iOne Financial Press Limited

12

拾貳元素

THE TWELVE SUCCESS ELEMENTS

ANNUAL REPORT 2012 年報

TWELVE
is a mystical
number,
as constant
as life itself.

WHAT IS

A year has 12 months, and both the ancient Chinese and Babylonian time-keeping systems had divisions of 12. In meteorology, cyclones are measured on a scale from zero to 12. In biology, the human body has 12 pairs of cranial nerves. In mathematics, 12 is referred to as a dozen; a foot equals 12 inches and 12 pennies make up a shilling. In religion, 12 Apostles were chosen by Jesus; 12 Olympians lived in the Greek Pantheon, and 12 Knights sat at King Arthur's Round Table. 12 people have walked on the Moon. There are 12 function keys on most PC keyboards, 12 keys on standard telephones, 12 basic hues in the colour wheel, 12 Labours of Hercules and 12 ANIMALS representing 12 Zodiac signs.

TWELVE is the number of

Loyalty, Flexibility, Courage, Prudence, Aggressiveness, Diligence, Wisdom, Agility, Faithfulness, Courtesy, Fraternity and Toughness

TWELVE?

In the year 2012,
iOne Financial Press Limited
celebrated TWELVE Years
of achievement.

Contents

LOYALTY

The Dog is known for its steadfast loyalty, which makes it a trustworthy partner. For the past 12 years, iOne has been trusted by its valued clients to provide quality and cost-competitive services.

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr Lee Wing Yin (Chairman)
Mr Lau Wai Shu (Managing Director)

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, resigned on 27 March 2013)
Codan Services Limited
(* assistant secretary, appointed on 27 March 2013)

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 Fulcrum Group (Bermuda) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank Limited

BERMUDA RESIDENT REPRESENTATIVES

Mr John Charles Ross COLLIS
(resigned on 27 March 2013)
Codan Services Limited
(appointed on 27 March 2013)

AUTHORISED REPRESENTATIVES

Mr Lee Wing Yin
Mr Lau Wai Shu

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

982

WEBSITE ADDRESS

www.ioneholdings.com

Milestones

Let's take a stroll down memory lane as iOne Financial marks its 12th Anniversary!

Jul 2000

iOne Financial Press Limited ("iOne Financial") commenced the financial printing press business.

Nov 2005

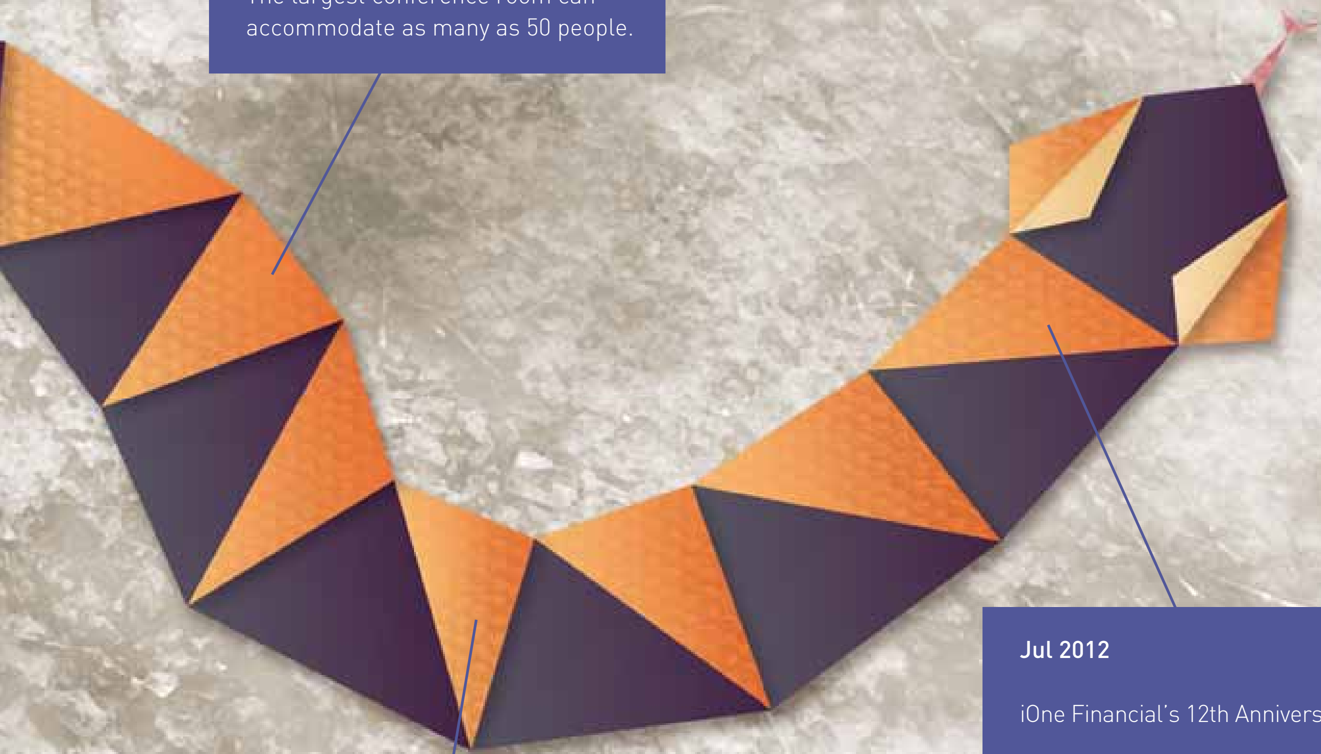
A new sales team was recruited to form iOne (Regional) Financial Press Limited ("iOne (Regional)"), in addition to the original key cadre members of iOne Financial Press Limited, to further expand its market share.

Jul 2008

iOne Holdings Limited was a pioneer in the financial printing industry with its listing on The Stock Exchange of Hong Kong Limited (stock code: 982).

Jan 2010

iOne (Regional) relocated to Wheelock House and merged with iOne Financial. Our service centre expanded to over 20,000 sq. ft. with 14 spacious and fully equipped conference rooms which can accommodate up to 200 guests. The largest conference room can accommodate as many as 50 people.



Jul 2012

iOne Financial's 12th Anniversary.

Sep 2010

iOne Financial received the BEST OF HONG KONG award and 32 trophies in the 24th International ARC Award Competition.

FLEXIBILITY

In a time of global change, iOne has the strength and flexibility of a Snake, allowing it to adapt readily to new challenges.

COURAGE

iOne's Management is as courageous as a Tiger. By making bold strategic decisions and planning with vision, they have transformed iOne into one of the region's leading financial printers.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual results of iOne Holdings Limited ("iOne" or the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2012.

2012 was a challenging year. The worldwide economy deteriorated as a result of the persistent sovereign debt crisis in the European Union, the fiscal cliff in the United States and the economic slowdown in Mainland China. As a result of the fragile global economy, Hong Kong stock market sentiment remained weak. In addition, the recent underperformance of newly-listed shares in Hong Kong further depressed investor confidence. Both the aggregate number and aggregate amount of Initial Public Offerings ("IPOs") in Hong Kong fell by approximately 37% and approximately 65% respectively from 2011. As such, Hong Kong lost its leading position in the global IPO market in 2012 after ranking first place for the three consecutive years from 2009 to 2011.

PERFORMANCE

During the year ended 31 December 2012, the Group recorded a consolidated turnover of approximately HK$125.9 million (2011: approximately HK$165.6 million). This decrease in the Group's turnover was mainly due to a decline in printing revenue as a result of poor stock market sentiment. Net profit after tax for the year ended 31 December 2012 was approximately HK$31.9 million (2011: approximately HK$38.9 million), while a net profit margin of about 25.3% represented a slight increase from the 23.5% of the previous year. Given the sluggish external economic environment, poor stock market sentiment and increasing market competitiveness, the management considers the Group's final results for 2012 to be fairly satisfactory.

Chairman's Statement

REVIEW

During the year under review, the Hong Kong economy slowed as a result of weakened external demand. However, domestic demand and private consumption remained strong owing to low unemployment, improved household incomes and strong tourist spending. In response to skyrocketing property prices fuelled by excessive liquidity, lower interest rates and a shortage of supply, the Government introduced additional stringent policies to prevent a bursting of the property market bubble. Although the Hang Seng stock index rose by about 22.9% in line with the general global stock market uptrend over the year, both the average daily turnover by value and average share traded per trading day dropped by about 23% and 15% respectively, indicating that investor confidence remained subdued.

The Group's final result for the year 2012 underperformed last year by approximately HK$7 million, or about 18%.

MARKET RECOGNITION

iOne remains the only financial printer listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since July 2008. Widespread market recognition and a proven track record have enabled the Group to become one of the leaders in this niche sector of the financial printing industry. Occupying more than 20,000 square feet, its well-equipped account servicing centre in Hong Kong is one of the largest of its kind in the Asia Pacific region.

iOne provides innovative one-stop solutions including concept creation, production, printing, editorial services, proofreading, typesetting and translation. With over a decade of experience, the Group has served more than 1,000 clients ranging from investment banks to law firms and major corporations. Services include initial public offerings, financial reports, announcements, circulars, corporate brochures and newsletters. Well recognised for integrity, creativity and quality, iOne's experienced professionals offer clients exceptional accuracy and quality in financial printing at the most reasonable cost.

In 2012, the Group received a total of 82 awards, including 22 Gold awards, 20 Silver awards, 26 Bronze awards and 14 Honours. To date, the Group has attained a total of more than 428 awards – 86 Gold awards, 99 Silver awards, 114 Bronze awards and 119 Honours – at the ARC Awards, the Astrid Awards, the Galaxy Awards and the Mercury Awards for its creative achievements. Winning the highest percentage of awards among its peers, iOne has proven its unquestionable market leadership time and time again.

OUTLOOK

Looking ahead to 2013, the Group is cautiously optimistic about its business prospects. For the foreseeable future, Hong Kong will continue to play an important role providing a business platform and linkage between overseas companies and mainland China. Hong Kong is the largest foreign investment source for China, and China is the leading investor in Hong Kong.

Hong Kong also plays a critical role as the offshore capital-raising centre for Chinese enterprises. By the end of 2012, approximately 721 mainland companies were listed on the Stock Exchange, representing over half of the Exchange's total market capitalisation. Moreover, Hong Kong serves as an offshore Renminbi ("RMB") centre in the internationalisation of the RMB, a key policy in China's 12th Five-Year Plan.

In addition to its close economic and financial ties with mainland China, Hong Kong has other significant advantages such as huge foreign exchange reserves, a stable banking and legal system, its status as a free trade port, a low taxation rate, and prevailing low interest rates. Hence, we anticipate that Hong Kong's economic outlook will remain positive in the medium to long term. As soon as the external economic environment stabilises, investors will return to the market and IPO fundraising activities will increase.

The global economic recovery, however, is still vulnerable given the on-going concerns over the European debt situation, worries about the US fiscal position and economic recovery, and China's potential for continued economic growth. Despite these concerns, iOne expects that newly listed stated-owned enterprises and privately-owned companies in China, together with local and foreign enterprises, will sustain the growth of the Hong Kong IPO market.

Chairman's Statement

Meanwhile, the Group will continue to strengthen its competitiveness by constantly upgrading and improving its hardware, technical know-how and global distribution network. We are also reviewing our plan to establish a production and translation hub in mainland China in order to strengthen our service offering. With the aim of expanding our client base, we have set up a representative office in Beijing to enhance our business network, marketing and research in mainland China. We will also continue to explore business opportunities across the border by forging strategic alliances with overseas financial printing companies. The Group trusts that this will provide opportunities to develop regional business relationships and broaden our global presence. With our flexible, proactive and cautious business strategy, we are confident that this strategy will yield returns for our shareholders in the future.

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 during the year.

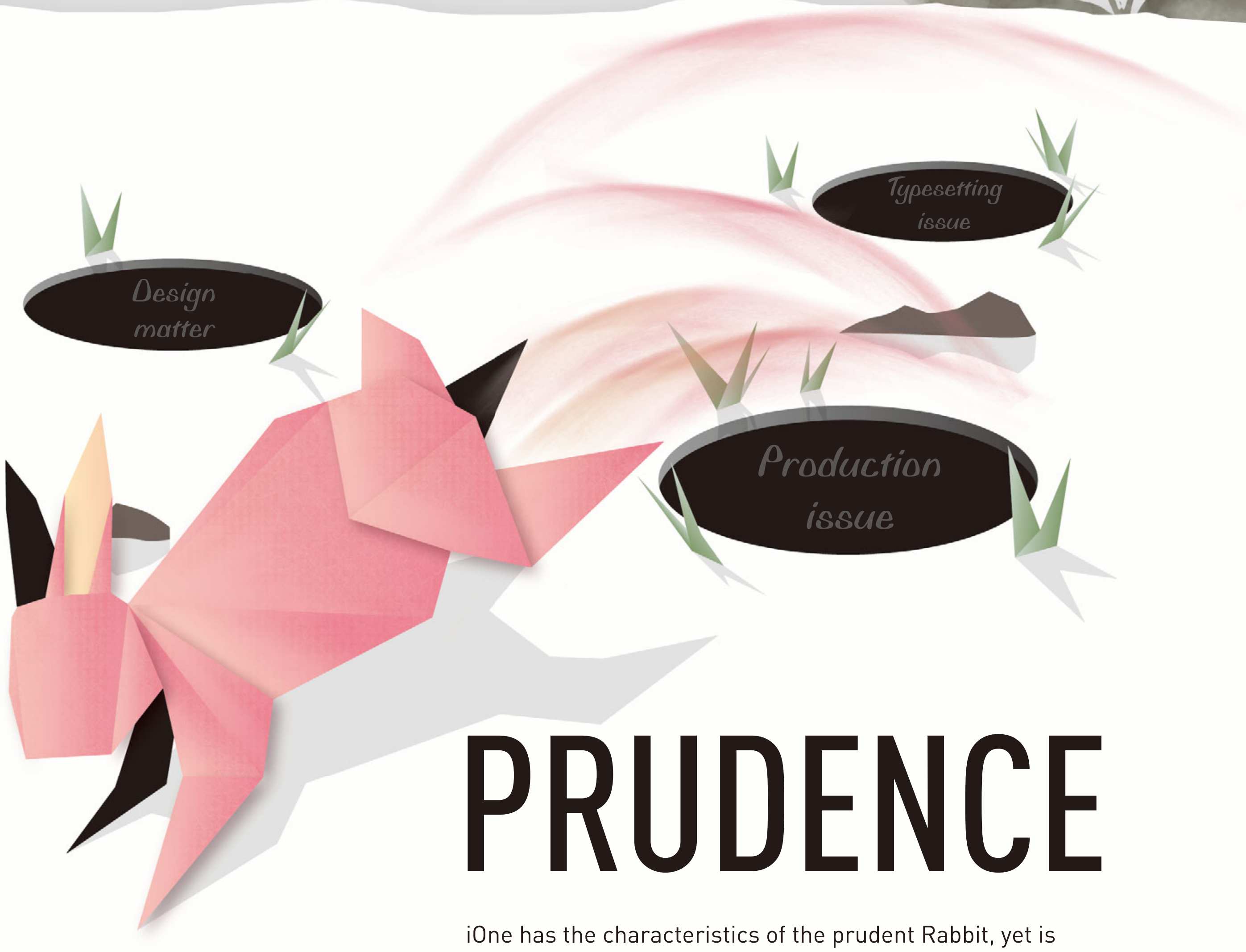
Lee Wing Yin
Chairman

Hong Kong, 27 March 2013

Management Discussion and Analysis

BUSINESS REVIEW

Due to global economic uncertainties and difficulties, investor confidence remained weak in 2012. As a result, both the aggregate number and amount of new listings in Hong Kong decreased. The Group's turnover declined by 24.0% as compared with the previous year ended 31 December 2011, mainly due to poor stock market sentiment.



PRUDENCE

iOne has the characteristics of the prudent Rabbit, yet is always alert to opportunities. Like the Rabbit, iOne is both clever and reliable.

Management Discussion and Analysis

AGGRESSIVENESS

The Horse is known for its speed and iron determination, qualities on which iOne has built its reputation.

FINANCIAL REVIEW

The Group recorded turnover of approximately HK$125.9 million for the year ended 31 December 2012 (2011: approximately HK$165.6 million), representing a decrease of about 24.0% compared with the previous financial year. The Group's profit before income tax expenses decreased by 18.4% to approximately HK$37.3 million (2011: approximately HK$45.7 million). Profit before income tax expenses dropped mainly due to the decrease in revenue.

Profit attributable to shareholders of the Company was approximately HK$31.9 million (2011: approximately HK$38.9 million), representing a decrease of approximately 18.0% when compared with the previous financial year. Basic earnings per share was approximately HK0.35 cent (2011: HK0.42 cent).

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group's cash and bank balances amounted to approximately HK$139.3 million (2011: approximately HK$178.4 million) with no borrowings (2011: Nil). The Group has current assets of approximately HK$185.9 million (2011: approximately HK$221.5 million) and total current liabilities of approximately HK$20.6 million (2011: approximately HK$30.7 million). The Group's current ratio, defined as total current assets over total current liabilities, was 9.0 (2011: 7.2). The rise in liquidity was mainly attributable to the cash inflow generated from its operating activities.

Total equity of the Group as at 31 December 2012 stood at approximately HK$266.9 million (2011: approximately HK$236.8 million). The increase was mainly driven by the net profit after tax and net fair value gain on available-for-sale investments for the year. The Group's gearing ratio, being total liabilities over total assets, was 7.2% (2011: 11.5%), which resulted from an increase in trade receivables and a decrease in accrued commissions and bonuses.

CAPITAL STRUCTURE

There was no material change in the capital structure of the Company during the year.

EXPOSURE TO FLUCTUATION IN INTEREST RATES

The Group had interest-bearing financial assets held primarily at various interest rates, which comprised bank deposits and corporate bonds. As there was no significant financial risk of a change in interest rates during the year, the Group had no interest rate hedging policy.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group conducted its business transactions principally in Hong Kong dollars ("HK$"). As at 31 December 2012, most of the Group's bank deposits, cash balances and available-for-sale investments were mainly denominated in Hong Kong Dollars, RMB, United States Dollars ("US$") and Singapore Dollars. As the RMB remained relatively stable and under appreciation pressure, the foreign exchange risk exposure was limited. In addition, the HK$ is pegged to US$, which made our foreign exchange risk exposure minimal. Assets denominated in other currencies were relatively small. As such, the Group did not adopt any foreign exchange derivatives for hedging purposes as at 31 December 2012.

EXPOSURE TO CREDIT RISK

The Group's credit risks mainly arise from trade receivables and bank deposits. The Group strives to manage the risk exposure of trade receivables by closely monitoring the payment records of its customers and requesting customer deposits wherever necessary. The credit risk on the bank deposits is limited because of their high credit rating.

EXPOSURE TO PRICE RISK

The Group's investments in equities, corporate bonds and unlisted mutual fund are exposed to price risk. The management will closely monitor this risk by performing an on-going evaluation of its asset positions and market conditions.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2012, the Group held available-for-sale investments measured at a fair value of approximately HK$88.9 million, after recognition of an accumulated fair value gain of approximately HK$0.4 million. During the year under review, income from dividends and interest earned on these investments were HK$1.3 million and HK$1.7 million respectively. The Group intends to hold these investments for the long term.

DILIGENCE

iOne is as diligent and hard-working as the Ox, offering round-the-clock printing solutions to clients all over the world.

SIGNIFICANT ACQUISITIONS AND DISPOSALS OF INVESTMENTS

Save for those disclosed in the report, the Group did not acquire any significant investments or properties during the year. There was no material acquisition or disposal of subsidiaries and associates during the year.

EMPLOYEES

As at 31 December 2012, the Group had a total of about 149 employees (2011: approximately 150). The staff costs of the Group for the financial year were approximately HK$37.0 million (2011: approximately HK$50.8 million), which comprised salaries, commissions, bonuses, other allowances and contributions to the retirement benefits scheme. The Group operates a defined contribution scheme under the Mandatory Provident Fund Schemes Ordinance and medical insurance for all employees. Basically, the Group structured its employee remuneration packages in reference to general market practice, employees' duties and responsibilities, and the Group's financial performance. The Group provided training courses and developed programmes to equip staff with the necessary skills, techniques and knowledge in order to enhance their productivity and administrative efficiency.

WISDOM

Like the intelligent Rat, iOne has the foresight, experience and industry knowledge to deliver the most appropriate printing solutions.

PLEDGE OF ASSETS

As at 31 December 2012, the Group had no pledge of assets.

CONTINGENT LIABILITIES

As at 31 December 2012, the Group did not have any contingent liabilities.

CAPITAL EXPENDITURE

For the year ended 31 December 2012, capital expenditure for property, plant and equipment of the Group amounted to approximately HK$1.0 million (2011: approximately HK$0.9 million).

CAPITAL COMMITMENTS

As at 31 December 2012, the Group did not have any capital commitments.

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.

In light of the prevailing environment of economic uncertainty and market instability, the Group has taken a prudent approach in its expansion plans. It will continue to seek opportunities for strategic alliances with regional partners for new markets and business development. To provide a practical platform for strengthening business ties to mainland China, the Group maintains a representative office in Beijing as a liaison point. The Group will review the feasibility of its expansion plans, including the establishment of a backup production and translation hub in mainland China in order to realise the benefits of lower production costs and the rapid economic growth taking place there. Furthermore, the Group will continue to improve its office facilities, streamline work procedures and upgrade its software and equipment with the aim of enhancing its competitiveness.

To maximise profits and returns for the Group and its shareholders, the Group will focus on enhancing the competitiveness of its core business and exploring new business opportunities.

Awards

OUR FRUITFUL YIELD

ARC

Global Recognition

During the past years, the Group has won a total of more than 428 awards* – 86 Gold awards, 99 Silver awards, 114 Bronze awards and 119 Honours for its creative achievements – at the ARC Awards, the Astrid Awards, the Galaxy Awards and the Mercury Awards. This level of international recognition motivates everyone at iOne to continue excelling.

* Out of the 428 international awards, 10 are prestigious international awards such as the "Best of Hong Kong Copywriting Grand Award", "Best of Hong Kong Grand Award" (twice), "Best of Cover Design Grand Award" (twice), "Best of Design Grand Award", "Best of Annual Reports – Eastern Hemisphere Grand Award" (twice) and the exceptional "Titanium Achievement Award" and "Platinum Achievement Award" for Greatest Percentage of Wins. This record number of awards places iOne at the very top of the financial printing industry in Hong Kong.

AGILITY

Agile like the Monkey, iOne's quick thinking in-house design team responds to creative challenges with outstanding work that consistently wins widespread acclaim.

AN UNRIVALLED STANDARD OF EXCELLENCE IN ANNUAL REPORTS

The Group's design team is renowned in the industry for its outstanding creativity and executional capabilities, which are reflected in the number of prestigious international awards it received in 2012. During the year, iOne's team won a total of 82 awards, including 22 Gold awards, 20 Silver awards, 26 Bronze awards and 14 Honours. This was an unrivalled achievement in the financial printing industry and indicative of the Group's market leading position.

26TH INTERNATIONAL ARC AWARDS (2012)

4 Gold 2 Silver 1 Bronze 1 Honors	Modern Beauty Salon Holdings Limited
3 Gold 1 Silver 2 Bronze 1 Honors	Greentown China Holdings Limited
2 Gold 1 Silver 2 Bronze	Phoenix Satellite Television Holdings Limited
1Gold 1 Bronze	China Communications Services Corporation Limited
1Gold 1 Silver 1 Bronze 3 Honors	First Pacific Company Limited
2 Silver 1 Bronze 1 Honors	City Telecom (H.K.) Limited
1 Silver 1 Bronze	China Resources Enterprise, Limited
1 Silver 1 Bronze	Sun Hing Vision Group Holdings Limited
1 Silver 1 Honors	New World Department Store China Limited
2 Bronze	Citic Telecom International Holdings Ltd.
Bronze	China Mengniu Dairy Company Limited
Bronze	China Everbright International Limited
Bronze	Sincere Watch (Hong Kong) Limited
Honors	Dynasty Fine Wines Group Limited
Honors	Shanghai Industrial Holdings Limited

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr Lee Wing Yin

Mr Lee, age 43, was appointed as an executive director and the Chairman of the Company in September 2009 and March 2010 respectively.

He is responsible for the provision of advice for the overall management, strategic development and supervision of the Group. Mr Lee is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. He has over 12 years of experience in auditing and business advisory services, and worked for international accounting firms for 6 years. Mr Lee is currently an executive director, authorised representative, chief executive officer, company secretary, and compliance officer for Richfield Group Holdings Limited (stock code: 183), a company listed on the Main Board of the Stock Exchange. He has also held senior financial management positions in various local companies. Mr Lee is a director of Profit Allied Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficiary and wholly-owned by Mr Pong Wai San, Wilson ("Mr Pong"), a substantial shareholder of the Company.

Mr Lau Wai Shu

Mr Lau, age 52, was appointed as an executive director and the Managing Director of the Company in September 2009 and March 2010 respectively. He is responsible for the Group's overall management, corporate development and strategic planning. Mr Lau holds a bachelor's degree in Applied Science (civil engineering) from the University of Ottawa, Ontario, Canada and a master of business administration degree from the University of Bradford, the United Kingdom. Mr Lau has worked for various companies for over 21 years in management and marketing. Mr Lau was an executive director of Midland IC&I Limited (stock code: 459) and resigned from this post in June 2007. He was appointed as executive director of the Global Energy Resources International Group Limited (stock code: 8192), a company listed on the Growth Enterprises Market ("GEM") of the Stock Exchange, in September 2007 and resigned in August 2008. He was also an executive director, authorised representative, the Chairman and compliance officer of Yunbo Digital Synergy Group Limited (formerly known as FlexSystem Holdings Limited) (stock code: 8050) during the period from May 2011 to February 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Yip Tai Him

Mr Yip Tai Him, age 42, was appointed as an independent non-executive director of the Company in April 2009. He is a practising accountant in Hong Kong and an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr Yip has about 19 years of experience in accounting, auditing and financial management. He is currently an independent non-executive director of the following listed companies in Hong Kong, namely, Wing Lee Holdings Limited (stock code: 876), China Communication Telecom Services Company Limited (stock code: 8206), Vinco Financial Group Limited (stock code: 8340), China Media and Films Holdings Limited (formerly known as KH Investment Holdings Limited) (stock code: 8172) and GCL-Poly Energy Holdings Limited (stock code: 3800). He was also an independent non-executive director of Global Energy Resources International Group Limited (stock code: 8192) and Yunbo Digital Synergy Group Limited (formerly known as FlexSystem Holdings Limited) (stock code: 8050) during the period from March 2008 to January 2010 and from May 2011 to February 2012 respectively.

Mr Ng Chi Ming

Mr Ng Chi Ming, age 69, was appointed as an independent non-executive director of the Company in September 2009. He is an Election Committee Member for the HKSAR Chief Executive. Mr Ng is also an independent non-executive director of Build King Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 240). Mr Ng has over 30 years of experience in the banking industry. Mr Ng served as the chief executive officer of the former First Pacific Bank in Hong Kong. He was also an executive director and the chief executive officer of ENM Holdings Limited (stock code: 128) during the period from March 2001 to June 2009.

Mr Lung Hung Cheuk

Mr Lung Hung Cheuk, age 66, was appointed as an independent non-executive director of the Company in September 2009. Mr Lung is a retired Chief Superintendent of the Hong Kong Police Force (the "Hong Kong Police"). He joined the Hong Kong Police in 1966 as a Probationary Inspector at the age of 19. He was promoted to the rank of Chief Inspector in 1980, Superintendent in 1986, Senior Superintendent in 1993 and Chief Superintendent in 1997. He has served in various police posts, namely, the Special Branch, Police Tactical Unit, and Police Public Relations Bureau as well as a number of police divisions at management level. Prior to his retirement in April 2002, he was the commander of Sham Shui Po Police District. Mr Lung was also the secretary and the chairman of the Superintendents' Association (the "SPA") of the Hong Kong Police from 1993 to 2001. The membership of the SPA comprises the top management of the Hong Kong Police from Superintendents up to and including the Commissioner of the Hong Kong Police. He was awarded the Police Meritorious Service Medal by the Chief Executive of Hong Kong in 2000. Mr Lung currently acts as an independent non-executive director of Richfield Group Holdings Limited (stock code: 183) and Sitoy Group Holdings Limited. (stock code: 1023) respectively. He was an independent non-executive director of Global Energy Resources International Group Limited (stock code: 8192) and Yunbo Digital Synergy Group Limited (formerly known as FlexSystem Holdings Limited) (stock code: 8050) during the period from September 2007 to January 2010 and from May 2011 to February 2012 respectively.

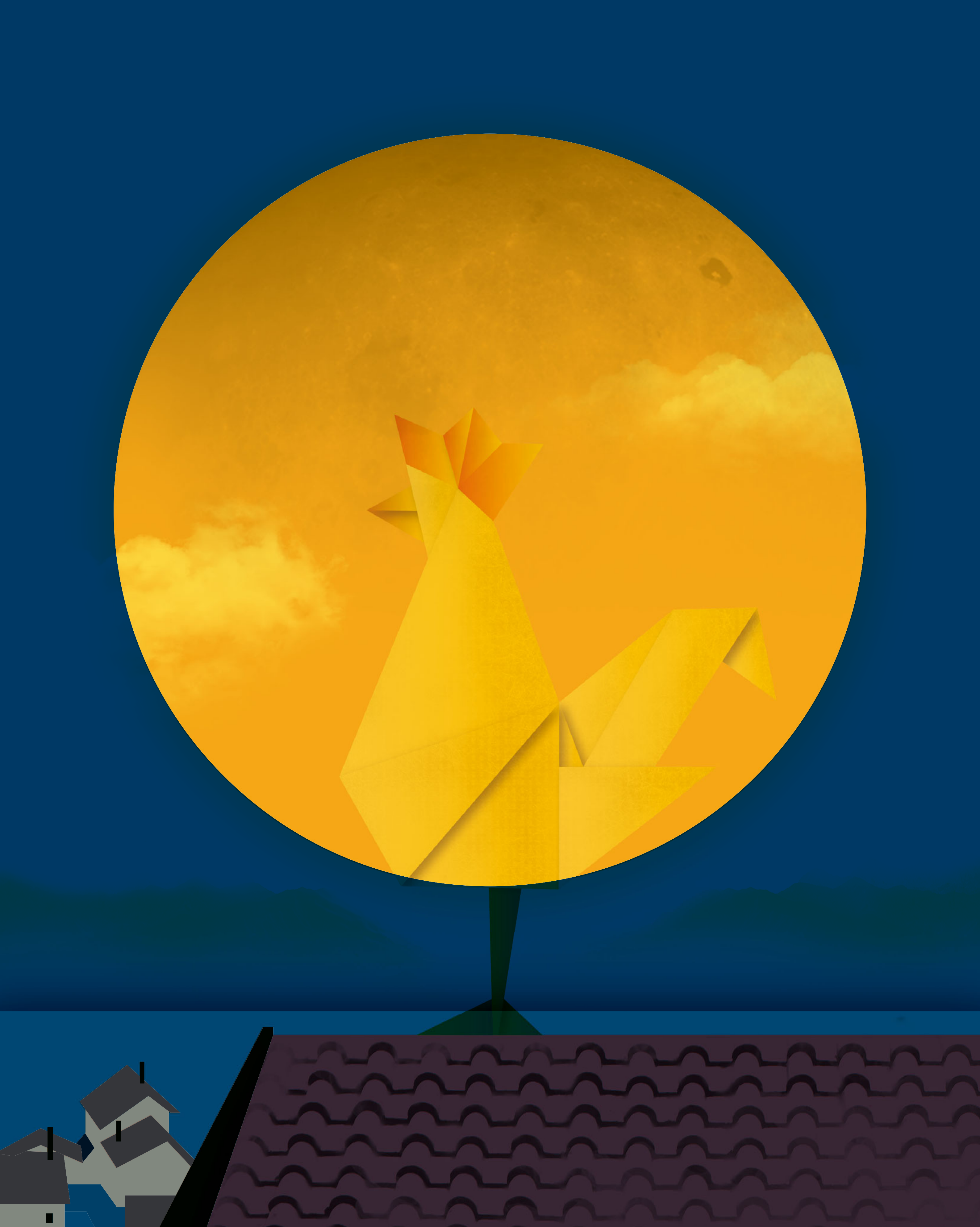
SENIOR MANAGEMENT

Mr Ho Ming Fai

Mr Ho Ming Fai, age 53, is the Group financial controller of the Company. Mr Ho possesses more than 29 years of working experience in accounting, investment and treasury. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in January 2008.

FAITHFULNESS

Like the Rooster that crows at dawn every morning, iOne is always standing by to provide 24/7 printing solutions for clients with time-sensitive documents.



Report of the Directors

The directors of the Company are pleased to present their annual report and the audited financial statements of the Company for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally engaged in the provision of financial printing services for the financial sector in Hong Kong, which mainly include the printing of IPO prospectuses, financial reports, company announcements, circulars, legal compliance documents, research reports, corporate brochures and newsletters.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2012 are set out in the Consolidated Statement of Comprehensive Income on page 54 of this report. The Board recommends the payment of a final dividend of HK0.11 cent each per ordinary share, totalling HK$10,120,000 for the year ended 31 December 2012 (2011: HK0.11 cent).

CLOSURE OF REGISTER OF MEMBERS

The registers of the Company will be closed from Wednesday, 29 May 2013 to Friday, 31 May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming Annual General Meeting ("AGM"), all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 28 May 2013.

The registers of the Company will also be closed from Thursday, 6 June 2013 to Tuesday, 11 June 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend for the year ended 31 December 2012, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the aforesaid branch share registrar for registration not later than 4:30 p.m. on Wednesday, 5 June 2013.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and the Company during the year are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 26 to the financial statements.

DISTRIBUTABLE RESERVE

The Company's distributable reserve was HK$59,442,000 at 31 December 2012 (2011: HK$63,895,000).

5 YEAR SUMMARY

A summary of the Group's results for each of the five years ended 31 December 2012 and the Group's assets and liabilities as at 31 December 2008, 2009, 2010, 2011 and 2012 is set out on page 95 of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the period and up to the date of this report were:

Executive Directors:

Lee Wing Yin	(executive director) (Chairman)
Lau Wai Shu	(executive director) (Managing Director)

Independent Non-executive Directors:

Yip Tai Him
Ng Chi Ming
Lung Hung Cheuk

In accordance with the bye-laws of the Company, Mr Lau Wai Shu and Mr Ng Chi Ming will retire at the forthcoming AGM by rotation and, being eligible, offer themselves for re-election. All other remaining directors continue in office.

Report of the Directors

Mr Lee Wing Yin, Chairman and an executive director, renewed his service agreement with the Company in 2011. His appointment was for an initial term of one year commencing on 18 September 2011 and was renewable for a further period of 24 months on 17 September 2012. His emolument was HK$9,000 per month effective from 1 January 2012 plus discretionary bonus, which is determined by his roles, experience and responsibilities in the Company.

Mr Lau Wai Shu, Managing Director and an executive director, renewed his service agreement with the Company in 2011. His appointment was for an initial term of one year commencing on 18 September 2011 and was renewable for a further period of 24 months on 17 September 2012. His emolument was adjusted from HK$75,000 per month to HK$78,000 per month with effect on 1 January 2013 plus discretionary bonus, which is determined by his roles, experience and responsibilities in the Company.

Each of the independent non-executive directors, namely, Mr Lung Hung Cheuk and Mr Ng Chi Ming, renewed his letter of appointment with the Company for a further term of one year commencing on 18 September 2012. The letter of appointment of the independent non-executive director, Mr Yip Tai Him, was renewed for a further term of one year commencing on 8 April 2012.

The remuneration of the executive directors and the directors' fees of the independent non-executive directors are mutually agreed between the Board and each of the executive directors and independent non-executive directors with reference to the prevailing market conditions and determined by the Board based on their anticipated efforts and expertise to be exercised by each of them on the Company's affairs. Such emoluments are subject to review by the Board from time to time, pursuant to the power conferred on it in the AGM of the Company.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The Company considers all of the independent non-executive directors to be independent.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the directors and the senior management of the Company are set out on pages 24 to 25 of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2012, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have been taken under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers ("Model Code") contained in the Listing Rules, were as follows:

Long position in ordinary shares of HK$0.00025 each of the Company

Name of Director	Capacity	Number of shares held	Approximate percentage of interested shares to the issued share capital of the Company (%)
Lee Wing Yin	Beneficial ownership	640,000	0.01
Lau Wai Shu	Beneficial ownership	2,000,000	0.02

Save as disclosed above, as at 31 December 2012 none of the directors and the chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have been taken under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors

INTEREST OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2012, other than the interests of certain directors and the chief executive of the Company as disclosed under the section headed "Directors' and the chief executive's interests and short positions in securities" above, the interests or short positions of persons in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Long position in ordinary shares of HK$0.00025 each of the Company

Name of Substantial Shareholder	Capacity/ Nature of interest	Number of shares held	Approximate percentage of interested shares to the issued share capital of the Company (%)
Mr Pong	Beneficial ownership	6,580,000,000	71.52
Ms Tung Ching Yee, Helena (Note 1)	Interest of Spouse	6,580,000,000	71.52
Profit Allied Limited (Note 2)	Controlled corporation	5,712,000,000	62.09
Richfield Group Holdings Limited (Note 3)	Controlled corporation	400,000,000	4.35
Virtue Partner Group Limited (Note 4)	Controlled corporation	400,000,000	4.35

Notes:

1. Ms Tung Ching Yee, Helena, is the spouse of Mr Pong, who beneficially owns 71.52% 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 37.61% by Mr Pong.
4. Richfield Group Holdings Limited is held as to about 26.93% by Virtue Partner Group Limited, which is 100% owned by Mr Pong.

Save as disclosed above, as at 31 December 2012 the directors were not aware of any other person (other than the directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTIONS

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 year ended 31 December 2012.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Apart from as disclosed under the heading "Directors' and chief executive's interests and short positions in the securities", at no time during the year was the Company, or any of its holding company, fellow subsidiaries and subsidiaries, a party to any arrangement to enable the directors of the Company or their respective spouses or children under 18 years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

MAJOR CUSTOMERS AND SUBCONTRACTORS

The percentage of sales and cost of services provided for the year attributable to the Group's major customers and subcontractors were as follows:

Sales	
– the largest customer	6.3%
– five largest customers	23.5%
Cost of services provided	
– the largest subcontractor	12.6%
– five largest subcontractors	39.8%

During the year, none of the directors, their associates, or any shareholders (which to the knowledge of the directors own more than 5% of the Company's issued share capital) had any interest in any of the five largest customers and subcontractors of the Group.

Report of the Directors

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the date of this report, none of the directors are considered to have interests in the business which causes or may cause significant competition with the business of the Group pursuant to the Listing Rules.

CONNECTED TRANSACTIONS

The related party transactions disclosed in note 31 to the consolidated financial statements constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. Other than the continuing connected transactions disclosed below, the connected transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

Continuing connected transactions
During the year under review, iOne Translation Company Limited ("iOne Translation"), the Company's wholly-owned subsidiary, entered a lease agreement dated 15 October 2010 (the "Lease") with Flexwood Ltd ("Flexwood") in relation to the leasing of the premises at office Unit E, 6th Floor at No.9, Queen's Road Central, Hong Kong for a term of two years commencing from 15 October 2010. The Lessor is beneficially owned as to 100% by Mr Pong, the controlling shareholder holding approximately 74.78% of the issued share capital of the Company at the prevailing time. As such, the Lessor is a connected person of the Company within the meaning of Rule 14A.11 of the Listing Rules. Accordingly, the Lease constitutes a continuing connected transaction for the Company under the Listing Rules. The Lease was made on normal commercial terms where each or all of the applicable percentage ratios, including assets ratio, revenue ratio and consideration ratio, are on an annual basis of less than 5%, in accordance with Rule 14A.34(1) of the Listing Rules. The Lease is only subject to reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules. Details of the transactions are set out in note 31 to the consolidated financial statements.

The annual cap for transactions with Flexwood was set at about HK$1.3 million for the year ended 31 December 2012, in accordance with the Company's announcement dated 15 October 2010. The lease agreement was terminated on 31 August 2012 prior to the expiry date of 14 October 2012, due to the fact that iOne Translation had leased another office in Sheung Wan.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor issued an unqualified letter containing his findings and conclusions in respect of the above continuing connected transactions in accordance with the Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The independent non-executive directors have reviewed the above continuing connected transactions and the letter of comfort in regards to continuing connected transactions from the auditor and confirmed that the transactions were entered into by the Company in the ordinary course of its business, on normal commercial terms, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, no contracts of significance to which the Company, or any of its holding company, fellow subsidiaries and subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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 year under review.

SUFFICIENCY OF PUBLIC FLOAT

The Company maintained a sufficient public float under the Listing Rules during the year under review.

CORPORATE GOVERNANCE

The report on the Company's corporate governance is set out on pages 42 to 51 of this report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiries, all directors confirmed that they have complied with the Model Code during the year under review and up to the date of this report.

MANAGEMENT CONTRACTS

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

REMUNERATION POLICY

The remuneration policy of the Group for its employees and directors is based on their performance, duties and responsibilities, comparable market rates and the performance of the Group. Remuneration packages typically comprise salary, housing allowances, contribution to pension schemes and bonuses relating to the profit of the relevant company. The Remuneration Committee will regularly review and determine the specific remuneration and compensation of the directors and senior management of the Group.

DONATIONS

During the year, the Group made charitable donations amounting to HK$621,000.

AUDIT COMMITTEE

The Group established an audit committee consisting of three independent non-executive directors, namely, Mr Yip Tai Him, Mr Ng Chi Ming and Mr Lung Hung Cheuk. Mr Yip Tai Him is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review the financial reporting and effectiveness of the internal control system of the Group. The Audit Committee has reviewed the Group's final report for the year ended 31 December 2012.

AUDITOR

A resolution will be proposed at the forthcoming AGM of the Company to re-appoint the auditor, BDO Limited.

On behalf of the Board

Lee Wing Yin
Chairman

Hong Kong, 27 March 2013

Corporate Social Responsibility

1. Po Leung Kuk Charity Bowling Contest 2012
2. The Community Chest Dress Special Day 2012
3. Hong Kong Red Cross Blood Donation Activity
4. Po Leung Kuk Elderly Centre Visit 2012

COURTESY

As a responsible corporate citizen, iOne gives back to the community through activities that reflect its culture of caring.

Event Highlights

5. Annual Dinner – the Celebration of iOne's 12th Anniversary
6. Christmas Party 2012
7. Staff Badminton Day

FRATERNITY

To promote teamwork and staff morale, iOne engages its staff with a variety of programmes that build harmony and loyalty.

TOUGHNESS

iOne, a pioneer in the printing industry with its listing on the Stock Exchange, has the fortitude and wisdom to thrive in a world of constant change and uncertainty.


iOne
Financial Press Limited

Corporate Governance Report

CORPORATE GOVERNANCE

The Group believes that a high standard of corporate governance and ethics is critical to its continuing success and long–term growth. In order to enhance long-term shareholder value, the Group is committed to managing its business by focusing on transparency, independence and accountability, and to the development of an ethical corporate culture.

During the year under review, the Company complied with the provisions of the Code on Corporate Governance Practices from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (the "CG Code") from 1 April 2012 to 31 December 2012 contained in Appendix 14 of the Listing Rules.

According to provision D.3 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference. The Board shall have the following responsibilities in performing the corporate governance duties of the Company:

- to develop and review the Group's policies and practices on corporate governance and to make recommendations;
- to review and monitor the training and continuous professional development of directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- to review the Group's compliance with the CG Code as set out in the Listing Rules and disclosure in the corporate governance report in the annual report of the Company.

The Board reviews at least annually the corporate governance practices of the Company to ensure continuous compliance.

BOARD OF DIRECTORS

The Board members for the year ended 31 December 2012 were:

Executive Directors
Lee Wing Yin
Lau Wai Shu

Independent Non-executive Directors
Yip Tai Him
Ng Chi Ming
Lung Hung Cheuk

The Board currently comprises five directors, including the Chairman and the Managing Director, who are executive directors, and three independent non-executive directors. During the year, the composition of the Board met the requirement of the Listing Rules for independent non-executive directors to represent at least one-third of the Board. None of the independent non-executive directors served more than nine years, who would have needed shareholders' approval by a separate resolution for a further appointment.

The Board meets regularly to review and discuss the strategies, policies, and financial and operating performance of the Group, and to approve the release of interim and annual results for the Group. The Board will also investigate and resolve issues as and when warranted by circumstances. Board approval is required for any matters likely to have a material impact on the business operations and/or financial position of the Group as well as matters other than in the ordinary course of business.

All directors have provided access to the senior management of the Group and the company secretary. Management will provide all directors with monthly financial statements to update them on the Group's performance, position and prospects in detail as well as necessary information before meetings. The company secretary provides secretarial support to the Board and ensures adherence to Board procedures and the relevant rules and regulations applicable to the Company.

CHAIRMAN AND MANAGING DIRECTOR

Mr Lee Wing Yin is an executive director and the Chairman of the Company. He is responsible for providing advice on the overall Management and strategic development of the Company and for overseeing the operation of the Board. The other executive director, Mr Lau Wai Shu, has acted as the Group's Managing Director who is responsible for the Group's overall management, corporate development, strategic planning and the supervision of the Company's day-to-day operations. The segregation of duties and responsibilities between the Chairman and the Managing Director ensures a balance of power and authority.

Corporate Governance Report

INDEPENDENT NON-EXECUTIVE DIRECTORS

All the independent non-executive directors have appropriate academic backgrounds and professional qualifications, management experience, and accounting or related financial management expertise. The Company will review their appointments regularly to ensure that the Board has a balance of skills, expertise and experience to manage the business of the Group as well as the ability to exercise independent judgment on issues of strategic direction, development, performance and risk management. Pursuant to the requirement of the Listing Rules, one of the independent non-executive directors is a Certified Public Accountant who chairs the Audit Committee.

The independent non-executive directors of the Company are Mr Yip Tai Him, Mr Ng Chi Ming and Mr Lung Hung Cheuk, each with a fixed term of appointment of one year. Biographical details of the independent non-executive directors are set out on pages 24 to 25 of this annual report.

The Company has received written annual confirmation from each of its independent non-executive directors regarding their independence in compliance with the requirements of the Listing Rules. The Company considered all of its independent non-executive directors to be independent of the Company in accordance with the independence guidelines set out in the Listing Rules.

ATTENDANCE AT MEETINGS

Regular Board meetings are held at least four times a year. Special meetings of the Board will be convened whenever necessary. The Board convened a total of five meetings for the year ended 31 December 2012.

Details of the directors' attendance at the Board meetings, Board committee meetings and the AGM during the year were as follows:

	Meeting Attended/Held				
Name of Director	**Full Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**AGM 2012**
Executive Director					
Lee Wing Yin, Chairman	5/5	N/A	N/A	N/A	1/1
Lau Wai Shu	5/5	N/A	N/A	N/A	1/1
Independent Non-executive Director					
Yip Tai Him	5/5	4/4	3/3	2/2	1/1
Lung Hung Cheuk	5/5	4/4	3/3	2/2	1/1
Ng Chi Ming	4/5	3/4	3/3	2/2	1/1

Saved as mentioned above, the Chairman held a meeting with all independent non-executive directors without the Managing Director present during the financial year.

DELEGATION

Based on the Company's organisational structure and operational procedures, the Board has established lines of responsibility and reporting. Duties and responsibilities in respect of the Company's daily operations, administration, and financial and risk management control are delegated to the senior management. The senior management is empowered to assume responsibility of the day-to-day management under the leadership of the Managing Director.

Three committees have been established with defined terms of references, namely, the Audit Committee, Remuneration Committee and Nomination Committee. Terms of reference have been set out clearly specifying the duties and responsibilities of all the committees. All the committees will make their recommendations to the Board for approval before any necessary action is taken.

DIRECTOR TRAINING

All directors are encouraged to participate in continuous professional development in order to upgrade and refresh their knowledge and skills at the Company's expense. The Company arranges for or introduces appropriate directors' training courses and maintains their training records. The Company has provided "A Guide on Directors' Duties" issued by the Companies Registry and "the Guidelines for Directors" and "Guide for Independent Non-executive Directors" issued by the Hong Kong Institute of Directors so that directors are sufficiently aware of their duties and responsibilities.

DIRECTORS' AND OFFICERS' LIABILITIES

In compliance with the CG code, the Company has arranged for liability insurance to indemnify its directors for their liabilities arising out of its corporate activities. The insurance coverage is reviewed and renewed on an annual basis.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Every director receives a copy of the Model Code and guidelines at the time of appointment. Having made specific enquiries with all directors, the Company has confirmed that the directors complied with the required standard of dealings and code of conduct for the year under review. The Company also followed the guidelines on no less exacting terms than the Model Code for securities transactions by senior management or other staff who were in possession of unpublished price sensitive information of the Company.

AUDIT COMMITTEE

The Group established an Audit Committee on 25 June 2008 with written terms of reference in compliance with the Listing Rules. In March 2012, the Board adopted revised terms of reference of the Audit Committee. The Audit Committee consists of three independent non-executive directors, namely, Mr Yip Tai Him, Mr Lung Hung Cheuk and Mr Ng Chi Ming. Mr Yip Tai Him is the chairman of the Audit Committee.

Meeting are held not less than two times a year. A representative of the external auditor normally attends meetings. The external auditor may request a meeting if considered necessary. The Board has authorised the Audit Committee to investigate any activities within its terms of reference and to obtain independent legal or professional advice as and when required. The primary duties of the Audit Committee are to review and supervise the financial reporting system and the internal control procedure; to review and recommend to the Board the appointment, remuneration, independence and objectivity of the external auditor; and to review and monitor the selection process of subcontractors for printing services. The Group believes that an adequate and effective internal control system is fundamental to safeguard the assets of the Group as well as the long-term interests of shareholders.

The Audit Committee has reviewed and recommended the Company's interim results announcement and interim report for the six months ended 30 June 2012 and the annual results announcement and annual report for the year ended 31 December 2012 to the Board for approval. The Audit Committee also reviewed and expressed its satisfaction with the effectiveness of the internal control system of the Group.

During the year under review, the external auditor attended the meeting of the Audit Committee to review the Group's 2011 final report and 2012 interim report. Prior to the commencement of the 2012 final audit, the Audit Committee held a pre-audit meeting with the external auditor to discuss the nature and scope of the audit, together with its reporting obligations and other audit matters.

REMUNERATION COMMITTEE

The Group established a Remuneration Committee on 25 June 2008 with written terms of reference in compliance with Appendix 14 of the Listing Rules. In March 2012, the Board adopted revised terms of reference for the Remuneration Committee. The Remuneration Committee consists of the three independent non-executive directors, namely, Mr Lung Hung Cheuk, Mr Ng Chi Ming and Mr Yip Tai Him. Mr Lung Hung Cheuk is the chairman of the Remuneration Committee. The primary function of the Remuneration Committee is to make recommendations to the Board on policy and structure, together with the remuneration packages and conditions of employment for all the directors and the senior management of the Group. No director is involved in deciding his own remuneration. The remuneration of directors and senior management is determined with regard to individual performance and the Group's financial results. If required, the Remuneration Committee will seek independent professional and consulting advice at the Company's expense, so as to ensure the Board remains informed of market trends and practices.

For the year ended 31 December 2012, the Remuneration Committee held the meetings to review the remuneration terms of executive directors' service contracts and the remuneration policies of the Group, and made its recommendations to the Board.

NOMINATION COMMITTEE

The Group established on 25 June 2008 a Nomination Committee, which consists of the three independent non-executive directors, namely, Mr Ng Chi Ming, Mr Yip Tai Him and Mr Lung Hung Cheuk. Mr Ng Chi Ming is the chairman of the Nomination Committee. The primary function of the Nomination Committee is to recommend candidates to the Board for filling vacancies on the Board and the senior management of the Group. In March 2012, the Board adopted revised terms of reference for the Remuneration Committee.

The Nomination Committee reviewed the structure, size and composition of the Board, selected and recommended qualified and suitable persons for the Group, and assessed their independence and eligibility.

According to the Company's bye-laws, one-third of the directors are currently required (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) to retire from office by rotation at each AGM of the Company, provided that every director is subject to retirement at least once every three years. The retiring directors are eligible to offer themselves for re-election.

The Nomination Committee recommended that Mr Lau Wai Shu and Mr Ng Chi Ming, who will retire at the forthcoming AGM, be eligible to offer themselves for re-election.

AUDITOR'S REMUNERATION

BDO Limited is the auditor of the Company. The audit fee of the Group for the year ended 31 December 2012 was approximately HK$533,000. No non-audit service fees for tax related services and other review services for the year ended 31 December 2012 were incurred.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES

It is the responsibility of the Board to present the annual and interim reports, which give a true and fair view. The Board has selected and applied generally accepted accounting policies in Hong Kong with fair, prudent and reasonable judgments and estimates to prepare the consolidated financial statements on a going concern basis. The Board was not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. The Board is responsible for maintaining proper accounting records that reflect the financial position of the Group with reasonable accuracy. BDO Limited, the independent auditor of the Group, is responsible for expressing an opinion on the financial statements based on their audit and reports solely to the shareholders of the Company.

COMPANY SECRETARY

Mr Lee Wing Yin, who is an associate member of the Hong Kong Institute of Certified Public Accountants, has acted as the company secretary of the Company since July 2009. He is responsible to the Board for ensuring proper Board procedures and discharging the Board's obligations pursuant to the Listing Rules and other regulations. The company secretary has provided his training records to the Company, which showed he had attended no less than 15 hours of relevant professional training during the year.

INTERNAL CONTROL SYSTEM

The Board is responsible for establishing, maintaining and reviewing the system of internal control of the Group. In order to safeguard shareholders' interests and the Group's assets, the Audit Committee is authorised to review regularly the effectiveness and adequacy of control procedures for the financial, operational, compliance and risk management functions. For the financial year ended 31 December 2012, the Audit Committee concluded it was satisfied with the effectiveness and adequacy of the Company's internal control system after review.

SHAREHOLDERS' RIGHTS

i. Procedure for shareholders to convene an extraordinary general meeting:

Shareholder(s) holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such a requisition. This meeting shall be held within two months after the deposit of the requisition. If within 21 days of the deposit, the Board fails to proceed to convene such a meeting, the requisition(s) himself (themselves) may do so in accordance with Section 74(3) of the Company Act of Bermuda.

ii. Procedure for shareholders to propose a person for election as a director at a general meeting:

If a shareholder wishes to propose a person (the "Candidate") for election as a director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's head office in Hong Kong at Unit 1204–6, 12th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong. The Notice (a) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules and his/her contact details; and (b) must be signed by the shareholder concerned including the information/documents to verify the identity of the shareholder and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal data. The period for lodgement of the Notice shall commence no earlier than the date after the dispatch of the notice of the general meeting and end no later than seven days prior to the date of such a general meeting. To ensure the Company's shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a director without adjourning the general meeting, shareholders are urged to submit and lodge the Notice as soon as practicable, say at least 15 business days prior to the date of the general meeting appointed for the election.

INVESTOR RELATIONS

The Company endeavours to promote good relations and channels of communication with investors. The Company realises that transparency and timely disclosure of corporate information are essential for enhancing investors' understanding of the Group's financial position and performance. The Group has a shareholder communication policy in place to strengthen communication procedures with the shareholders.

The Company's AGM provides a channel of direct communication between the Board and the shareholders. An AGM circular of proposed resolutions is delivered to all the shareholders not less than 21 days prior to the meeting. Any comments and questions from shareholders are welcome by the Board in the AGM. The directors, company secretary, all chairmen of the committees of the Board and the external auditor will be present to answer any questions in the AGM. In addition, shareholders and investors are welcome to write their enquiries directly to the Board (a) by mail to the Company's principal place of business, (b) by fax on (852) 2802 0055 or (c) by email at inquiry@iOne.com.hk.

All financial information and other disclosures, including interim results, final results, announcements, circulars, corporate governance policies, bye-laws and other notices of the Company are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.ioneholdings.com.

AMENDMENTS TO THE BYE-LAWS

In view of (a) the amendments to the Listing Rules relating to corporate governance, all of which have become effective January and April 2012, and (b) the Companies Amendment (No. 2) Act 2011 in Bermuda, which received assent and became operative in December 2011, the directors have decided to take the opportunity afforded by the convening of the 2012 AGM to seek the approval of the shareholders to amend certain provisions of the existing bye-laws and adopt the new bye-laws so as to bring the bye-laws in line with the amendments made to the Listing Rules and the Companies Act 1981 of Bermuda. The amendments to the existing bye-laws covered the following significant changes:

i. allow the Company to provide financial assistance for purchase or acquisition of its own shares subject to compliance with the applicable laws, rules and regulations;

ii. stipulate that all votes of the shareholders at a general meeting shall be taken by poll unless the resolution relates purely to a procedural or administrative matter, in which case it may be voted on by a show of hands;

iii. allow the transfer of shares by means other than an instrument of transfer if it is permitted by, and is in accordance with, the rules of the Stock Exchange in respect of which the Shares are listed;

iv. make further provisions to the notice period required for convening general meetings to align with the requirements of Appendix 14 of the Listing Rules;

v. specify that any director appointed to fill a casual vacancy shall hold office until the next general meeting while any director appointed as an addition to the Board shall hold office until the following AGM;

vi. provide that the office of any alternate director shall cease upon any event which, if he were a director, would cause him to vacate his office or if his appointer shall cease to hold office for any reason;

vii. no longer permit a director to disregard an interest of below 5% when considering whether he has a material interest in a transaction which would prevent him from forming part of the quorum or voting at Board meetings;

viii. require a physical meeting to be held in lieu of written resolutions where a director or substantial shareholder has a conflict of interest in the proposed transaction; and

ix. simplify the solvency test by deleting references to the Company's issued share capital and share premium accounts when considering whether dividends shall be paid or distribution made out of contributed surplus.

All resolutions were duly passed by the shareholders by way of a poll at the AGM held on 31 May 2012.

Independent Auditor's Report

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TO THE SHAREHOLDERS OF iONE HOLDINGS LIMITED
(卓智控股有限公司)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of iOne Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 54 to 94, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Lee Ka Leung, Daniel
Practising Certificate Number P01220

Hong Kong, 27 March 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	6	**125,925**	165,621
Cost of services provided		**(58,540)**	(78,959)
Gross profit		**67,385**	86,662
Other income and gains	8	**5,985**	4,526
Selling and distribution expenses		**(10,119)**	(16,055)
Administrative expenses		**(25,926)**	(29,442)
Profit before income tax expense	9	**37,325**	45,691
Income tax expense	12	**(5,435)**	(6,795)
Profit for the year		**31,890**	38,896
Other comprehensive income			
Net fair value gain/(loss) on available-for-sale investments		**8,336**	(7,971)
Total comprehensive income for the year attributable to owners of the Company		**40,226**	30,925
Earnings per share			
– Basic and diluted	14	**HK0.35 cent**	HK0.42 cent

Consolidated Statement of Financial Position

As at 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	15	2,795	3,656
Available-for-sale investments	17	98,826	42,382
		101,621	46,038
Current assets			
Work in progress		1,617	1,163
Trade receivables	18	37,723	29,823
Other receivables, deposits and prepayments		6,575	6,669
Amount due from a related company	19	197	198
Income tax recoverable		496	5,324
Cash and bank balances	20	139,336	178,363
		185,944	221,540
Current liabilities			
Trade payables	21	8,388	8,648
Other payables and accruals		11,410	21,064
Amount due to a related company	22	172	367
Deferred income	24	313	611
Income tax payable		360	–
		20,643	30,690
Net current assets		165,301	190,850
Total assets less current liabilities		266,922	236,888
Non-current liabilities			
Deferred tax liabilities	25	35	107
Net assets		266,887	236,781
Capital and reserves			
Share capital	26	2,300	2,300
Reserves		264,587	234,481
Total equity		266,887	236,781

On behalf of the Board

Lee Wing Yin
Chairman

Lau Wai Shu
Director

Statement of Financial Position

As at 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	15	**238**	381
Investments in subsidiaries	16	**69,902**	69,902
Available-for-sale investments	17	**98,826**	42,382
		168,966	112,665
Current assets			
Other receivables, deposits and prepayments		**1,837**	1,411
Amount due from a subsidiary	23	**–**	51
Cash and bank balances	20	**126,698**	159,637
		128,535	161,099
Current liabilities			
Other payables and accruals		**574**	889
Income tax payable		**235**	–
Amounts due to subsidiaries	23	**125,212**	105,293
		126,021	106,182
Net current assets		**2,514**	54,917
Total assets less current liabilities		**171,480**	167,582
Non-current liabilities			
Deferred tax liabilities		**15**	–
Net assets		**171,465**	167,582
Capital and reserves			
Share capital	26	**2,300**	2,300
Reserves	28	**169,165**	165,282
Total equity		**171,465**	167,582

On behalf of the Board

Lee Wing Yin
Chairman

Lau Wai Shu
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Share capital HK$'000	Share premium HK$'000 (note a)	Special reserve HK$'000 (note b)	Available-for-sale investments reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2011	2,300	39,914	4,451	–	169,311	215,976
Profit for the year	–	–	–	–	38,896	38,896
Other comprehensive income	–	–	–	(7,971)	–	(7,971)
Total comprehensive income	–	–	–	(7,971)	38,896	30,925
Dividend approved in respect of previous year	–	–	–	–	(10,120)	(10,120)
At 31 December 2011 and 1 January 2012	2,300	39,914	4,451	(7,971)	198,087	236,781
Profit for the year	–	–	–	–	31,890	31,890
Other comprehensive income	–	–	–	8,336	–	8,336
Total comprehensive income	–	–	–	8,336	31,890	40,226
Dividend approved in respect of previous year	–	–	–	–	(10,120)	(10,120)
At 31 December 2012	**2,300**	**39,914**	**4,451**	**365**	**219,857**	**266,887**

Notes:

(a) Share premium represents amount subscribed for share capital in excess of nominal value.

(b) 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 group reorganisation (the "Reorganisation") which was to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
Cash flows from operating activities		
Profit before income tax expense	37,325	45,691
Adjustments for:		
Interest income	(4,273)	(2,313)
Dividend income	(1,320)	(519)
Gain on disposal of financial asset at fair value through profit or loss	–	(20)
Depreciation of property, plant and equipment	1,754	2,225
Loss on disposal and written-off of property, plant and equipment	120	49
Written-off of bad debt	413	92
Proceed from disposal of financial asset at fair value through profit or loss	–	2,750
Acquisition of financial asset at fair value through profit or loss	–	(2,730)
Operating profit before working capital changes	34,019	45,225
(Increase)/decrease in work in progress	(454)	1,896
(Increase)/decrease in trade receivables	(8,313)	34,928
Decrease/(increase) in other receivables, deposits and prepayments	94	(330)
Decrease in amount due from a related company	1	1,434
Decrease in trade payables	(260)	(11,696)
Decrease in other payables and accruals	(9,654)	(2,434)
(Decrease)/increase in amount due to a related company	(195)	367
(Decrease)/increase in deferred income	(298)	611
Cash generated from operations	14,940	70,001
Hong Kong Profits Tax paid	(319)	(18,980)
Net cash generated from operating activities	14,621	51,021
Cash flows from investing activities		
Interest received	4,273	2,313
Dividend received	1,320	519
Purchase of property, plant and equipment	(1,013)	(884)
Decrease/(increase) in fixed deposits with original maturities of over three months	42,047	(50,840)
Acquisition of available-for-sale investments	(48,108)	(40,457)
Net cash used in investing activities	(1,481)	(89,349)
Net cash used in financing activities		
Dividends paid to owners of the Company	(10,120)	(10,120)
Net increase/(decrease) in cash and cash equivalents	3,020	(48,448)
Cash and cash equivalents at beginning of the year	103,923	152,371
Cash and cash equivalents at end of the year (note 20)	106,943	103,923

Notes to the Financial Statements

31 December 2012

1. GENERAL

iOne Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. Its shares are listed on the Stock Exchange. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Units 1204–6, 12th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong. The Group, comprising the Company and its subsidiaries, is engaged in the provision of financial printing services in Hong Kong.

The Company's parent and ultimate parent is Profit Allied Limited (incorporated in the British Virgin Islands ("BVI")).

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2012

Amendments to HKFRS 1	Severe Hyper Inflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets

The adoption of these new/revised standards and interpretations has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKFRSs (Amendments)	Annual Improvements 2009–2011 Cycle[2]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 9	Financial Instruments[4]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

Notes to the Financial Statements

31 December 2012

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluation of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

HKFRSs (Amendments) – Annual Improvements 2009–2011 Cycle

The improvements made amendments to four standards.

(i) *HKAS 1 Presentation of Financial Statements*

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.40-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) *HKAS 16 Property, Plant and Equipment*

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) *HKAS 32 Financial Instruments: Presentation*

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRSs (Amendments) – Annual Improvements 2009–2011 Cycle (Continued)

(iv) HKAS 34 Interim Financial Reporting

The amendments clarify that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment need to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or fights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

Notes to the Financial Statements

31 December 2012

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss and certain available-for-sale investments, which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$") which is the same as the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Notes to the Financial Statements

31 December 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Business combination and basis of consolidation (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	2 to 5 years
Office equipment	2 to 5 years
Furniture and fixtures	2 to 5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(d) Leases

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

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense over the term of the lease.

Notes to the Financial Statements

31 December 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables, including trade receivables, other receivables and deposits, cash and bank balances, and other monetary assets, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method less any identified impairment losses.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

An impairment loss is recognised in profit or loss and directly reduces the carrying amount of financial asset when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Financial Statements

31 December 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(ii) *Impairment loss on financial assets* (Continued)

For available-for-sale investments

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(iii) *Financial liabilities at amortised cost*

Financial liabilities at amortised cost, including trade payables, other payables and accruals, and other monetary liabilities, are initially recognised at fair value, net of directly attributable transaction costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Work in progress

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

(g) Revenue recognition

Revenue from provision of financial printing services is recognised when the services are provided and the transactions can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group.

Interest income is recognised on a time basis on the principal outstanding at the applicable interest rate.

(h) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxed are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxed are also recognised in other comprehensive income.

Notes to the Financial Statements

31 December 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

(j) Employee benefits

Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(k) Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and investments in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Related parties

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

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

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

Notes to the Financial Statements

31 December 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Related parties (Continued)

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

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

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

(iii) dependents of that person or that person's spouse or domestic partner.

5. KEY SOURCE OF ESTIMATION UNCERTAINTY AND JUDGMENT

In addition to information disclosed elsewhere in these financial statements, other key source of estimation uncertainty that has a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year is as follows:

Impairment of trade receivables

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

Impairment of available-for-sale listed equity investments

Management reviews available-for-sale listed equity investments at the end of each reporting period to assess whether they are impaired. The Group records impairment charges on available-for-sale listed equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, management evaluates, among other factors, historical market price movements and the duration and extent to which the fair value of an investment is less than its cost.

Impairment of available-for-sale unlisted equity investment

Management reviews available-for-sale unlisted equity investment at the end of each reporting period to assess whether it is impaired. The Group records the impairment charge on available-for-sale unlisted investment when there is objective evidence that an impairment loss has been incurred. The amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Management reviews the latest available financial information for the unlisted equity investment to assess any impairment occurs.

6. TURNOVER

An analysis of the Group's turnover and revenue for the year is as follows:

	2012 HK$'000	2011 HK$'000
Financial printing services:		
– Printing and translation	**113,572**	149,418
– Advertising	**12,353**	16,203
	125,925	165,621

7. 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 aggregate basis and consider them as one single operating segment.

No geographical information is presented as the Group's operations are located in Hong Kong.

None of the Group's customers had individually accounted for over 10% of the Group's revenue for the year ended 31 December 2012. Revenue from one customer of the Group amounted to HK$17,755,000, which represent 10% or more of the Group's revenue for the year ended 31 December 2011.

8. OTHER INCOME AND GAINS

	2012 HK$'000	2011 HK$'000
Interest income:		
– bank deposits	**2,564**	1,640
– past due trade receivables	**–**	312
– corporate bonds	**1,709**	361
	4,273	2,313
Dividend income	**1,320**	519
Exchange gains, net	**391**	1,651
Gain on disposal of financial asset at fair value through profit or loss	**–**	20
Others	**1**	23
	5,985	4,526

Notes to the Financial Statements

31 December 2012

9. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense has been arrived at after charging:

	2012 HK$'000	2011 HK$'000
Depreciation of property, plant and equipment (note 15)	**1,754**	2,225
Auditor's remuneration	**533**	513
Loss on disposal and written-off of property, plant and equipment	**120**	49
Operating lease rentals for rented office premises and equipment	**12,940**	13,199
Staff costs (note 10)	**37,027**	50,842
Written-off of bad debt	**413**	92

10. STAFF COSTS

	2012 HK$'000	2011 HK$'000
Staff costs (including directors) comprise:		
Salaries, commissions, bonuses and other allowances	**35,662**	49,492
Retirement benefits scheme contributions	**1,365**	1,350
	37,027	50,842

11. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of the emoluments paid and payable to the directors of the Company by the Group during the year are as follows:

	2012 HK$'000	2011 HK$'000
Fees	**150**	150
Salaries, commissions and other allowances	**1,008**	840
Bonuses (note)	**150**	210
Retirement benefits scheme contributions	**20**	17
	1,328	1,217

11. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

The emoluments of each of the directors during the years ended 31 December 2012 and 2011 are as follows:

	Fees HK$'000	Salaries, commissions and other allowances HK$'000	Bonuses HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2012					
Executive directors					
Lau Wai Shu	–	900	150	14	1,064
Lee Wing Yin	–	108	–	6	114
Independent non-executive directors					
Lung Hung Cheuk	50	–	–	–	50
Ng Chi Ming	50	–	–	–	50
Yip Tai Him	50	–	–	–	50
	150	1,008	150	20	1,328

	Fees HK$'000	Salaries, commissions and other allowances HK$'000	Bonuses HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2011					
Executive directors					
Lau Wai Shu	–	744	186	12	942
Lee Wing Yin	–	96	24	5	125
Independent non-executive directors					
Lung Hung Cheuk	50	–	–	–	50
Ng Chi Ming	50	–	–	–	50
Yip Tai Him	50	–	–	–	50
	150	840	210	17	1,217

Note: The bonuses are determined by reference to the financial performance of the Group and the performance of the individual director for each year.

Notes to the Financial Statements

31 December 2012

11. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Continued)

(b) Five highest-paid employees

Of the five employees with the highest emoluments in the Group, one (2011: one) was director of the Company whose emoluments are included in note 11(a) above. The emoluments of the remaining four (2011: four) employees were as follows:

	2012 HK$'000	2011 HK$'000
Salaries, commissions and other allowances	**6,391**	9,527
Bonuses (note)	**–**	1,409
Retirement benefits scheme contributions	**55**	48
	6,446	10,984

Note: The bonuses are determined by reference to the financial performance of the Group and the performance of the individual employee for each year.

Their emoluments were within the following bands:

	2012 No. of employees	2011 No. of employees
HK$		
Nil–1,000,000	**1**	1
1,000,001–1,500,000	**–**	1
1,500,001–2,000,000	**2**	–
2,000,001–2,500,000	**1**	1
6,500,001–7,000,000	**–**	1

No emoluments have been paid by the Group to any of the directors or the five highest paid employees as an inducement to join or upon joining the Group or as a compensation for loss of office.

The emoluments paid or payable to member of senior management was within the following band:

	2012 No. of employee	2011 No. of employee
HK$		
Nil–1,000,000	**1**	1

12. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2012 HK$'000	2011 HK$'000
Current tax – Hong Kong Profits Tax		
– provision for the year	5,533	6,988
– (over)/under provision in respect of prior years	(26)	5
	5,507	6,993
Deferred tax (note 25)	(72)	(198)
Income tax expense	5,435	6,795

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profit for the year.

The income tax expense for the year can be reconciled to the profit before income tax expense per the consolidated statement of comprehensive income as follows:

	2012 HK$'000	2011 HK$'000
Profit before income tax expense	37,325	45,691
Tax calculated at the Hong Kong Profits Tax rate of 16.5% (2011: 16.5%)	6,159	7,539
Tax effect of income not subject to tax	(709)	(725)
Tax effect of expenses not deductible for tax purpose	45	32
(Over)/under provision in respect of prior years	(26)	5
Utilisation of tax losses previously not recognised	(34)	(42)
Others	–	(14)
Income tax expense	5,435	6,795

Notes to the Financial Statements

31 December 2012

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company includes a loss of HK$82,000 (2011: loss of HK$1,759,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	2012 HK$'000	2011 HK$'000
Loss which has been dealt with in the Company's financial statements	(82)	(1,759)
Management fee from subsidiaries	5,901	5,977
Financial printing and advertising charges to subsidiaries	(203)	(125)
Service fee and software rental charges from subsidiaries	51	79
The Company's profit for the year (note 28)	5,667	4,172

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$31,890,000 (2011: HK$38,896,000) and 9,200,000,000 (2011: 9,200,000,000) shares in issue during the year.

Diluted earnings per share equals to basic earnings per share, as there are no potential dilutive ordinary shares outstanding during the years ended 31 December 2011 and 2012.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Cost				
At 1 January 2011	5,703	6,612	1,552	13,867
Additions	14	854	16	884
Disposals	–	(176)	–	(176)
At 31 December 2011 and 1 January 2012	5,717	7,290	1,568	14,575
Additions	214	723	76	1,013
Disposals	(320)	(153)	-	(473)
At 31 December 2012	5,611	7,860	1,644	15,115
Accumulated depreciation				
At 1 January 2011	3,494	4,127	1,200	8,821
Provided for the year (note 9)	943	1,099	183	2,225
Eliminated on disposals	–	(127)	–	(127)
At 31 December 2011 and 1 January 2012	4,437	5,099	1,383	10,919
Provided for the year (note 9)	631	1,024	99	1,754
Eliminated on disposals	(203)	(150)	-	(353)
At 31 December 2012	4,865	5,973	1,482	12,320
Net book value				
At 31 December 2012	746	1,887	162	2,795
At 31 December 2011	1,280	2,191	185	3,656

Notes to the Financial Statements

31 December 2012

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Cost				
At 1 January 2011	267	260	108	635
Additions	–	81	–	81
At 31 December 2011 and 1 January 2012	267	341	108	716
Additions	–	–	–	–
At 31 December 2012	267	341	108	716
Accumulated depreciation				
At 1 January 2011	107	47	43	197
Provided for the year	53	63	22	138
At 31 December 2011 and 1 January 2012	160	110	65	335
Provided for the year	54	68	21	143
At 31 December 2012	214	178	86	478
Net book value				
At 31 December 2012	53	163	22	238
At 31 December 2011	107	231	43	381

16. INVESTMENTS IN SUBSIDIARIES

	2012 HK$'000	2011 HK$'000
Unlisted shares, at cost	**69,902**	69,902

16. INVESTMENTS IN SUBSIDIARIES (Continued)

Details of the subsidiaries at the end of reporting period are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Miracle View Group Ltd	BVI/Hong Kong	100 no par value registered shares	100%	–	Investment holding
Rising Win Ltd	BVI/Hong Kong	1 no par value registered share	–	100%	Investment holding
Rich Partners Holdings Limited	BVI/Hong Kong	100 ordinary shares of US$1 each	–	100%	Investment holding
iOne Financial Press Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	–	100%	Provision of financial printing services
iOne (Regional) Financial Press Limited	Hong Kong	1 ordinary share of US$1	–	100%	Inactive
RFP Holdings Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Business not yet commenced
RFP Financial Press Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Business not yet commenced
Richroad Group Limited	BVI/Hong Kong	1 no par value registered share	–	100%	Investment holding
iOne Translation Company Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Provision of translation services
Rosy Season Limited	BVI/Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
iOne (International) Financial Press Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Business not yet commenced
Data Express Holdings Limited	BVI/Hong Kong	1 ordinary share of US$1	–	100%	Business not yet commenced
iOne Hong Kong Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Business not yet commenced
Modern Silver Limited	BVI/Hong Kong	1 ordinary share of US$1	–	100%	Business not yet commenced

None of the subsidiaries of the Company had issued any debt securities at 31 December 2012.

Notes to the Financial Statements

31 December 2012

17. AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2012	2011
	HK$'000	HK$'000
Listed equity investments:		
– in Hong Kong	**14,693**	13,099
– outside Hong Kong	**10,689**	7,093
	25,382	20,192
Listed corporate bonds:		
– in Hong Kong	**26,733**	6,012
– outside Hong Kong	**21,631**	3,457
	48,364	9,469
Unlisted corporate bonds	**8,891**	2,825
Unlisted mutual fund	**6,293**	–
Unlisted equity investment	**9,896**	9,896
	98,826	42,382

Movements of the carrying amount of available-for-sale investments during the year are as follows:

	Group and Company	
	2012	2011
	HK$'000	HK$'000
At 1 January	**42,382**	9,896
Additions	**48,108**	40,457
Net fair value gain/(loss) on available-for-sale investments	**8,336**	(7,971)
At 31 December	**98,826**	42,382

Listed equity securities, listed and unlisted corporate bonds, and unlisted mutual fund with carrying amounts of HK$25,382,000 (2011: HK$20,192,000), HK$48,364,000 (2011: HK$9,469,000), HK$8,891,000 (2011: HK$2,825,000) and HK$6,293,000 (2011: nil) respectively are measured at fair value. The fair values have been determined based on their quoted prices in active markets or from brokers at the reporting date.

The unlisted equity investment is measured at cost less impairment at the end of reporting period because it does not have quoted market price in an active market and the directors are of the opinion that its fair value cannot be measured reliably. The directors intended to hold it for long term investment purpose.

18. 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:

	Group 2012 HK$'000	2011 HK$'000
0–90 days	**22,099**	21,250
91–180 days	**11,516**	6,847
181–270 days	**2,838**	870
271–365 days	**1,098**	420
Over 365 days	**172**	436
	37,723	29,823

The ageing analysis of trade receivables based on the due date at the end of reporting period is as follows:

	Group 2012 HK$'000	2011 HK$'000
Neither past due nor impaired	**8,006**	8,822
1–90 days past due	**21,230**	17,369
91–180 days past due	**5,219**	2,380
181–270 days past due	**3,004**	795
271–365 days past due	**146**	19
Over 365 days past due	**118**	438
Trade receivables that are past due but not impaired	**29,717**	21,001
	37,723	29,823

For receivables which are past due but not impaired, management considers there has not been a significant change in credit quality of these balances and the amounts are still fully recoverable. For the remaining trade receivables that are neither past due nor impaired, management believes that the amounts are recoverable with reference to their historical payment records and business relationship. The Group does not hold any collateral over these balances.

19. AMOUNT DUE FROM A RELATED COMPANY

A controlling shareholder of the Company is also controlling shareholder of the related company.

The balance is of trade nature, unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

31 December 2012

20. CASH AND BANK BALANCES

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and on hand	**18,524**	36,203	**6,887**	17,477
Fixed deposits with original maturities of three months or less	**88,419**	67,720	**87,417**	67,720
Fixed deposits with original maturities of over three months	**32,393**	74,440	**32,394**	74,440
Cash and bank balances in the statement of financial position	**139,336**	178,363	**126,698**	159,637
Less: Fixed deposits with original maturities of over three months	**(32,393)**	(74,440)		
Cash and cash equivalents in the consolidated statement of cash flows	**106,943**	103,923		

At 31 December 2012, the fixed deposits with original maturities of three months or less carried fixed interest on prevailing market rates of 1.1% to 3.3% (2011: 1.3% to 2.1%) per annum while the fixed deposits with original maturities of over three months carried fixed interest on prevailing market rates of 1.3% to 3.35% (2011: 1.3% to 2%) per annum.

21. 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:

	Group	
	2012	2011
	HK$'000	HK$'000
0–90 days	**6,031**	6,380
91–180 days	**1,463**	1,542
181–365 days	**445**	297
Over 365 days	**449**	429
	8,388	8,648

22. AMOUNT DUE TO A RELATED COMPANY

A director of the Company is also director of the related company.

The balance is of trade nature, unsecured, interest-free and repayable on demand.

23. AMOUNTS DUE FROM/TO SUBSIDIARIES

The balances are unsecured, interest-free and repayable on demand.

24. DEFERRED INCOME

Deferred income represented the aggregate benefit of incentives of rent-free period for the agreement of operating leases provided by the lessors to the Group. It is recognised as a reduction of rental expense in the statement of comprehensive income over the lease terms on a straight-line basis.

25. DEFERRED TAX

Deferred tax recognised in the statement of financial position and movements during the year are as follows:

	Group Accelerated tax depreciation HK$'000
At 1 January 2011	305
Credit to profit or loss (note 12)	(198)
At 31 December 2011 and 1 January 2012	107
Credit to profit or loss (note 12)	(72)
At 31 December 2012	**35**

No deferred tax asset has been recognised in respect of the unused tax losses of nil (2011: HK$470,000) because of the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

Notes to the Financial Statements

31 December 2012

26. SHARE CAPITAL

(a) Authorised and issued share capital

	2012 HK$'000	2011 HK$'000
Authorised:		
12,000,000,000 (2011: 12,000,000,000) ordinary shares of HK$0.00025 each (2011: HK$0.00025 each)	**3,000**	3,000
Issued and fully paid:		
9,200,000,000 (2011: 9,200,000,000) ordinary shares of HK$0.00025 each (2011: HK$0.00025 each)	**2,300**	2,300

(b) Capital risk management

During the year, the Group's strategy, which was unchanged from 2011, was to manage its capital to ensure that the Group entities will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of capital and reserves of the Group. At 31 December 2012, no external debts were raised by the Group.

The directors of the Company review the capital structure regularly. As a part of this review, the directors consider the cost of capital and the risks associated with each class of capital, payment of dividends, new share issues as well as raising of bank borrowings.

27. SHARE OPTION SCHEME

Pursuant to the written resolutions passed by the shareholders of the Company on 25 June 2008, the Company adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Share Option Scheme, the directors of the Company may, at their absolute discretion, offer eligible participants, being, employees or executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and suppliers, consultants and advisers who will provide or have provided services to the Group, options to subscribe for shares in the Company representing up to maximum 10% of the shares in issue as at the date of commencement of listing of shares of the Company on the Stock Exchange and subject to renewal with shareholders' approval. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the Company's issued share capital, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in any one year exceeding the higher of 0.1% of the Company's shares in issue and with a value in excess of HK$5,000,000 must be approved by the Company's shareholders.

Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the board of directors but in any event not exceeding 10 years. The exercise price is determined by the directors of the Company and will be not less than the highest of the closing price of the Company's shares on the date of grant, the average closing prices of the Company's shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

No option has been granted by the Company under the Share Option Scheme since its adoption and up to 31 December 2012.

Notes to the Financial Statements

31 December 2012

28. RESERVES

Company

	Share premium HK$'000	Contributed surplus HK$'000	Available-for-sale investments reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2011	39,756	69,602	–	69,843	179,201
Profit for the year (note 13)	–	–	–	4,172	4,172
Other comprehensive income	–	–	(7,971)	–	(7,971)
Total comprehensive income	–	–	(7,971)	4,172	(3,799)
Dividend approved in respect of previous year	–	–	–	(10,120)	(10,120)
At 31 December 2011 and 1 January 2012	39,756	69,602	(7,971)	63,895	165,282
Profit for the year (note 13)	–	–	–	5,667	5,667
Other comprehensive income	–	–	8,336	–	8,336
Total comprehensive income	–	–	8,336	5,667	14,003
Dividend approved in respect of previous year	–	–	–	(10,120)	(10,120)
At 31 December 2012	39,756	69,602	365	59,442	169,165

The contributed surplus of the Company represents the difference between the consolidated net assets of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the Reorganisation.

29. DIVIDEND

	Company 2012 HK$'000	2011 HK$'000
Final, proposed – HK$0.0011 (2011: HK$0.0011) per share	**10,120**	10,120

At a meeting held on 27 March 2013, the directors of the Company recommended a final dividend of HK$0.0011 per share.

The proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 December 2012.

30. OPERATING LEASES

As lessee

The Group leases a number of office premises and office equipment under operating leases. The leases generally run for an initial period of two to five years. None of the leases includes contingent rentals.

At the end of reporting period, the Group was committed to make the following future minimum lease payments in respect of rented office premises and equipment under non-cancellable operating leases, which fall due as follows:

	Group	
	2012	2011
	HK$'000	HK$'000
Not later than one year	**12,445**	12,919
Later than one year and not later than five years	**37,668**	12,676
	50,113	25,595

31. RELATED PARTY TRANSACTIONS

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

	2012	2011
	HK$'000	HK$'000
Rental expenses to a related company (note a)	**1,088**	1,632
Rental deposit to a related company (note a)	**–**	457
Printing income from related companies (note a)	**304**	614
Translation fee to a related company (notes a & b)	**575**	367

Notes:

(a) A controlling shareholder of the Company is also controlling shareholder of the related companies.

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

Notes to the Financial Statements

31 December 2012

31. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	2012 HK$'000	2011 HK$'000
Short-term benefits	**1,880**	7,748
Post-employment benefits	**34**	29
	1,914	7,777

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

32. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk, currency risk and price risk.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group has no significant concentrations of credit risk with exposure spreading over a large number of counterparties and customers. In order to minimise the credit risk, management monitors the level of exposure to ensure that follow-up actions are taken to recover overdue debts. In addition, management reviews the recoverability of each trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers the Group does not expose to significant credit risk.

The credit risk on bank deposits is limited because the counterparties have high credit ratings. Management does not expect any counterparty to fail to meet its obligations.

32. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash and cash equivalents to meet its liquidity requirements in the short and longer term. The Group's financial liabilities, including trade payables, other payables and accruals and amount due to a related company, mature in less than one year and most of them are repayable on demand.

(c) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The Group currently does not use any derivative contracts to hedge its loans to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

At 31 December 2012 and 2011, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have insignificant effects on the Group's profit for the years ended 31 December 2012 and 2011.

(d) Currency risk

The Group carries out certain of its transactions in United States dollars ("US$") and certain of its bank balances, listed equity investments, corporate bonds and unlisted mutual fund are denominated in Renminbi ("RMB"), Singapore Dollar ("SGD") and US$, which expose the Group to foreign currency risk. Management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

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

	Assets	
	2012	2011
	HK$'000	HK$'000
US$	**19,707**	4,186
SGD	**11,243**	7,265
RMB	**63,566**	48,577

Notes to the Financial Statements

31 December 2012

32. FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk (Continued)

Sensitivity analysis

The following table indicates the approximate change in the Group's profit for the year in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. A positive number below indicates an increase in profit or decrease in loss.

	Effect on profit for the year	
	2012	2011
	HK$'000	HK$'000
RMB to HK$:		
Appreciates by 3% (2011: 2%)	**1,907**	972
Depreciates by 3% (2011: 2%)	**(1,907)**	(972)
SGD to HK$:		
Appreciates by 5% (2011: 5%)	**562**	363
Depreciates by 5% (2011: 5%)	**(562)**	(363)

The sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at the end of reporting period and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, as HK$ is pegged to US$, management does not expect any significant movements in the US$/HK$ exchange rate. The analysis is performed on the same basis for 2011.

(e) Price risk

The Group is exposed to price risk through its investments in listed equity investments and corporate bonds. The management closely keeps watch of the price changes and takes appropriate action when necessary.

Sensitivity analysis

If the prices of the respective investments had been 10% higher/lower, the available-for-sale investments reserve would increase/decrease by HK$8,893,000 (2011: HK$3,249,000).

(f) Fair value of financial instruments

The directors consider that the carrying amounts of financial assets (other than the available-for-sale investments carried at cost) and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

32. FINANCIAL RISK MANAGEMENT (Continued)

(g) Fair value measurements

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Group and Company			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
At 31 December 2012				
Listed equity investments	**25,382**	**–**	**–**	**25,382**
Listed corporate bonds	**48,364**	**–**	**–**	**48,364**
Unlisted corporate bonds	**–**	**8,891**	**–**	**8,891**
Unlisted mutual fund	**–**	**6,293**	**–**	**6,293**
	73,746	**15,184**	**–**	**88,930**

	Group and Company			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2011				
Listed equity investments	20,192	–	–	20,192
Listed corporate bonds	9,469	–	–	9,469
Unlisted corporate bond	–	2,825	–	2,825
	29,661	2,825	–	32,486

There have been no significant transfers between levels 1 and 2 in the reporting period.

Notes to the Financial Statements

31 December 2012

33. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets and liabilities as defined in Note 4(e):

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables	**182,277**	213,469	**127,791**	160,367
Available-for-sale financial assets	**98,826**	42,382	**98,826**	42,382
Financial liabilities				
Financial liabilities measured at amortised cost	**15,459**	24,858	**125,786**	106,182

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2013.

Five Year Summary

	Year ended 31 December				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**125,925**	165,621	215,826	241,477	235,110
Profit before income tax expense	**37,325**	45,691	71,880	65,182	46,578
Income tax expense	**(5,435)**	(6,795)	(12,073)	(10,980)	(7,611)
Profit for the year	**31,890**	38,896	59,807	54,202	38,967

	As at 31 December				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**287,565**	267,578	266,819	215,231	152,678
Total liabilities	**(20,678)**	(30,797)	(50,843)	(48,942)	(40,591)
Total equity	**266,887**	236,781	215,976	166,289	112,087

Note:
The Company was incorporated in Bermuda on 24 January 2008 and became the holding company of the Group with effect from 25 June 2008 upon the completion of the Reorganisation as set out in the Company's prospectus dated 30 June 2008.

iOne Holdings Limited
卓智控股有限公司*

(incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

Stock code 股份代號：982

* for identification purpose only 僅供識別