision) | **Approximate percentage of interested shares to the issued shares capital of the Company** (%) |
|---|---|---|---|---|
| Lee Wing Yin | Beneficial ownership | 16,000 | 640,000 | 0.01 |
| Lau Wai Shu | Beneficial ownership | 50,000 | 2,000,000 | 0.02 |

Saved as disclosed above, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors or Listed Companies contained in the Listing Rules.

## Other Information *(continued)*

### Interest of Substantial Shareholders

As at 30 June 2010, 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 (HK$0.00025 after Share Subdivision) each of the Company*

| Name of Substantial Shareholders | Capacity/ Nature of interest | Number of shares held (before Share Subdivision) | Number of shares held (after Share Subdivision) | Approximate percentage of interested shares to the issued shares capital of the Company (%) |
|---|---|---|---|---|
| Mr. Pong Wai San, Wilson ("Mr. Pong") | Beneficial ownership | 172,000,000 | 6,880,000,000 | 74.78 |
| Tung Ching Yee, Helena *(Note 1)* | Interest of Spouse | 172,000,000 | 6,880,000,000 | 74.78 |
| Profit Allied Limited *(Note 2)* | Controlled corporation | 142,800,000 | 5,712,000,000 | 62.09 |
| Richfield Group Holdings Limited *(Note 3)* | Controlled corporation | 10,000,000 | 400,000,000 | 4.35 |
| Virtue Partner Group Limited *(Note 4)* | Controlled corporation | 10,000,000 | 400,000,000 | 4.35 |

*Notes:*

1. Ms. Tung Ching Yee, Helena is the spouse of Mr. Pong who beneficially owns 74.78% of the Company.

2. Profit Allied Limited is beneficially owned as to 100% by Mr. Pong. Therefore, it is deemed to be interested in the shares of which Mr. Pong is deemed to be interested in for the purpose of the SFO.

3. Richfield Group Holdings Limited is beneficially owned as to about 44.01% by Mr. Pong.

4. Richfield Group Holdings Limited is held as to about 31.99% by Virtue Partner Group Limited which is 100% wholly owned by Mr. Pong.

Save as disclosed above, the register required to be kept under section 336 of the SFO shows that as at 30 June 2010, 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

Following the economic recovery in Hong Kong, the Group has achieved a better result than the corresponding period of last year. In the light of the continual instability of global economic condition and volatility of financial markets, the Group still holds cautiously optimistic view on the business prospect in the second half of this year.

The Group will continue to strengthen its competitiveness by constantly upgrading and improving its technical know-how and global distribution network. We are reviewing the plans to establish a production and translation hub and a representative office in mainland China. We also strive to expand our client base by exploring business network across the border. e.g. forging strategic alliance with overseas financial printing company.

### Corporate Governance Practices

During the six months ended 30 June 2010, 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 2010.

### Appreciation

I would like to express my sincere gratitude to our clients and shareholders for their continuous and valuable support. I would also like to take this opportunity to thank our board of directors, management team and staff for their dedication and hard work.

By order of the Board
**Lee Wing Yin**
*Chairman*

Hong Kong 30 August 2010