



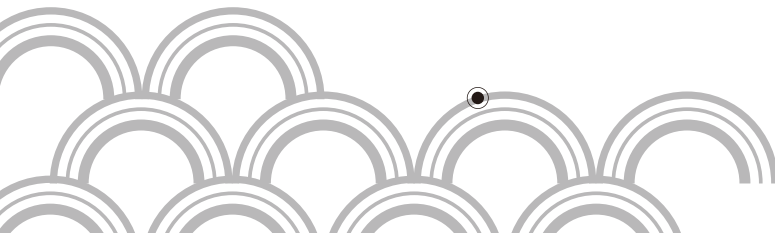
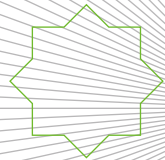
iOne Holdings Limited

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

www.ione.com.hk



Interim Report 2014



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Corporate Information

Board of Directors

Executive directors

Mr. Li Guangning (*Chairman*)
Mr. Xie Wei (*Chief Executive Officer*)
Ms. Zhong Ming (*Chief Financial Officer*)
Mr. Lau Wai Shu

Independent non-executive directors

Dr. Chen Jieping
Dr. Sun Mingchun
Mr. Tse Yung Hoi

Audit Committee

Dr. Chen Jieping (*Chairman*)
Dr. Sun Mingchun
Mr. Tse Yung Hoi

Remuneration Committee

Dr. Sun Mingchun (*Chairman*)
Dr. Chen Jieping
Mr. Tse Yung Hoi
Mr. Xie Wei
Ms. Zhong Ming

Nomination Committee

Mr. Tse Yung Hoi (*Chairman*)
Dr. Chen Jieping
Dr. Sun Mingchun

Solicitor

Mayer Brown JSM

Auditor

PricewaterhouseCoopers

Joint Company Secretaries

Ms. Li Yanmei
Ms. Lee Mei Yi

Head Office and Principal Place of Business in Hong Kong

Room 3605, 36/F
Cheung Kong Center
2 Queen's Road Central
Central, Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Bermuda Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

Principal Bankers

Standard Chartered Bank (Hong Kong) Limited

Bermuda Resident Representative

Codan Services Limited

Authorised Representatives

Mr. Xie Wei
Ms. Li Yanmei

Place of Listing

The Stock Exchange of Hong Kong Limited

Stock Code

982

Website Address

www.ioneholdings.com

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Turnover	6	94,313	66,356
Cost of services provided		(42,325)	(32,422)
Gross profit		51,988	33,934
Other income and other gains, net	7	4,721	4,408
Selling and distribution expenses		(6,994)	(5,190)
Administrative expenses		(29,701)	(12,068)
Profit before income tax expense	8	20,014	21,084
Income tax expense	9	(2,946)	(3,001)
Profit for the period		17,068	18,083
Other comprehensive loss:			
Items that may be reclassified to profit or loss			
Net fair value loss on available-for-sale investments		–	(2,795)
Reserve released upon disposal of available-for-sale investments		(4,582)	–
Total comprehensive income for the period attributable to the owners of the Company		12,486	15,288
Earnings per share			
– Basic	10	HK0.19 cent	HK0.20 cent
Dividend	11	216,016	–

Condensed Consolidated Statement of Financial Position

At 30 June 2014

	Notes	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	4,278	4,457
Investment property	13	6,500	4,552
Available-for-sale investments	14	–	73,084
		10,778	82,093
Current assets			
Work in progress		4,318	2,448
Trade receivables	15	85,147	62,451
Other receivables, deposits and prepayments		8,074	8,133
Amount due from a related company		8	192
Cash and bank balances	16	20,564	156,237
		118,111	229,461
Current liabilities			
Trade payables	17	26,404	16,507
Other payables and accruals		20,941	13,257
Amount due to a related company		579	228
Deferred income		57	70
Current income tax payable		3,372	426
		51,353	30,488
Net current assets		66,758	198,973
Total assets less current liabilities		77,536	281,066
Non-current liabilities			
Deferred income tax liabilities		180	180
Net assets		77,356	280,886
Capital and reserves			
Share capital		2,300	2,300
Reserves		75,056	278,586
Total equity		77,356	280,886

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Attributable to owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Available-for-sale investments reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2014 (Audited)	2,300	39,914	4,451	4,582	229,639	280,886
Profit for the period	-	-	-	-	17,068	17,068
Other comprehensive loss:						
Reserve released upon disposal of available-for-sale investments	-	-	-	(4,582)	-	(4,582)
Total comprehensive income for the period	-	-	-	(4,582)	17,068	12,486
Special dividend recognised as distributions (Note 11)	-	-	-	-	(216,016)	(216,016)
At 30 June 2014 (Unaudited)	2,300	39,914	4,451	-	30,691	77,356
At 1 January 2013 (Audited)	2,300	39,914	4,451	365	219,857	266,887
Profit for the period	-	-	-	-	18,083	18,083
Other comprehensive loss:						
Net fair value loss on available-for-sale investments	-	-	-	(2,795)	-	(2,795)
Total comprehensive income for the period	-	-	-	(2,795)	18,083	15,288
2012 final dividend recognised as distributions	-	-	-	-	(10,120)	(10,120)
At 30 June 2013 (Unaudited)	2,300	39,914	4,451	(2,430)	227,820	272,055

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Cash flows from operating activities		
Operating profit before changes in working capital	14,703	17,960
Increase in work in progress	(2,096)	(692)
Increase in trade receivables	(22,696)	(25,992)
Decrease in other receivables, deposits and prepayments	60	141
Decrease in amount due from a related company	184	195
Increase in amount due to a related company	351	14
Increase in trade payables	9,897	6,603
Increase in other payables and accruals	7,684	4,615
(Decrease)/increase in deferred income	(13)	285
Net cash generated from operating activities	8,074	3,129
Cash flows from investing activities		
Interest received	1,641	1,914
Dividend received	103	664
Purchases of property, plant and equipment	(565)	(3,239)
Decrease in fixed deposits with original maturities of over three months	34,865	32,393
Proceeds from disposal of property, plant and equipment	3	–
Proceeds from disposal of available-for-sale investments	71,087	14,366
Net cash generated from investing activities	107,134	46,098
Cash flows from financing activities		
Dividends paid to owners of the Company	(216,016)	–
Net cash used in financing activities	(216,016)	–
Net (decrease)/increase in cash and cash equivalents	(100,808)	49,227
Cash and cash equivalents at beginning of the period	121,372	106,943
Cash and cash equivalents at end of the period (Note 16)	20,564	156,170

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

1. Basis of Preparation

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

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments and investment property, which are measured at fair value.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual earnings.

There are no new, amended standards and interpretations that are effective for the first time for this interim period that could be expected to have a material impact on iOne Holdings Limited (the "Company") and its subsidiaries (collectively the "Group").

3. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

4. Financial Risk Management and Financial Instruments

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk, currency risk and price risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements year ended 31 December 2013.

There have been no changes in the risk management department or in any risk management policies since the year end.

4.2 Liquidity risk

Compared to year end, the contractual undiscounted cash outflows for financial liabilities has increased significantly. Management assessed this has no material impact to the liquidity risk.

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

5. 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 results derived from the provision of financial printing services on an aggregated basis and consider them as one single operating segment.

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

In December 2013, in addition to financial printing services, the Group has established a new business segment, property investment, by acquiring an investment property to expand its business activities. The executive directors of the Company regularly review revenue and operating results derived from the two business segments and considered them separate reportable segments. The segments are managed separately as each business segment offers different services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Financial printing services – provision of financial printing and translation services and advertising services; and
- Property investment – property rental.

5. Segment Information *(continued)*

	Financial printing services		Property investment		Total	
	30 June 2014 HK\$'000	30 June 2013 HK\$'000	30 June 2014 HK\$'000	30 June 2013 HK\$'000	30 June 2014 HK\$'000	30 June 2013 HK\$'000
Revenue from external customers	94,217	66,356	96	-	94,313	66,356
Reportable segment profit	19,948	21,084	66	-	20,014	21,084
Depreciation	740	695	-	-	740	695
Current income tax expense	2,935	3,001	11	-	2,946	3,001
	30 June 2014 HK\$'000	31 December 2013 HK\$'000	30 June 2014 HK\$'000	31 December 2013 HK\$'000	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Reportable segment assets	122,242	307,002	6,647	4,552	128,889	311,554
Additions to non-current assets	565	3,258	-	4,552	565	7,810
Reportable segment liabilities	51,452	30,667	81	1	51,533	30,668

6. Turnover

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

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Financial printing services:		
– Printing and translation	85,584	61,415
– Advertising	8,633	4,941
	94,217	66,356
Property investment		
– Rental income	96	-
	94,313	66,356

7. Other Income and Other Gains, Net

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Other income:		
Bank interest income	1,202	870
Interest income from corporate bonds	439	1,044
Dividend income	103	664
Sundry income	65	220
	<u>1,809</u>	<u>2,798</u>
Other gains, net:		
Fair value gain on investment property	1,948	–
Gain on disposal/redemption of available-for-sale investments	2,585	1,243
Net foreign exchange (loss)/gain	(1,621)	367
	<u>2,912</u>	<u>1,610</u>
Other income and other gains, net	<u>4,721</u>	<u>4,408</u>

8. Profit Before Income Tax Expense

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

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Employee benefit expenses (including directors' emoluments)	35,675	20,015
Printing cost	16,273	13,171
Translation cost	7,001	3,553
Legal and professional fees	2,540	219
Operating leases in respect of:		
– rental of office premises and warehouses	6,208	5,574
– office equipments	510	495
Depreciation of property, plant and equipment	740	695
Loss on disposal of property, plant and equipment, net	–	2

9. Income Tax Expense

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

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Current income tax		
– Hong Kong profits tax	<u>2,946</u>	<u>3,001</u>

10. Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the period of HK\$17,068,000 (six months ended 30 June 2013: HK\$18,083,000) and 9,200,000,000 (six months ended 30 June 2013: 9,200,000,000) shares in issue during the period.

Diluted earnings per share is not presented as there are no potential dilutive ordinary shares outstanding during both periods.

11. Dividend

On 14 April 2014, the directors of the Company (the "Directors") declared a special dividend of approximately HK\$216,016,000 and was paid on 11 June 2014.

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

12. Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment with an aggregate cost of approximately HK\$565,000 (six months ended 30 June 2013: HK\$3,239,000).

13. Investment Property

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Fair Value		
Opening balance	4,552	–
Addition	–	4,552
Fair value gain on investment property	1,948	–
Closing balance	6,500	4,552

The Group's investment property was acquired on 30 December 2013. The transaction price was supported by a valuation carried out by an independent professional valuer.

The fair value of the property as at 30 June 2014 was valued by AVISTA Valuation Advisory Limited, an independent professional valuer who holds a recognised and relevant professional qualification. The investment property was valued based on income capitalisation approach (term and reversionary method) which largely used observable inputs (e.g. market rent, yield, etc), taking into account the significant adjustment to term yield to account for the risk upon reversionary and the estimation of vacancy rate upon expiry of current leases.

Investment property included land in Hong Kong with medium-term lease.

14. Available-for-sale Investments

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Listed corporate bonds, at fair value	–	39,848
Unlisted corporate bonds, at fair value	–	3,780
Unlisted mutual fund, at fair value	–	6,331
Listed equity securities, at fair value	–	23,125
	<u>–</u>	<u>73,084</u>
	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Movements of the carrying amount of available-for-sale investments during the period/year are as follows:		
At beginning of the period/year	73,084	98,826
Disposal(s)	(67,039)	(17,813)
Redemption on maturity	(6,045)	–
Investment loss recognised	–	(9,896)
Fair value gain, net	–	1,967
	<u>–</u>	<u>73,084</u>
At end of the period/year	<u>–</u>	<u>73,084</u>

15. Trade Receivables

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

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
0 – 90 days	72,093	33,011
91 – 180 days	8,649	10,462
181 – 270 days	1,646	13,394
271 – 365 days	832	1,643
Over 365 days	1,927	3,941
	<u>85,147</u>	<u>62,451</u>

16. Cash and Bank Balances

	30 June 2014 <i>HK\$'000</i>	31 December 2013 <i>HK\$'000</i>
Cash at bank and on hand	20,564	25,305
Fixed deposits with original maturities of three months or less	–	96,067
Fixed deposits with original maturities of over three months	–	34,865
	<hr/>	<hr/>
Cash and bank balances in the condensed consolidated statement of financial position	20,564	156,237
Less: Fixed deposits with original maturities over three months	–	(34,865)
	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated statement of cash flows	<u>20,564</u>	<u>121,372</u>

For the six months ended 30 June 2014, the Group has obtained a bank overdraft facility of HK\$12,000,000 which bore interest at the higher of HK\$ Prime Rate and 2% per annum over the overnight Hong Kong Inter-bank offered Rate. The Group has not utilised the banking facility during the period.

17. Trade Payables

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

	30 June 2014 <i>HK\$'000</i>	31 December 2013 <i>HK\$'000</i>
0 – 90 days	21,302	9,514
91 – 180 days	3,369	5,406
181 – 365 days	1,040	551
Over 365 days	693	1,036
	<hr/>	<hr/>
	<u>26,404</u>	<u>16,507</u>

18. Commitments

(a) Operating leases – group companies as lessees

The Group leases a number of office premises, warehouses and office equipments under non-cancellable operating leases. The leases generally run for a period of two to five years. Most of the leases can be renewed at market rate upon expiry.

The total future minimum lease payments under non-cancellable operating leases are as follows:

Group	30 June 2014 HK\$'000	30 June 2013 HK\$'000
Not later than one year	13,376	12,801
Later than one year but not later than five years	17,838	30,901
	31,214	43,702

(b) Operating leases – group companies as lessor

The Group leases out an office premise, under non-cancellable operating leases. The lease run for a period of two years and can be renewed at market rate upon expiry.

The total future minimum rental income under non-cancellable operating lease is as follows:

Group	30 June 2014 HK\$'000	30 June 2013 HK\$'000
Not later than one year	209	–
Later than one year but not later than five years	117	–
	326	–

As at 30 June 2014, the Group had no capital commitment (31 December 2013: Nil).

19. Related Party Transactions

On 7 April 2014, Huajin Investment Company Limited and other investors acting in concert entered into an agreement with Profit Allied Limited ("Profit Allied"), Richfield Group Holdings Limited ("Richfield") and Mr. Wilson Pong Wai San ("Mr. Wilson Pong") to purchase 70% equity interest of the Company. The transaction was completed on 27 May 2014.

After completion of the transaction, Huajin Investment Company Limited held 40.3% of the equity interest of the Company and became the largest shareholder of the Company.

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

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Printing income from a related company (<i>Note</i>)	163	41
Translation fee paid to a related company (<i>Note</i>)	579	384

Note: A former director of the Company is also a director of the related company during his directorship with the Company.

Compensation of key management personnel

The remuneration of key management personnel of the Group, including amounts paid to the executive directors disclosed in the Company's documents, is as follows:

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Short-term benefits	6,778	855
Bonus	6,855	71
Post-employment benefits	33	18
	13,666	944

The remuneration of Directors and key management personnel of the Company is determined with reference to personal performance and market trends.

Management Discussion and Analysis

Business Review

In the first half of 2014, the economy of the United States of America (the "U.S.") showed signs of improvement, together with a favorable upward trend of the European economy, certain major stocks markets in the U.S. and Europe recorded returns. As compared with the above stock markets, the under-performance of Hong Kong and the Mainland China was mainly attributable to the weak investors' sentiments sparking by the slow economic growth and credit crunch in China, which led Hang Seng Index slightly decreased by 0.5%. Notwithstanding the foregoing, activities of Initial Public Offering ("IPO") were more active than the last corresponding period of last year. The total number of IPO soared approximately 126.1% from 23 to 52, representing a significant growth of approximately 104.4% in terms of total amounts raised.

Financial Review

For the six months ended 30 June 2014 (the "Period under Review"), the Group recorded a turnover of approximately HK\$94,313,000 (2013: approximately HK\$66,356,000), representing an increase of approximately 42.1% as compared with the last corresponding period. The Group's profit before income tax expense decreased by approximately 5.1% to approximately HK\$20,014,000 (2013: approximately HK\$21,084,000). The decline in profit before income tax expense was mainly due to the increase in administrative expenses.

During the Period under Review, the profit attributable to shareholders of the Company was approximately HK\$17,068,000 (2013: approximately HK\$18,083,000), representing a decrease of approximately 5.6% as compared with the last corresponding period. Basic earnings per share were approximately HK0.19 cent (2013: HK0.20 cent).

Liquidity and Financial Resources

As at 30 June 2014, the Group's cash and bank balances amounted to approximately HK\$20,564,000 (31 December 2013: approximately HK\$156,237,000) with no borrowings (31 December 2013: Nil). For the six months ended 30 June 2014, the Group has obtained a bank overdraft facility of HK\$12,000,000 and the Group has not utilised the banking facility during the period. The Group had total current assets of approximately HK\$118,111,000 (31 December 2013: approximately HK\$229,461,000) and total current liabilities of approximately HK\$51,353,000 (31 December 2013: approximately HK\$30,488,000). The Group's current ratio, defined as total current assets over total current liabilities, was 2.3 (31 December 2013: 7.5).

Total equity of the Group as at 30 June 2014 stood at approximately HK\$77,356,000 (31 December 2013: approximately HK\$280,886,000). The decrease in total equity was mainly attributable to the special dividend payment during the period. The Group's gearing ratio, being total liabilities over total assets, was 40.0% (31 December 2013: 9.8%).

Pledge of Assets

As at 30 June 2014, the Group had no pledge of assets.

Management Discussion and Analysis *(continued)*

Capital Structure

The Group's capital structure remained unchanged during the six months ended 30 June 2014.

Contingent Liabilities

As at 30 June 2014, the Group did not have any material contingent liabilities.

Business Plan

Financial Printing Service

The Group's primary business objective is dedicated to establishing itself as an international financial printing service provider in the financial sector by strengthening its core competitiveness.

The Group will adopt a prudent approach to pursue its business expansion and continue to explore any business opportunities for strategic alliance with regional partners depending on the external economic and financial environments in order to tap into new markets and identify business development. In light of lower production costs and accelerated economic growth in the Mainland China, the Group is also reviewing its development plans, including currently setting up and operating a translation hub in Guangzhou. Furthermore, the Group will continue to refine its office facilities, streamline work procedures and upgrade the software and equipment so as to consolidate its competitive edge in the industry.

The Group does not have any concrete future plans for material investments or capital assets.

Property Investments

With an aim to maintain the objective of diversifying its business development and acquiring a steady income stream, the Group developed a new business segment by investing in property in 2013.

Employees

As at 30 June 2014, the Group had a total of approximately 150 (2013: approximately 144) full-time employees. Staff costs of the Group during the Period under Review were approximately HK\$35,675,000 (2013: approximately HK\$20,015,000). Staff costs included salaries, commissions, bonuses, other allowances and contributions to retirement benefit scheme. The Group operates a defined contribution scheme under the Mandatory Provident Fund Schemes Ordinance and provides medical insurance to all of its employees. The remuneration packages of the Group's employees were determined basically with reference to general market practice, employees' duties and responsibilities and the Group's financial performance. The Group provides training courses and development programmes to gear up staff with required skills, technologies and knowledge in order to enhance their productivity and administrative efficiency.

Management Discussion and Analysis *(continued)*

Interim Dividend

The board of Directors (the "Board") declared a special dividend of HK\$0.02348 per share on 14 April 2014 to shareholders of the Company. The special dividend was paid on 11 June 2014.

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2014.

Interest Rate Risk

The Group had interest-bearing cash and bank balances calculated by different interest rates. As there was no significant financial risk arising from changes in interest rates, the Group had no interest rate hedging policy in place.

Foreign Exchange Risk

The Group conducted its business transactions principally in Hong Kong dollars ("HK\$"). As at 30 June 2014, most of the Group's cash balances were mainly denominated in HK\$, Renminbi and United States Dollars ("US\$"). As Renminbi was relatively stable and under appreciation pressure, the foreign exchange risk exposure was limited. In addition, due to the peg between HK\$ and US\$, foreign exchange risk exposure was minimal. As such, the Group did not adopt any foreign exchange derivatives for hedging purpose as at 30 June 2014.

Credit Risk

The Group's credit risk was mainly arising from trade receivables and bank balances. The Group strives to manage the risk exposure of trade receivables by closely monitoring the payment records of its customers and requesting customers to pay deposits wherever necessary. The credit risk deriving from bank balances is limited because of the high credit ratings of the banks.

Other Information

Share Option Scheme

Pursuant to the resolution passed by shareholders of the Company on 25 June 2008, the Company approved and conditionally adopted a share option scheme whereby selected classes of participants may be granted options to subscribe for shares at the discretion of the Board. No option was granted under the share option scheme during the six months ended 30 June 2014.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

Other Information *(continued)*

Audit Committee

The Group has established an audit committee. The primary duties of the audit committee are to review and supervise the financial reporting and internal control system of the Group. The former audit committee consisted of three independent non-executive Directors, namely Mr. Yip Tai Him, Mr. Ng Chi Ming and Mr. Lung Hung Cheuk, with Mr. Yip Tai Him being the chairman of the former audit committee. Given that Mr. Yip Tai Him, Mr. Ng Chi Ming and Mr. Lung Hung Cheuk resigned as Directors on 21 July 2014, the audit committee currently consists of three independent non-executive Directors, namely Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi, with Dr. Chen Jieping being the chairman of the audit committee. The audit committee has reviewed the Group's interim results for the six months ended 30 June 2014.

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

As at 30 June 2014, 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 of Hong Kong Limited (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 Directors of Listed Issuers (the "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 Directors	Capacity	Number of shares held	Approximate percentage of interested shares to the issued share capital of the Company (%)
Lee Wing Yin (resigned on 21 July 2014)	Beneficial ownership	640,000	0.01
lau Wai Shu	Beneficial ownership	2,000,000	0.02

Other Information *(continued)*

Directors' and Chief Executive's Interests and Short Positions in Shares *(continued)*

Save as disclosed above, as at 30 June 2014 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.

Change of Composition of the Board and Board Committees

As disclosed in the composite offer and response document dated 30 June 2014 ("Composite Document"), resignations have been tendered by the then Directors, namely, Mr. Lee Wing Yin, Mr. Ng Chi Ming, Mr. Lung Hung Cheuk and Mr. Yip Tai Him. Their resignations became effective on 21 July 2014. Each of these resigning Directors has confirmed that he has no disagreement with the Board and there is no matter relating to their resignations that needs to be brought to the attention of the shareholders of the Company. The Board expresses its gratitude to the resigning Directors for their contributions and service on the Board.

Upon the appointment of Mr. Xie Wei as the chief executive officer of the Company with effect from 21 July 2014, as detailed below, Mr. Lau Wai Shu ceased to be the managing director of the Company.

Three new executive Directors, namely, Mr. Li Guangning, Mr. Xie Wei and Ms. Zhong Ming and three independent non-executive Directors, namely Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi had been appointed to the Board with effect from 21 July 2014. The Board has further resolved to change the membership of the board committees of the Board as follows:

Audit Committee:

Dr. Chen Jieping (*Chairman*)

Dr. Sun Mingchun

Mr. Tse Yung Hoi

Other Information *(continued)*

Change of Composition of the Board and Board Committees *(continued)*

Remuneration Committee:

Dr. Sun Mingchun (*Chairman*)
Dr. Chen Jieping
Mr. Tse Yung Hoi
Mr. Xie Wei
Ms. Zhong Ming

Nomination Committee:

Mr. Tse Yung Hoi (*Chairman*)
Dr. Chen Jieping
Dr. Sun Mingchun

Pursuant to the terms of the letter of appointment, each of the new independent non-executive Directors, namely, Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi, is entitled to an emolument of HK\$100,000 per year. The Board has approved that, with effect from 1 September 2014, the emoluments for the new executive Directors, namely, Mr. Li Guangning, Mr. Xie Wei and Ms. Zhong Ming are HK\$80,000 per month, HK\$80,000 per month and HK\$50,000 per month respectively. The emolument for Mr. Lau Wai Shu has been adjusted, with effect from 1 September 2014, from HK\$82,000 to HK\$65,000 per month and other terms and conditions of his employment contract remained the same.

Interest of Substantial Shareholders

As at 30 June 2014, other than the interests of certain Directors and the chief executive of the Company as disclosed under the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares" above, the interests or short positions of persons in the shares or 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:

Other Information *(continued)*

Interest of Substantial Shareholders *(continued)*

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

Name of Substantial Shareholders	Capacity/ Nature of interest	Number of shares held <i>(Note 1)</i>	Approximate percentage of interested shares to the issued share capital of the Company
Zhuhai Huafa Group Co., Ltd. <i>(Notes 1 & 2)</i>	Interest in controlled corporations	3,707,600,000	40.30%
	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under s.317(1) (a) and s.318 of the SFO	2,732,400,000	29.70%
		<u>6,440,000,000</u>	<u>70.00%</u>
Cai Guang <i>(Notes 1 & 3)</i>	Interest in controlled corporations	910,800,000	9.90%
	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under s.317(1) (a) and s.318 of the SFO	5,529,200,000	60.10%
		<u>6,440,000,000</u>	<u>70.00%</u>
Chen Xiangeng <i>(Notes 1 & 4)</i>	Interest in controlled corporations	910,800,000	9.90%
	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under s.317(1) (a) and s.318 of the SFO	5,529,200,000	60.10%
		<u>6,440,000,000</u>	<u>70.00%</u>
Chang Liang <i>(Notes 1 & 5)</i>	Interest in a controlled corporation	510,000,000	5.54%
	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under s.317(1) (a) and s.318 of the SFO	5,930,000,000	64.46%
		<u>6,440,000,000</u>	<u>70.00%</u>

Other Information *(continued)*

Interest of Substantial Shareholders *(continued)*

Notes:

1. Huajin Investment Company Limited ("Huajin") and other investors acting in concert (as purchasers), Mr. Wilson Pong, Profit Allied and Richfield (as sellers) and Hong Kong Huafa Investment Holdings Limited (as Huajin's guarantor) entered into a sale and purchase agreement dated 7 April 2014 (the "SP Agreement"), pursuant to which the purchasers conditionally agreed to purchase from the sellers a total of 6,440,000,000 shares of the Company ("the Transaction"). The Transaction was completed on 27 May 2014. On 7 April 2014, Huajin, Guangdong Constar Group Investment Co., Limited ("Constar"), Hong Kong Hop Chong Investment Limited ("Hop Chong"), Jinglong Investment Holdings Limited ("Jinglong"), Wiston Holdings Limited ("Wiston"), Newyard Worldwide Holdings Ltd. ("Newyard") and Hongkong Hengyuan Investment Limited ("Hengyuan") entered into a shareholders agreement (the "Shareholders Agreement" and together with the "SP Agreement", the "Agreements"), pursuant to which Constar, Hop Chong, Jinglong, Wiston, Newyard and Hengyuan were subject to restrictions on disposal of their shares, further details of which are set out in the announcement of the Company dated 2 May 2014.
2. Zhuhai Huafa Group Co., Ltd. ("Huafa") holds 100% of the issued share capital of Hong Kong Huafa Investment Holdings Limited ("Huafa HK") and Huafa HK holds 100% of the issued share capital of Huajin. Huajin holds 3,707,600,000 shares of the Company after completion of the Transaction. Therefore, Huafa is deemed to be interested in 3,707,600,000 shares of the Company by virtue of its shareholding in Huajin.

In view of the Agreements, Huafa is also deemed under sections 317 and 318 of the SFO to be interested in 2,732,400,000 shares of the Company in which the purchasers are interested.

3. Constar is beneficially owned as to 85%, 10% and 5% by Mr. Cai Guang, Mr. Wang Aizhi and Mr. Wan Jie, respectively, and held 426,953,600 shares of the Company after completion of the Transaction. Constar holds 100% of the issued share capital of Hop Chong, which holds 483,846,400 shares of the Company after completion of the Transaction. Therefore, Mr. Cai Guang is deemed to be interested in a total of 910,800,000 shares of the Company by virtue of his shareholding in Constar and Hop Chong.

In view of the Agreements, Mr. Cai Guang is also deemed under sections 317 and 318 of the SFO to be interested in 5,529,200,000 shares of the Company in which Huajin and the purchasers are interested.

4. Mr. Chen Xiangeng is the sole shareholder of Jinglong and Wiston, which holds 426,953,600 shares and 483,846,400 shares of the Company, respectively after completion of the Transaction. Therefore, Mr. Chen Xiangeng is deemed to be interested in a total of 910,800,000 shares of the Company by virtue of his shareholding in Jinglong and Wiston.

In view of the Agreements, Mr. Chen Xiangeng is also deemed under sections 317 and 318 of the SFO to be interested in 5,529,200,000 shares of the Company in which Huajin and the purchasers are interested.

5. Mr. Chang Liang is the sole shareholder of Hengyuan, which holds 510,000,000 shares of the Company after completion of the Transaction. Therefore, Mr. Chang Liang is deemed to be interested in 510,000,000 shares of the Company by virtue of his shareholding in Hengyuan.

In view of the Agreements, Mr. Chang Liang is also deemed under sections 317 and 318 of the SFO to be interested in 5,930,000,000 shares of the Company in which Huajin and the purchasers are interested.

Other Information *(continued)*

Interest of Substantial Shareholders *(continued)*

Save as disclosed above, as at 30 June 2014, the Directors were not aware of any 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.

Outlook

Looking forward, the Group is still cautiously optimistic about its business prospects. In the short run, unfavorable factors, such as concerns over the slow recovery of European economy, the U.S. measures of likely increasing interest rates, China's credit control policy and the regional political tension worldwide, etc., will keep posing threat to the global financial market. Hong Kong stock market might continue to be volatile, which may adversely affect the IPO fundraising activities. From a medium to long run, the IPO fundraising activities are expected to resume gradually as soon as the investors' confidence is rejuvenated on the back of stabilization of external economic environment.

The Group will continue to strengthen its competitiveness by constantly upgrading and improving its technical know-how and global distribution network. The Group is currently establishing a translation hub in Guangzhou to commence operation. It will also strive to expand the client base by building up a cross-border business network, such as forging strategic alliance with overseas financial printing companies.

Corporate Governance

During the six months ended 30 June 2014, the Company has, in the opinion of the Directors, complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries, all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2014.

Appreciation

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

By order of the Board
iOne Holdings Limited
Li Guangning
Chairman

Hong Kong, 28 August 2014