ANNUAL REPORT 2016

The art of ANNUAL report

iOne
Financial Press Limited

Founded in 2000, iOne Financial Press Limited ("iOne Financial") has grown from strength to become one of the leading financial printing companies in Hong Kong and the Asia Pacific Region.

We work with more than 1,000 customers across different industries ranging from listing companies, investment banks, law firms to MNCs who have made us their trusted partner, demonstrating our ability and capacity as a truly world - class printing company.

As an all-rounded printer that delivers premium quality, impeccable accuracy and tremendous value, we provide the best one - stop printing solution in the areas of concept creation, production, editing, proofreading, translation and printing at the most reasonable price.

Contents

Milestones

JUL 2000

iOne Financial commenced operations in Hong Kong and the Asia-Pacific region.

JUN 2001

iOne Financial established its first in-house translation team.

NOV 2005

A new sales team together with the original key members of iOne Financial established iOne (Regional) Financial Press Limited ("iOne (Regional)") in order to expand its market share.

JUL 2008

iOne Holdings Limited became the first financial printing company to be listed on the main board of The Stock Exchange of Hong Kong Limited (Stock code: 00982).

SEP 2009

At the 23rd ARC Award Competition in New York, iOne Financial picked up 52 trophies plus the Best of Hong Kong Award and Titanium Achievement Award.

AUG 2012

The iOne Financial Beijing Representative Office was relocated to Office Park, Chaoyang District in Beijing, China.

MAR 2013

iOne Financial was honoured with the Most Reliable Printer Award at the Hong Kong's Most Valuable Companies Services Awards 2012.

AUG 2013

iOne Financial won 2 Grand Awards in the 27th International ARC Awards 2013 among a total of 46 awards.

DEC 2013

The Group expanded into property investment, which will diversify its income stream and help maximise shareholder returns.

JUL 2014

One of our productions was ranked #1 among "Top 80 Annual Reports in the Asia-Pacific Region" and #2 among "Top 100 Annual Reports Worldwide" in the 2013 LACP Vision Awards.

AUG 2014

iOne Financial proudly captured the Platinum Achievement Award, 3 Grand Awards, and 62 other awards in the 28th International ARC Awards 2014.

OCT 2015

iOne Financial is awarded the Trophy for **BEST OF SHOW**, Platinum Achievement Award, 6 Grand Awards, and 60 other awards in the International ARC Awards 2015.

NOV 2015

iOne is proudly ranked as the Best Annual Report Agency in the Asia-Pacific region and named as the winner of Platinum Award in the 2014 LACP Vision Awards.

JUN 2016

The Group expanded into financial advisory services through the acquisition of the entire equity interest in WAG Worldsec Corporate Finance Limited ("WAG"), a licensed corporation carrying on business in Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) ("SFO").

JUL 2016

iOne Financial has captured a total of 45 awards on behalf of our clients, including 2 Industry Platinum Awards, #5 & #10 for Top 80 Annual Reports in the Asia-Pacific Region, Best Letter to Shareholders in the Asia-Pacific Region Bronze, Most Creative Annual Report Platinum Awards in the Asia-Pacific Region, 6 Industry Gold Awards and other awards in the 2015 LACP Vision Awards.

OCT 2016

iOne was honored with the Platinum Achievement Award, 3 Grand Awards, 23 Gold, 17 Silver, 16 Bronze, and 15 Honors awards in the International ARC Awards 2016.

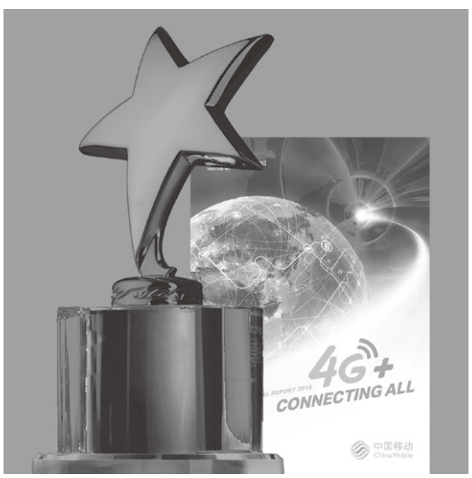
Five Year Summary

	Year ended 31 December				
	2016	2015	2014	2013	2012
		(Restated)	(Restated)	(Restated)	(Restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS FROM CONTINUING OPERATIONS					
Revenue	**156,001**	183,804	165,593	130,463	125,925
Profit before income tax expense	**5,988**	17,919	19,363	25,349	37,325
Income tax expense	**(2,668)**	(4,386)	(3,885)	(5,442)	(5,435)
Profit for the year	**3,320**	13,533	15,478	19,907	31,890

	As at 31 December				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**162,623**	139,675	118,930	311,554	287,565
Total liabilities	**(67,488)**	(48,442)	(40,977)	(30,668)	(20,678)
Total equity	**95,135**	91,233	77,953	280,886	266,887


CHANGE
2015
ANNUAL REPORT


Innovation and Transformation
Steady Growth
Efficient Development
2014


4G+
CONNECTING ALL
中国移动
China Mobile


WE ARE
ANNUAL REPORT 2015
New World Development Company Limited


New World Department Store China Limited
ANNUAL REPORT 2014


World-Class
ANNUAL REPORT 2012

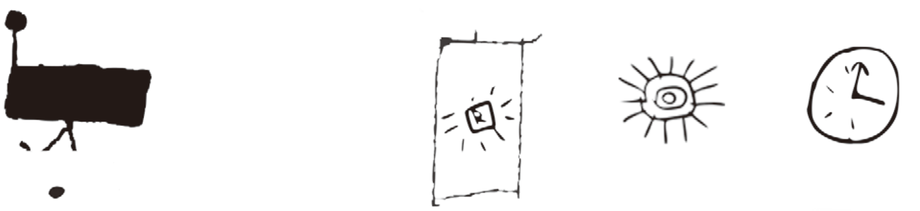

AT THE

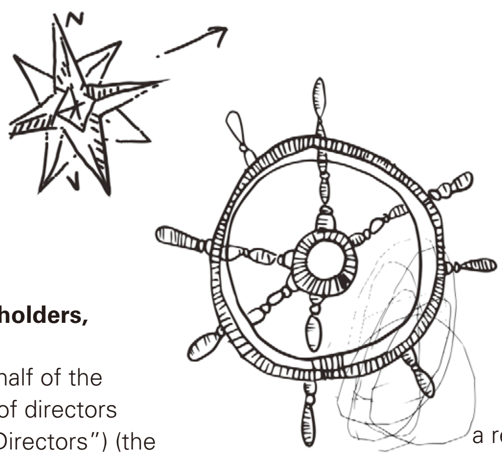
“In the future, everybody will be world-famous for fifteen minutes.”
— Andy Warhol

Inspired by a famous quote from Andy Warhol, we set our sight on helping the annual reports of our clients get famous more than 15 minutes with brilliant and extraordinary designs.

1. Xtep International Holdings Limited Annual Report 2015, LACP Vision Awards 2015 Platinum Award
2. Greentown China Holdings Limited Annual Report 2012, 27th Mercury Excellence Awards 2013/14 Grand Award
3. China Communications Services Corporation Limited Annual Report 2014, 29th ARC Awards 2015 Grand Award
4. China Mobile Limited Annual Report 2014, LACP Vision Awards 2014 Platinum Award
5. New World Development Company Limited Annual Report 2015, 30th ARC Awards 2016 Grand Award, LACP Vision Awards 2015 Platinum Award
6. New World Department Store China Limited Annual Report 2014, LACP Vision Awards 2014 Platinum Award
7. China Communications Services Corporation Limited Annual Report 2012, 27th ARC Awards 2013 Grand Award
8. Clear Media Limited Annual Report 2013, 28th ARC Awards 2014 Grand Award, LACP Vision Awards 2013 Platinum Award
9. Sun Hing Vision Group Holdings Limited Annual Report 2013 / 14, 29th ARC Awards 2015 Grand Award

Chairman's Statement





Dear Shareholders,

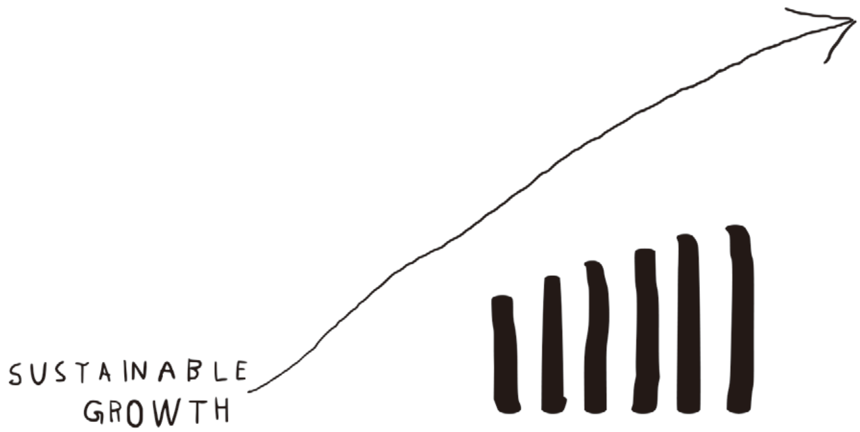
On behalf of the board of directors (the "Directors") (the "Board"), I am pleased to present the annual results of iOne Holdings Limited ("iOne", or the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2016.

In 2016, the Hong Kong and China stock markets underperformed the other major stock markets, such as United States ("US"), United Kingdom, Germany and France, and the average daily turnover by value in Hong Kong stock market dropped by 36.6% from last year. The poor stock market sentiment in Hong Kong was mainly due to fears of US interest rates hike; China's tightening policy on insurance regulations and adverse impact of weakening emerging market equities as a result of strong US dollar. The Hang Seng Index recorded a slight increase of 0.4% from last year, funding raising activity in Hong Kong was weaken with year-on-year decreases in both the aggregate number and aggregate amount of Initial Public Offerings ("IPOs") in Hong Kong by approximately 8.7% and 26.0% respectively.

PERFORMANCE REVIEW

During the year ended 31 December 2016, the Group recorded a decrease of 15.1% in the Group's consolidated revenue from continuing operations to approximately HK$156.0 million (2015: approximately HK$183.8 million) under the fierce competitive business environment. Profit for the year attributable to owners of the Company was approximately HK$3.2 million (2015: approximately HK$13.1 million), while net profit margin was approximately 2.0% (2015: approximately 7.1%). The decrease was mainly attributable to the material decrease in sales revenue and gross profit from the financial printing business.

The Group's profit attributable to owners of the Company for the year of 2016 underperformed last year by approximately HK$9.9 million, or about 75.7%. Due to a drop in total IPOs cases and fierce market competition, the management was of the opinion that 2016 was a very difficult year for the financial printing business.



In light of the increasing market competitiveness and rising cost pressure, the Group took initiative to restructure its operational and development strategies during the year. By virtue of streamlining and outsourcing its declining and less prosperous translation business, which is a non-core business of the Group, it succeeded in improving the efficiency of asset utilization and cost-effectiveness as well. Meanwhile, the Group was actively pursuing new business opportunities for development. The Group expanded its business scope into financial advisory services through the acquisition of the entire equity interest in WAG, a licensed corporation carrying on business in Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated

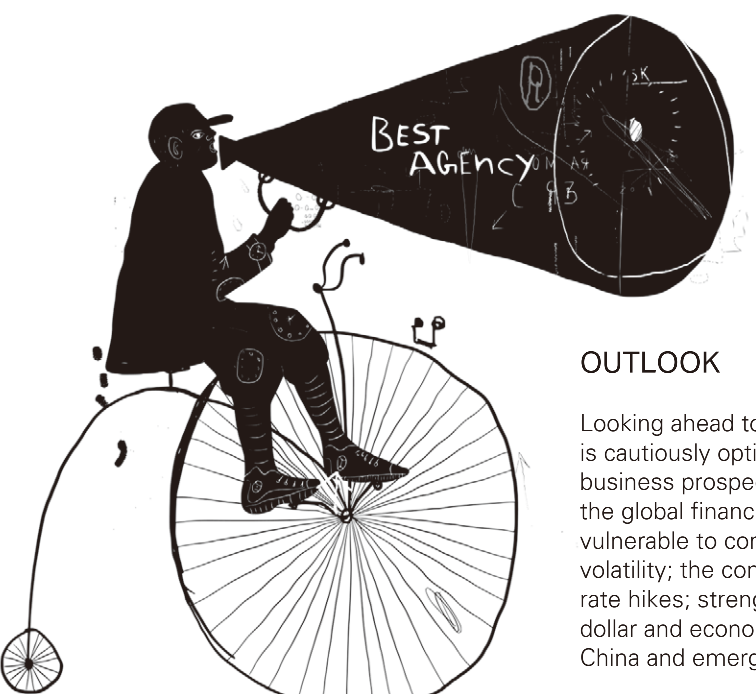
activities under the SFO. During the year under review, this business segment generated the revenue of HK$537,000 for the Group.

MARKET RECOGNITION

iOne was the first financial printer listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), listing in 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.

iOne provides innovative one-stop printing solutions, including concept creation, production, printing, editorial services, proofreading, typesetting and translation. With over a decade of experience, the Group has served more than 1,300 clients ranging from investment banks to law firms and major corporations. Printing services include prospectuses for IPOs, 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 at competitive rates.

To date, the Group has received 940 awards for its creative achievements, the details of which are set out in the section headed "Awards".



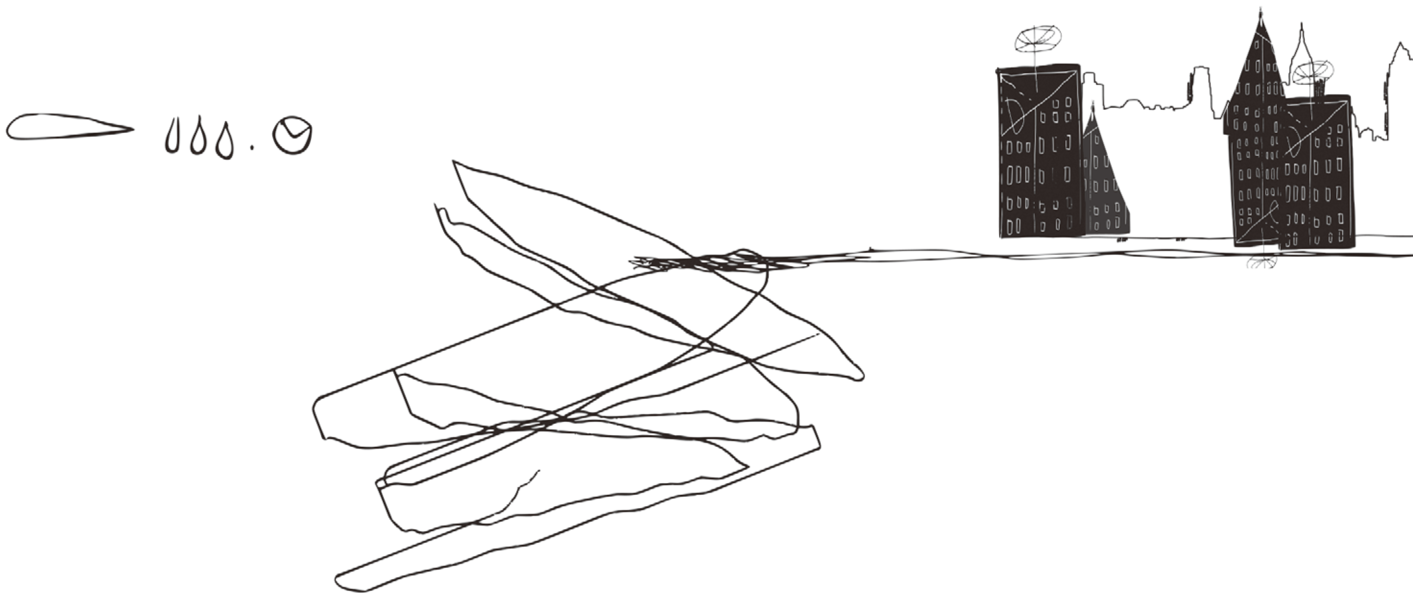
OUTLOOK

Looking ahead to 2017, the Group is cautiously optimistic about its business prospects. Currently, the global financial market is still vulnerable to continued oil prices volatility; the continual US interest rate hikes; strengthening of US dollar and economic slowdown in China and emerging markets.

The geopolitical threats in Europe, Middle East and Asia have also added concerns to the world's economy. In the short run, Hong Kong will continue to be crucial in providing a business platform and a link between overseas companies and China. Nowadays, Hong Kong is the largest foreign investment source for China, and China is the leading investor in Hong Kong.

In the long run, the construction of the Hong Kong-Zhuhai-Macao Bridge and Guangzhou-Shenzhen-Hong Kong Express Rail Link will certainly shorten the time and reduce the cost for travelers and the flow of goods between Hong Kong and China as well as facilitate the economic cooperation. With the introduction of the Belt and Road policy, it is expected that China will accelerate its overseas investments and further expand its trade networks with Asian countries. In order to contribute to and share in the benefits of this new strategy, the Hong Kong Government will definitely study and explore its participation in it.

Based on the above positive factors, we anticipate that Hong Kong's economic outlook will remain positive. In fact, Hong Kong



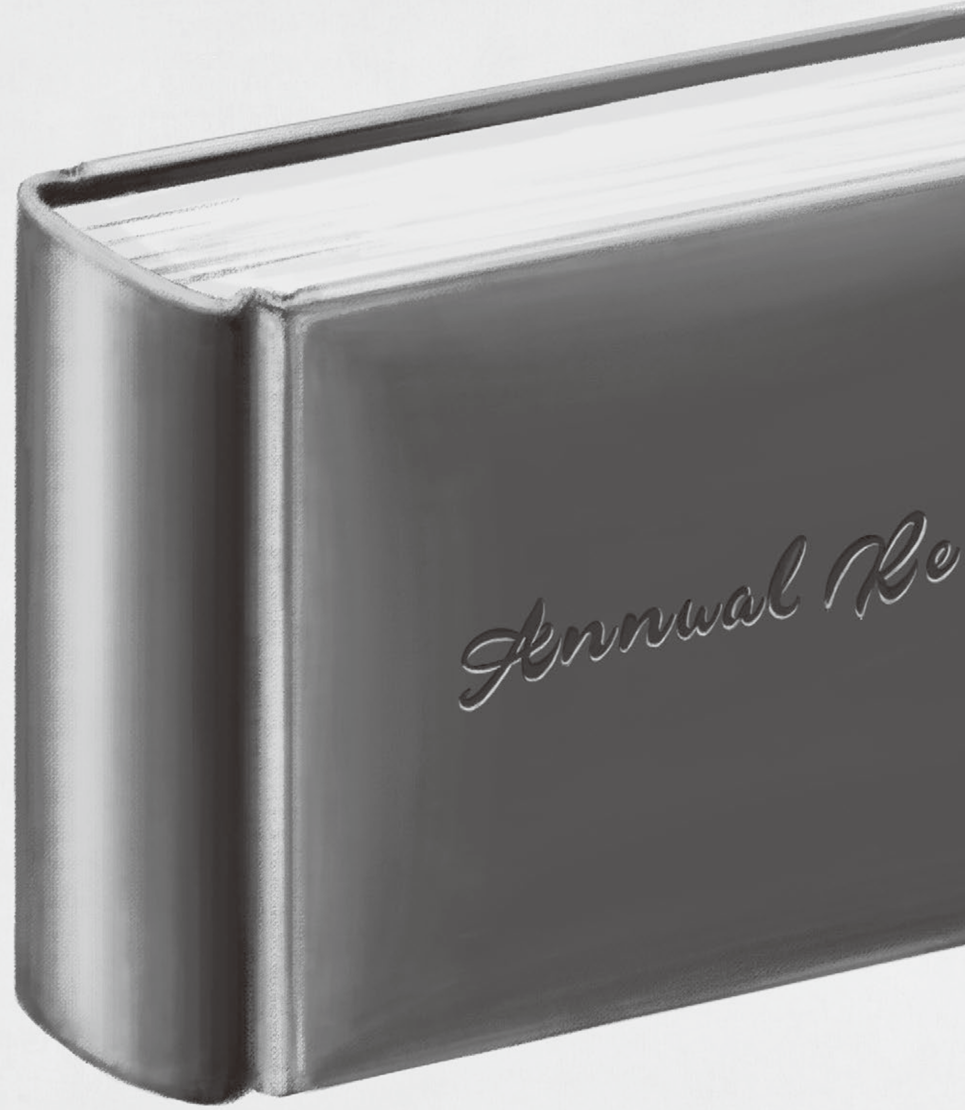
currently plays an important role as a capital-raising centre for offshore Chinese enterprises. By the end of 2016, approximately 1,002 mainland companies were listed on the Stock Exchange, representing 63.3% of the Exchange's total market capitalisation and a 1.2% increase from last year.

Hence, iOne expects that newly listed state-owned enterprises and privately-owned companies in China, together with local and foreign enterprises, will sustain the growth of the Hong Kong financial market, including IPOs market, which will benefit the Group. Going forward, the Group will adhere to the restructuring of its businesses against the upcoming opportunities and challenges of Hong Kong's financial market. When pooling the resources to enhance the competitiveness of financial printing business, the Group strives to strengthen the development of new financial advisory services segment. Also, the Group is seeking for potential investment and development opportunities, re-deploying the new financial licensing business for a wider range of financial service business and mitigating the fluctuations caused by the single business operational performance. Through the above-mentioned moves, the Group targets to further diversify and broaden its income stream and secure its sustainable development with efforts to improve the overall operational performance of the Group in the future. To maximise profits and returns for the Group and its shareholders, the Group will focus on enhancing the competitiveness of its core business and simultaneously, continue exploring new business opportunities.

I would like to express my sincere gratitude to our clients and shareholders for their continued 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.

Li Guangning
Chairman

Hong Kong, 31 March 2017



Ceci n'est pas un rapport

(This is not an annual report)

What else it would be?

We believe an excellent annual report can provide sparks as well as convey in-deep message between our clients and their audience.

Just like Rene Magritte's famous painting "This is not a pipe"*, as for our annual report, what we provide is a platform that can most effectively communicate the business strategy and build the brand value for clients. Of course it's not just an annual report!

* "This is not a pipe." Magritte tries to elaborate the relationship between the image, text and reality. What appears in the painting is not a pipe; it is just an image of a pipe. Here the paradox that breaks the traditional idea that the image represents the reality, making people re-consider the paths towards the one and only reality.

Management Discussion and Analysis

BUSINESS REVIEW

Due to rigorous competition in the market and a drop in IPOs revenue, the Group's revenue from continuing operations decreased for the year ended 31 December 2016 by 15.1% as compared with the previous year ended 31 December 2015.

Such decrease was mainly attributable to the material decrease in sales and gross profit from the financial printing segment, which underperformed the previous year by 15.4% and 26.9% respectively.

For the financial advisory services segment, the Group acquired a licensed corporation carrying on business in Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which brought revenue of approximately HK$537,000 to the Group for the year ended 31 December 2016.

FINANCIAL REVIEW

The Group recorded a revenue from continuing operations of approximately HK$156.0 million for the year ended 31 December 2016 (2015: approximately HK$183.8 million), representing a decrease of about 15.1% compared with the previous financial year. The Group's profit before income tax from continuing operations decreased by 66.6% to approximately HK$6.0 million (2015: approximately HK$17.9 million), which was mainly attributable to the material decrease in sales revenue and gross profit from the financial printing business.

Profit attributable to owners of the Company was approximately HK$3.2 million (2015: approximately HK$13.1 million), representing a decrease of approximately 75.6% when compared with the previous financial year. Basic earnings per share was approximately HK0.04 cent (2015: HK0.14 cent).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group's cash and cash equivalents amounted to approximately HK$89.4 million (2015: approximately HK$57.6 million) with HK$23.8 million loan from major controlling shareholder (2015: Nil). The Group has current assets of approximately HK$136.2 million (2015: approximately HK$119.2 million) and total current liabilities of approximately HK$67.4 million (2015: approximately HK$47.2 million). The Group's current ratio, being total current assets over total current liabilities, was 2.0 (2015: 2.5).

Total equity of the Group as at 31 December 2016 amounted to approximately HK$95.1 million (2015: approximately HK$91.2 million). The increase was mainly driven by the net profit after tax for the year. The Group's gearing ratio, being total liabilities over total assets, was 41.5% (2015: 34.7%).

CAPITAL STRUCTURE

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

EXPOSURE TO FLUCTUATIONS IN INTEREST RATES

As at 31 December 2016, the Group's interest-bearing financial assets were primarily comprised bank deposits. As there was no significant financial risk of a change in interest rates, the Group had no interest rate hedging policy.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group conducted its business transactions principally in Hong Kong Dollars ("HK$"). As at 31 December 2016, most of the Group's bank deposits and cash balances were mainly denominated in HK$ and United States Dollars ("USD"). The HK$ is pegged to the USD, and this made our foreign exchange risk exposure minimal. As such, the Group did not utilise any foreign exchange derivatives for hedging purposes as at 31 December 2016.

EXPOSURE TO CREDIT RISK

The Group's credit risks mainly arise from trade and other receivables, amounts due from customers on services contracts and bank balances and 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 available-for-sale investment is exposed to price risk. Management of the Company will closely monitor this risk by performing on-going evaluations of its asset value and market conditions.

EXPOSURE TO LIQUIDITY RISK

The Group's licensed operating unit is required to meet various statutory liquidity requirements as prescribed by the relevant regulatory authorities. The Group has put in place monitoring system to ensure that it maintains adequate liquid capital to comply with the relevant Securities and Futures (Financial Resources) Rules (Cap. 571N of the Laws of Hong Kong).

EXPOSURE TO OPERATIONAL RISK

The financial advisory services of the Group operate in a highly regulated sector. The risk of non-compliance with regulatory requirements could lead to the loss of operating licenses. The Group has actively implemented policies and procedures to ensure compliance with the relevant laws and regulations. To the best of the management's knowledge, the Group has complied with the relevant regulations for the financial advisory services in Hong Kong and the management did not identify any material non-compliance or breach of the relevant rules and regulations.

EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

As disclosed in the announcement of the Company dated 21 March 2017, the Company submitted a

tender application to 珠海產權交易中心有限責任公司 (Zhuhai Asset And Equity Exchange Center Limited*) ("Zhuhai Exchange") to bid for the acquisition (the "Huajin Financial Acquisition") of the entire issued share capital of Huajin Financial (International) Holdings Limited ("Huajin Financial"). Huajin Financial and its subsidiaries are principally engaged in securities underwriting and consultancy, securities and futures brokerage and equity research businesses.

As disclosed in the announcement of the Company dated 29 March 2017, the Company succeeded in the bid and entered into a sale and purchase agreement with the vendor, namely 珠海金融投資控股集團有限公司 (Zhuhai Financial Investment Holdings Group Co., Ltd.*) ("Zhuhai Financial Investment") for the Huajin Financial Acquisition at a final bid price (i.e. the consideration) of HK$76,467,600.

The Huajin Financial Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Zhuhai Financial Investment and the Zhuhai Exchange are connected persons of the Company under Chapter 14A of the Listing Rules by virtue of being subsidiaries of Zhuhai Huafa Group Co., Ltd. ("Zhuhai Huafa"), the ultimate controlling Shareholder. Accordingly, the Huajin Financial Acquisition (including the relevant service fee payment to the Zhuhai Exchange for the bid) constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SIGNIFICANT ACQUISITIONS AND DISPOSALS OF INVESTMENTS

As disclosed in the announcement of the Company dated 10 March 2016, Rapid Swift Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to sell the entire equity interest in its wholly-owned subsidiary, Wealth Porter Limited ("Wealth Porter"), at a total consideration of HK$6,330,000. Wealth Porter held an investment property located at Office No. 2, 3rd Floor, Conwell House, Nos. 34, 36 and 38 Stanley Street, Central, Hong Kong. The disposal was completed on 5 April 2016.

In March 2016, the Company entered into a sale and purchase agreement with independent third parties, pursuant to which the Company conditionally agreed to purchase the entire equity interest in WAG, a licensed corporation carrying on business in Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. The acquisition was completed on 30 June 2016.

As disclosed in the announcements of the Company dated 18 August 2016 and 20 September 2016 respectively, Miracle View Group Limited, a direct wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to sell the entire issued share capital of Richroad Group Limited, an indirect wholly-owned subsidiary of the Company, at a total consideration of HK$3,140,000. The disposal was completed on 20 September 2016.

Save as disclosed in this report, the Group did not acquire or dispose of any significant investments or properties, nor did the Group carry out any material acquisitions or disposals of the Company's subsidiaries and associates during the year.

EMPLOYEES

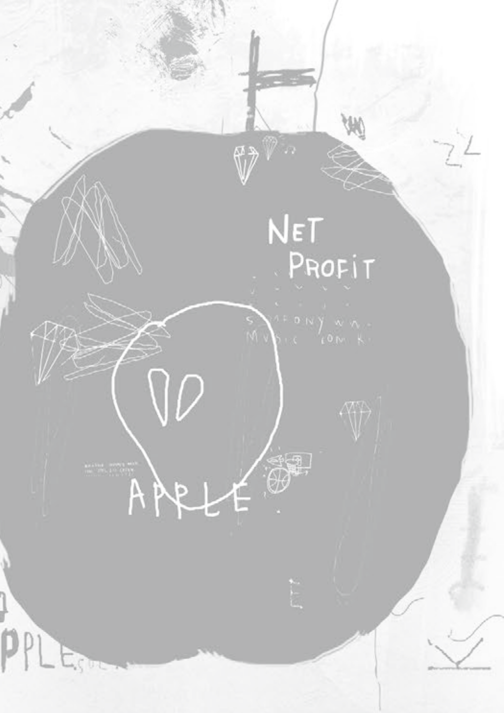
As at 31 December 2016, the Group had a total of about 146 employees (2015: approximately 185). The staff costs of the Group for the year ended 31 December 2016 were approximately HK$70.6 million (2015: approximately HK$74.3 million), which comprised salaries, commissions, bonuses and other allowances, and contributions to their retirement benefit scheme. The Group operates a defined

* *For identification purpose only*

contribution scheme under the Mandatory Provident Fund Schemes Ordinance, and provides medical insurance to all its employees. The Group structured its employee remuneration packages with reference to general market practice, employees' duties and responsibilities, and the Group's financial performance. The Group provided training courses and developed training programmes to equip staff with the necessary skills, techniques and knowledge in order to enhance their productivity and administrative efficiency.

PLEDGE OF ASSETS

As at 31 December 2016, the Group had no pledge of assets.



CONTINGENT LIABILITIES

As at 31 December 2016, the Group did not have any contingent liabilities.

CAPITAL EXPENDITURE

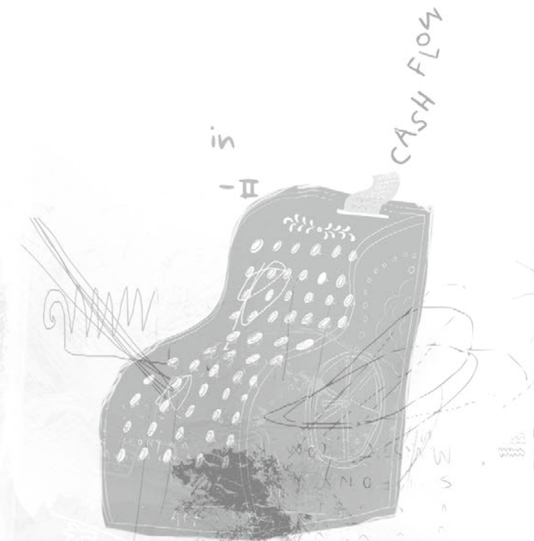
For the year ended 31 December 2016, capital expenditure for property, plant and equipment of the Group amounted to approximately HK$0.41 million (2015: approximately HK$2.0 million).

CAPITAL COMMITMENTS

As at 31 December 2016, the Group did not have any capital commitments.

BUSINESS PLAN

Financial Printing Services
One of the Group's fundamental business objectives is to establish itself as an international financial printing services provider in the financial sector by strengthening its core competitiveness. The Group will continue to improve its office facilities, streamline work procedures and service quality, and upgrade its software and equipment to enhance its competitiveness. Furthermore, in light of tough market conditions, the Group will strive to optimize the business structure and materialize the consolidation of internal resources to enhance the overall operating efficiency of the financial printing services.



Property Investment
In order to diversify its business activities and secure a steady income stream, the Group will continue to seek for and identify appropriate locations for future property investments.

Financial Advisory Services
As announced on 30 June 2016, the Company has completed the acquisition of the entire equity interest in WAG, a licensed corporation carrying on business in Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. The Company believes that the acquisition will provide a strong foothold for the Company to extend its business presence in the financial services industry in Hong Kong and strengthen the Group's asset base. After the acquisition, the Company has commenced corporate finance and securities advisory services under the SFO, which are believed by the Company to have the potential to make future contribution to the Group and help the Group develop sustainably.

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

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

MR. LI GUANGNING

Mr. Li Guangning, aged 45, has been appointed as an executive Director and chairman of the iOne Board (the "Chairman") with effect from 21 July 2014. Mr. Li currently serves as the chairman of the board of directors and the general manager of Zhuhai Huafa, the controlling shareholder of the Company. In addition, Mr. Li also holds various positions in the subsidiaries of Zhuhai Huafa, including director and chairman of the board of 珠海華發實業股份有限公司 (Zhuhai Huafa Industrial Co., Ltd.) (a company listed on the Shanghai Stock Exchange (stock code: 600325)) and Zhuhai Financial Investment. Mr. Li joined Zhuhai Huafa in 1993 and held various managerial positions in various subsidiaries of Zhuhai Huafa.

MR. XIE WEI

Mr. Xie Wei, aged 42, has been appointed as an executive Director, chief executive officer of the Company (the "Chief Executive Officer") and a member of the remuneration committee of the iOne Board (the "Remuneration Committee") and the authorised representative of the Company with effect from 21 July 2014. Mr. Xie currently serves as the vice chairman of the board of directors of Zhuhai Huafa since 21 October 2016 and its executive deputy general manager. He also holds various positions in the subsidiaries of Zhuhai Huafa, including the general manager of Zhuhai Financial Investment. Mr. Xie joined Zhuhai Huafa in August 2004 as the director of the investment banking department of 珠海鏵創投資管理有限公司 (Zhuhai Huachuang Investment Management Co., Ltd.) (then known as 珠海鏵創投資擔保有限公司 (Zhuhai Huachuang Investment Guarantee Co., Ltd.)). Mr. Xie is also a director of 珠海華發實業股份有限公司 (Zhuhai Huafa Industrial Co., Ltd.), a company listed on the Shanghai Stock Exchange (stock code: 600325), and the chairman of the board of directors of Leaguer Stock Co., Ltd. (力合股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 00532).

MS. ZHONG MING

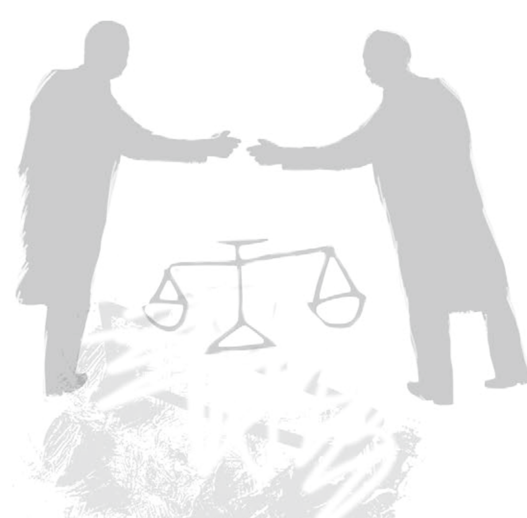
Ms. Zhong Ming, aged 45, has been appointed as an executive Director, chief financial officer of the Company (the "Chief Financial Officer") and a member of the Remuneration Committee with effect from 21 July 2014. Ms. Zhong currently serves as the deputy general manager of Zhuhai Huafa since 22 October 2015. She also holds positions as executive director, general manager and executive deputy general manager of various subsidiaries of Zhuhai Huafa. Prior to joining Zhuhai Huafa in 2011, Ms. Zhong was a senior partner of 廣東中拓正泰會計師事務所有限公司 (Guangdong Top Center Certified Public Accountants Co. Ltd.) and 廣東中拓正泰資產評估土地房地產估價有限公司 (Guangdong Top Center Certified Public Land Valuer Co. Ltd.) from November 1998 to March 2001. Subsequently, Ms. Zhong held positions as financial director, executive deputy general manager and director of finance and business support in various hotels in the PRC. Ms. Zhong obtained a bachelor degree in economics from Jinan University (暨南大學) in Guangzhou, the PRC in June 1993. Ms. Zhong is also a non-practising member of The Chinese Institute of Certified Public Accountants, a Certified Public Valuer and a Certified Internal Auditor.

NON-EXECUTIVE DIRECTOR

MS. ZHANG KUIHONG

Ms. Zhang Kuihong, aged 47, has been appointed as a non-executive Director with effect from 9 December 2015. Ms. Zhang holds a bachelor's degree in engineering. Ms. Zhang is a certified public accountant and certified tax adviser of the PRC, as well as a Certified Internal Auditor. Presently, Ms. Zhang is a director and financial controller of Zhuhai Huafa. She is also a director of Zhuhai Financial Investment and a chairman of the board of supervisors of 珠海華發實業股份有限公司 (Zhuhai Huafa Industrial Co., Ltd.) (a company listed on the Shanghai Stock Exchange (stock code: 600325)), all of which are subsidiaries of Zhuhai Huafa.

Prior to joining Zhuhai Huafa in November 2013, Ms. Zhang has been assigned by the Zhuhai State-owned Asset Supervision and Administration Commission (the "Zhuhai SASAC") since February 2007 to serve as a director and/or financial controller of various companies owned by the Zhuhai SASAC, including but not limited to Zhuhai Duty Free Enterprises Group Co., Ltd. (珠海市免稅企業集團有限公司), Zhuhai Water Management Group Co., Ltd. (珠海水務集團) and Zhuhai Public Transportation Group Co., Ltd. (珠海公共交通運輸集團有限公司), where Ms. Zhang was responsible for managing the financial risks of the relevant companies, financial planning as well as financial reporting to the management. During the period commencing from May 2011 to January 2012, Ms. Zhang also served as a supervisor of Leaguer Stock Co., Ltd. (力合股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 00532).



INDEPENDENT NON-EXECUTIVE DIRECTORS

DR. SUN MINGCHUN

Dr. Sun Mingchun, aged 45, has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee, a member of each of the audit committee and nomination committee of the iOne Board (the "Audit Committee") (the "Nomination Committee") with effect from 21 July 2014. Dr. Sun has served as the chairman and chief investment officer of Deepwater Capital Limited since October 2014. Dr. Sun has been appointed as an independent non-executive director of Great Wall Pan Asia Holdings Limited, a company listed on the Stock Exchange (stock code: 00583) with effect from 4 November 2016. Prior to joining Deepwater Capital Limited, Dr. Sun held the positions as the senior partner and chief economist at China Broad Capital Co., Limited, the managing director, head of China research and chief Greater China economist at Daiwa Capital Markets Hong Kong Limited, the chief China economist, head of China equity research and managing director at Nomura International (Hong Kong) Limited and the senior China economist, vice president at Lehman Brothers Asia Limited. During the period from July 1993 to August 1999, Dr. Sun was also an economist of the State Administration of Foreign Exchange of the PRC. Dr. Sun is also currently the vice chairman of the Chinese Financial Association of Hong Kong and a member of the China Finance 40 Forum. Dr. Sun received a bachelor's degree in international economics from Fudan University in July 1993. He also obtained a master's degree in engineering-economic systems and operations research and a doctoral degree in management science and engineering from Stanford University in June 2001 and June 2006, respectively.

DR. CHEN JIEPING

Dr. Chen Jieping, aged 63, has been appointed as an independent non-executive Director, the chairman of the Audit Committee, a member of each of the Remuneration Committee and the Nomination Committee with effect from 21 July 2014. Dr. Chen has over 16 years of experience in accounting. Dr. Chen is an independent non-executive director of Shenzhen Worldunion Properties Consultancy Incorporated (stock code: 002285), which is a company listed on the Shenzhen Stock Exchange. Dr. Chen is also an independent non-executive director of Shanghai La Chapelle Fashion Co., Ltd. (stock code: 06116) since 21 January 2016 and Jinmao (China) Investments Holdings Limited (stock code: 06139), both are listed on the Stock Exchange. Dr. Chen served

as an independent non-executive director of Shanghai DragonNet Technology Co., Ltd. (stock code: 300245), a company listed on the Shenzhen Stock Exchange, from 2005 to September 2015, and an independent non-executive director of Industrial Securities Co., Ltd. (stock code: 601377), a company listed on the Shanghai Stock Exchange, from 2010 to March 2017. He is currently a professor of the China Europe International Business School. He was the head of the department of accountancy of the City University of Hong Kong from 2005 to 2008. Dr. Chen received a bachelor's degree in science and a master's degree in hospitality management, respectively, from the University of Houston in August 1990. He obtained a master's degree in business administration from the University of Houston in May 1992 and a doctoral degree in business administration from the University of Houston in August 1995.

MR. TSE YUNG HOI

Mr. Tse Yung Hoi, aged 64, has been appointed as an independent non-executive Director, the chairman of the Nomination Committee, a member of each of the Audit Committee and Remuneration Committee with effect from 21 July 2014. Mr. Tse is currently the chairman and non-executive director of BOCI-Prudential Asset Management Limited. He was the deputy chief executive officer of BOC International Holding Limited from December 2002 to December 2012, and the deputy general manager of investment management and treasury of Bank of China in Beijing from October 1998 to December 2002. Mr. Tse currently serves as the council member of HKSAR Financial Services Development Council (FSDC), standing committee member of the Chinese General Chamber of Commerce and permanent honorary president of Hong Kong Chinese Securities Association. Mr. Tse was awarded the Bronze Bauhinia Star (BBS) by the government of HKSAR in 2013. Mr. Tse graduated from English studies from the department of foreign language of Fudan University in July 1975.

Mr. Tse has been appointed as an independent non-executive director of Global Tech (Holdings) Limited, a company listed on the Stock Exchange (stock code: 00143) with effect from 11 March 2016. He has also been appointed as a non-executive director of DTXS Silk Road Investment Holdings Company Limited, a company listed on the Stock Exchange (stock code: 00620) with effect from 8 December 2015. Mr. Tse has resigned as an independent non-executive director of Huarong International Financial Holdings Limited, a company listed on the Stock Exchange (stock code: 00933) since 13 June 2016.

Game of angle and dimension

Just like Picasso's Cubism*, the magic combination of dimension and space, we expand imaginations and create the award winning annual report by making use of different forms and means.

With out-of-the-box thinking, we are able to provide all-round service, from design, typesetting to publishing, and forge a new form of message dissemination to clients.

* Unlike traditional still-lifes, landscapes, or portrait paintings, Cubist paintings by any means aren't like realistic. The painter tends to extract every angle of the subject into pieces and re-organize it together into one painting.

Awards

IONE OUTSTANDING ACHIEVEMENTS THE BEST OF HONG KONG AWARD

Over the past years, the Group has won a total of 940 awards for our creative achievements at the ARC Awards, the Astrid Awards, the Galaxy Awards, the Mercury Awards and the LACP Vision Awards. They include the Trophy for BEST OF SHOW, 4 Platinum Achievement awards, 1 Titanium Achievement award, 25 Grand awards, 19 Platinum awards, 199 Gold awards, 208 Silver awards, 199 Bronze awards, 197 Honors and other significant international awards. These awards have come from prestigious events such as the ARC Awards, the Astrid Awards, the Galaxy Awards, the Mercury Awards and other significant international awards. International recognition such as this motivates all of us at iOne to continue excelling.

At the 30th International ARC Awards competition in 2016, iOne is awarded the Best of Hong Kong for iOne Holdings Limited Annual Report 2015. Moreover, the Group was also bestowed the Platinum Achievement Award for winning the greatest number of awards in total among a large number of competitors, and was the only entity who received such honour.

The Group also won 3 Grand awards in acknowledgement of the brilliant designs for the 2015 annual reports of iOne Holdings Limited and New World Development Company Limited.

In 2016, iOne Financial has captured a total of 45 awards on behalf of our clients in the 2015 LACP Vision Awards, including 2 Industry Platinum Awards, #5 & #10 for Top 80 Annual Reports in the Asia-Pacific Region, Best Letter to Shareholders in the Asia-Pacific Region – Bronze Award, Best Agency Annual Report in the Asia-Pacific Region – Bronze Award, Most Creative Report in the Asia-Pacific Region – Platinum Award, 6 Industry Gold Awards and other awards among 1,000 organizations from 24 countries worldwide.


ARC
AWARDS
INTERNATIONAL
XXIX
2015
ARC
PLATINUM
ACHIEVEMENT
AWARD
ARC
AWARDS
INTERNATIONAL
XXVIII
2015
BEST OF SHOW
iOne Financial Press Limited
iOne Holdings Limited
"Round the Clock"
Annual Report 2014

Corporate Social Responsibility

Over the years, iOne has not only provided donations to worthwhile organisations, but also participated in and supported various charitable activities. We strive to be a good corporate citizen and are determined to create harmony and make full commitments to social services. For instance, our staff members have participated in Skip Lunch Day with an aim to donating their lunch fees to support the needy. As a socially responsible company, we encourage our staff members to offer their time and care to the people in need in our community.

iOne has been awarded as Caring Company by the Hong Kong Council of Social Service for five consecutive years for our commitment to being an outstanding corporate citizen. We are dedicated to promote corporate social responsibilities through caring for our employees, community, and the environment.

1. Dress Casual Day
2. Standard Chartered Hong Kong Marathon
3. The Community Chest Walk for Millions

Event Highlights

Every year at iOne, we engage our staff members in a variety of recreational events so as to promote staff morale. We are committed to enhancing the quality of life for our staff, their families and the community; hence we put the objective of work life balance into practice while seeking to create a harmonious workplace and loyalty among our staff.

1. Annual Dinner
2. Company Trip to Osaka
3. Christmas Party

Corporate Information

BOARD OF DIRECTORS

Executive directors
Mr. Li Guangning (Chairman)
Mr. Xie Wei
(Chief Executive Officer)
Ms. Zhong Ming
(Chief Financial Officer)

Non-executive director
Ms. Zhang Kuihong

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
Hang Seng Bank Limited

BERMUDA RESIDENT REPRESENTATIVE

Conyers Corporate Services (Bermuda) 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

Report of the Directors

The Directors are pleased to present their annual report, along with the audited consolidated financial statements of the Group for the year ended 31 December 2016.

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 IPOs prospectuses, financial reports, company announcements, circulars, legal compliance documents, research reports, corporate brochures and newsletters.

On 30 June 2016, the Company has completed the acquisition of the entire equity interest in WAG, a licensed corporation carrying on business in Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO in Hong Kong. After the acquisition, the Group has adopted financial advisory services as one of its principal business activities.

In the meantime, the Group will continue to explore investment opportunities for the property investment business segment.

BUSINESS REVIEW

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year and up to the date of this report, and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 12 to 15 of this report. In addition, discussions on the Group's environmental policies, relationships with its stakeholders, and compliance with relevant laws and regulations which have a significant impact on the Group are also included in the Management Discussion and Analysis, Corporate Governance Report, Corporate Social Responsibility and Environmental, Social and Governance Report of this report. The review forms part of this Report of the Directors.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2016 are set out in the Consolidated Statement of Comprehensive Income on page 56 of this report. The Board does not recommend payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 22 May 2017 to Thursday, 25 May 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting to be held on Thursday, 25 May 2017 ("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, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 19 May 2017.

FIXED ASSETS

Details of the movements in property, plant and equipment and investment property of the Group during the year are set out in notes 15 and 16 respectively in the financial statements.

SHARE CAPITAL

Details of movements of the share capital of the Company during the year are set out in note 27 in the financial statements.

DISTRIBUTABLE RESERVES

The Company's distributable reserves were HK$50,474,000 as at 31 December 2016 (2015: HK$58,098,000). However, the Company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the company's assets would thereby be less than its liabilities; and there must be no reduction of share capital as a result of the dividend or distribution.

FIVE YEAR SUMMARY

A summary of the Group's results for each of the five years ended 31 December 2016 and the Group's assets and liabilities as at 31 December 2012, 2013, 2014, 2015 and 2016 is set out on page 3 of this report.

PRE-EMPTIVE RIGHTS

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

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year and up to the date of this report were:

Executive Directors:

Li Guangning Chairman
Xie Wei Chief Executive Officer
Zhong Ming Chief Financial Officer

Non-executive Director:

Zhang Kuihong

Independent Non-executive Directors:

Chen Jieping
Sun Mingchun
Tse Yung Hoi

In accordance with bye-law 87 of the Bye-Laws, Mr. Xie Wei, Dr. Chen Jieping and Mr. Tse Yung Hoi shall retire at the forthcoming AGM by rotation and, being eligible, will offer themselves for re-election.

Mr. Li Guangning, Chairman and executive Director, entered into his service contract with the Company in 2014. His appointment is for an initial term of three years commencing on 21 July 2014 and is renewed for a further period of three years with effect from 1 April 2017. During his three-year employment period, he shall be entitled to a Director's fee of HK$120,000 per year effective from 1 April 2017 plus discretionary bonus, which is determined by his roles, experience and responsibilities in the Company. Mr. Li voluntarily waived part of his director's fee for the year ended 31 December 2016 to receive a monthly salary of HK$10,000 only.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (Continued)

Mr. Xie Wei, Chief Executive Officer and executive Director, entered into his service contract with the Company in 2014. His appointment is for an initial term of three years commencing on 21 July 2014 and is renewed for a further period of three years with effect from 1 April 2017. During his three-year employment period, he shall be entitled to a Director's fee of HK$120,000 per year effective from 1 April 2017 plus discretionary bonus, which is determined by his roles, experience and responsibilities in the Company. Mr. Xie voluntarily waived part of his director's fee for the year ended 31 December 2016 to receive a monthly salary of HK$10,000 only.

Ms. Zhong Ming, Chief Financial Officer and executive Director, entered into her service contract with the Company in 2014. Her appointment is for an initial term of three years commencing on 21 July 2014. During her three-year employment period, she shall be entitled to a monthly salary of HK$50,000 effective from 1 September 2014 plus discretionary bonus, which is determined by her roles, experience and responsibilities in the Company. Ms. Zhong voluntarily waived part of her director's fee for the year ended 31 December 2016 to receive a monthly salary of HK$10,000 only.

Ms. Zhang Kuihong, non-executive Director, entered into a letter of appointment with the Company for an initial term of three years commencing from 9 December 2015, subject to termination at any time by either party giving to the other 3 month's notice in writing. Ms. Zhang would not receive any remuneration from the Company.

Three independent non-executive Directors, namely, Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi, entered into their letters of appointment with the Company for an initial term of three years commencing on 21 July 2014. Pursuant to the terms of the letters of appointment, each of the independent non-executive Directors is entitled to a Director's fee of HK$100,000 per year which is determined with reference to their duties and responsibilities within the Group.

Apart from the above, none of the Directors had a service contract with the Group which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

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 the anticipated time, 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 annual general meeting of the Company.

CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors are set out on pages 16 to 19 of this report.

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

As at 31 December 2016, none of the Directors or the chief executive of the Company or their associates had any 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 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules.

INTEREST OF SUBSTANTIAL SHAREHOLDERS

As far as was known to the Directors, as at 31 December 2016, the interests or short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

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	Approximate percentage of interested shares to the issued share capital of the Company (%)
Zhuhai Huafa (Note 1)	Interest in controlled corporations	3,707,600,000	40.30
Cai Guang (Note 2)	Interest in controlled corporations	1,337,753,600	14.54
Guangdong Constar Group Investment Co. Limited (Note 2)	Interest in controlled corporations	483,846,400	5.30
Hong Kong Hop Chong Investment Limited (Note 2)	Interest in controlled corporations	483,846,400	5.30

Notes:

1. Zhuhai Huafa holds 100% of the issued share capital of Hong Kong Huafa Investment Holdings Limited 香港華發投資控股有限公司 ("Huafa HK"), which in turn holds 100% of the issued share capital of Huajin Investment Company Limited ("Huajin"). Since Huajin holds 3,707,600,000 shares of the Company, Zhuhai Huafa is deemed to be interested in 3,707,600,000 shares of the Company by virtue of its shareholding in Huajin.

2. Mr. Cai Guang holds 100% of the issued share capital of Guangdong Constar Group Investment Co., Limited (incorporated in the British Virgin Islands) ("Constar"), which holds 426,953,600 shares of the Company.

   Mr. Cai Guang holds 100% of the issued share capital of Guangdong Constar Group Investment Co., Limited (incorporated in Samoa), which in turn holds 100% of the issued share capital of Hong Kong Hop Chong Investment Limited ("Hop Chong"). Hop Chong holds 483,846,400 shares of the Company.

   Mr. Cai Guang also holds 100% of the issued share capital of Hong Kong Hop Wing Investment Limited, which in turn holds 100% of the issued share capital of Jinglong Investment Holdings Limited ("Jinglong"). Jinglong holds 426,953,600 shares of the Company.

   Therefore, Mr. Cai Guang is deemed to be interested in a total of 1,337,753,600 shares of the Company by virtue of his shareholding in Constar, Hop Chong and Jinglong.

Save as disclosed above, as at 31 December 2016, no person had any interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or otherwise notified to the Company and the Stock Exchange.

SHARE OPTIONS

Pursuant to the resolution passed by the shareholders of the Company on 25 June 2008, the Company approved and conditionally adopted a share option scheme (the "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 2016.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Apart from the Share Option Scheme as mentioned above, at no time during the year was the Company, or any of its holding company, fellow subsidiaries and subsidiaries, a party to any arrangement enabling the Directors 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.

Equity-linked Agreements

Save for the Share Option Scheme as mentioned above, the Group has not entered into any equity-linked agreements during the year ended 31 December 2016.

Permitted Indemnity Provision

Pursuant to the Bye-Laws, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his/her duty, or supposed duty, in his/her respective offices or trusts.

There is appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

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	4%
– five largest customers	16%
Cost provided	
– the largest subcontractor	16%
– five largest subcontractors	41%

During the year, none of the Directors, their close 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

CONNECTED TRANSACTIONS

The related party transactions disclosed in note 33 to the audited consolidated financial statements constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules which, however, are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Saved as disclosed in this report, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, or any of its holding company, fellow subsidiaries, subsidiaries and a controlling shareholding or any of its subsidiaries was a party, and in which a Directors 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 have purchased, sold or redeemed any of the Company's listed securities during the year under review.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

CORPORATE GOVERNANCE

During the year under review, the Company, in the opinion of the Directors, has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in the Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries, all Directors have 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 regularly reviews and makes recommendations to the Board on the specific remuneration and compensation of the Directors and senior management of the Group.

DONATIONS

During the year ended 31 December 2016, the Group made charitable donations amounting to approximately HK$2,926,000 (2015: HK$3,221,000).

AUDIT COMMITTEE

The Group established an Audit Committee consisting of three independent non-executive Directors, namely, Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi. Dr. Chen Jieping is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and effectiveness of the risk management and internal control systems of the Group. The Audit Committee has reviewed the Group's final report for the year ended 31 December 2016.

AUDITOR

The Board has appointed PricewaterhouseCoopers as the new auditor of the Company with effect from 21 July 2014 to fill the casual vacancy following the resignation of BDO Limited. Save as disclosed above, there was no other change of the auditor of the Company in the past three years.

The consolidated financial statements for the year ended 31 December 2016 have been audited by PricewaterhouseCoopers, who will retire at the forthcoming AGM and being eligible, offer themselves for re-appointment.

On behalf of the Board

Li Guangning
Chairman

Hong Kong, 31 March 2017

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board of the Group has committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, to enhance corporate value and accountability, to formulate its business strategies and policies, and to enhance its transparency and accountability.

The Company has applied the code provisions as set out in the CG Code contained in Appendix 14 of the Listing Rules.

In the opinion of the Directors, throughout the year under review, the Company has complied with all the code provisions as set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year under review.

The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by senior management or other staff who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Board currently comprises seven members, consisting of three executive Directors, one non-executive Director and three independent non-executive Directors. The executive Directors, non-executive Director and independent non-executive Directors during the year were as follows:

Executive Directors:
Mr. Li Guangning *(Chairman of the Board)*
Mr. Xie Wei *(Chief Executive Officer and member of the Remuneration Committee)*
Ms. Zhong Ming *(Chief Financial Officer and member of the Remuneration Committee)*

Non-executive Director:
Ms. Zhang Kuihong

Independent Non-executive Directors:

Dr. Chen Jieping *(Chairman of the Audit Committee and member of the Nomination Committee and Remuneration Committee)*

Dr. Sun Mingchun *(Chairman of the Remuneration Committee and member of the Audit Committee and Nomination Committee)*

Mr. Tse Yung Hoi *(Chairman of the Nomination Committee and member of the Audit Committee and Remuneration Committee)*

The biographical information of the Directors are set out in the section headed "Biographical details of Directors and Senior Management" on pages 16 to 19 of this report.

None of the members of the Board is related to one another.

Chairman and chief executive officer

The positions of the Chairman and the Chief Executive Officer are held by Mr. Li Guangning and Mr. Xie Wei respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Independent non-executive directors

During the year ended 31 December 2016, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

Non-executive directors and directors' re-election

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG code states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

According to the 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 annual general meeting 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.

Details of the Directors' Service Contracts are set out in the section headed "Directors and Directors' Service Contracts" in the Report of the Directors on pages 28 to 29 of this report.

The Nomination Committee recommended that Mr. Xie Wei, Dr. Chen Jieping and Mr. Tse Yung Hoi, who will retire by rotation at the forthcoming AGM, be eligible to offer themselves for re-election.

Non-executive directors and directors' re-election (Continued)

In accordance with the Bye-Laws, all Directors are subject to retirement by rotation at least once every three years. Any Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Any Directors appointed by the Board as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

Responsibilities, accountabilities and contributions of the board and management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous professional development of directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2016, the following Directors have participated in continuous professional development by attending seminars, in-house briefing or reading materials on the following topics to develop and refresh their knowledge and skills:

Directors	Topic Notes
Executive Directors	
Mr. Li Guangning	1,2,4
Mr. Xie Wei	1,2,4
Ms. Zhong Ming	1,2,4
Non-executive Director	
Ms. Zhang Kuihong	1,2,4
Independent Non-Executive Directors	
Dr. Chen Jieping	1,3,4
Dr. Sun Mingchun	1,3,4
Mr. Tse Yung Hoi	2,3,4

Notes:

1. Corporate governance
2. Regulatory updates
3. Finance and accounting
4. Industry updates

In addition, relevant reading materials including legal and regulatory update seminar handouts have been provided to the Directors for their reference and studying.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference and are of no less exacting terms than those set out in the CG Code. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 26 of this report.

Audit committee

The Audit Committee currently comprises three members, namely Dr. Chen Jieping (chairman), Dr. Sun Mingchun and Mr. Tse Yung Hoi (including one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise), all are independent non-executive Directors. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures, risk management and internal control systems, audit plan and relationship with external auditor, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held two meetings to review interim and annual financial results and reports in respect of the year ended 31 December 2016 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditor and arrangements for employees to raise concerns about possible improprieties. The attendance records of the Audit Committee are set out under "Attendance Records of Directors and Committee Members" of this report.

The Audit Committee also met with the external auditor twice a year and at least once a year the Audit Committee shall meet with the external auditor without the presence of the executive Directors.

Remuneration committee

The Remuneration Committee currently comprises five members, namely, Dr. Sun Mingchun (chairman), Dr. Chen Jieping and Mr. Tse Yung Hoi (independent non-executive Directors), Mr. Xie Wei and Ms. Zhong Ming (executive Directors).

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

Remuneration committee (Continued)

The Remuneration Committee held one meeting to determine, review and make recommendations to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters. The attendance records of the Remuneration Committee are set out under "Attendance Records of Directors and Committee Members" of this report.

Nomination committee

The Nomination Committee currently comprises three members, namely, Mr. Tse Yung Hoi (chairman), Dr. Chen Jieping and Dr. Sun Mingchun, all are independent non-executive Directors.

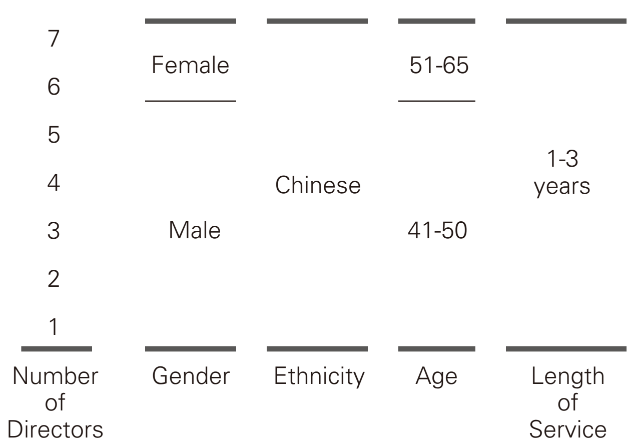
The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for consideration and approval.

The Nomination Committee held two meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the annual general meeting of the Company. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained. The attendance records of the Nomination Committee are set out under "Attendance Records of Directors and Committee Members" of this report.

As at the date of this report, the Board's composition can be summarised by the following main diversity perspectives:

Board Members



Corporate governance functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The attendance records of each Director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 December 2016 are set out in the table below:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**Annual General Meeting**
Li Guangning	4/4	–	–	–	1/1
Xie Wei	4/4	–	1/1	–	1/1
Zhong Ming	4/4	–	1/1	–	1/1
Zhang Kuihong	4/4	–	–	–	1/1
Chen Jieping	4/4	2/2	1/1	2/2	1/1
Sun Mingchun	4/4	2/2	1/1	2/2	1/1
Tse Yung Hoi	4/4	2/2	1/1	2/2	0/1

Apart from regular Board meetings, the Chairman also held one meeting with the non-executive Director (including the independent non-executive Directors) without the presence of executive Directors during the year.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2016.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 50 to 55.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditor.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditor of the Company, PricewaterhouseCoopers, in respect of audit services and non-audit services for the year ended 31 December 2016 is set out below:

Service Category	**Fees Paid/ Payable**
Audit Services	HK$1,230,000
Non-audit Services	
– Tax related services	HK$23,500
– Others	–
	HK$1,253,500

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board and the Audit Committee

The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control systems and reviewing their effectiveness. The Board regularly monitors and updates the Group's risk profile and exposure, and evaluates the effectiveness of the risk management and internal control systems at least annually. During the year, a review of the effectiveness of the risk management and internal control systems was conducted. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

Risk Management and Internal Control Systems

The Group's risk management and internal control systems are designed to manage and mitigate risks, rather than eliminate risks, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has employed a bottom-up approach for identification, assessment and mitigation of risk at business unit level and across functional areas.

Main Features of Risk Management and Internal Control Systems

The key elements of the Group's risk management and internal control systems to ensure their effectiveness include the establishment of a Risk Register to track and document identified risks, the assessment and evaluation of risks, the development and continuous updating of responsive procedures, and the on-going testing of internal control procedures.

An on-going risk assessment approach is adopted by the Group for identifying and assessing the key inherent risks that affect the achievement of its objectives. A risk matrix is adopted to determine risk rating (L=low risk, M=medium risk, H=high risk) after evaluation of the risk by the likelihood and the impact of the risk event. The risk ratings reflect the level of management attention and risk treatment effort required.

Process Used to Identify, Evaluate and Manage Significant Risks

During the process of risk assessment, each of the risk owner of departments and major subsidiaries are required to capture and identify the key inherent risks that affect the achievement of its objectives. Each inherent risk is evaluated according to the risk matrix. After taking into consideration the risk response, such as control measures in place to mitigate the risk, the residual risk of each inherent risk is evaluated again. The Risk Register with the risk responses and residual risks is reported to the Audit Committee. The Audit Committee, acting on behalf of the Board, evaluates the effectiveness of the systems. The highest category of residual risks is subject to the Board's oversight.

Procedures and Internal Controls for Handling and Dissemination of Inside Information

Regarding the procedures and internal controls for the handling and dissemination of inside information, the Group is aware of its obligations under the SFO, the Listing Rules and the overriding principle. The Group conducts its affairs with close regard to the applicable laws and regulations prevailing in Hong Kong. The Group regulates the handling and dissemination of inside information to ensure inside information remains confidential until the disclosure of such information is appropriately approved and the dissemination of such information is efficiently and consistently made. Meanwhile, the Group has also implemented procedures to guard against possible mishandling of inside information within the Group, including but not limited to, pre-clearance on dealing in the securities of the Company by designated members of the management and notification of regular blackout period and securities dealing restrictions to relevant Directors and employees.

Process Used to Review the Effectiveness of the Risk Management & Internal Control Systems and to Resolve Material Internal Control Defects

In view of the Company's business and scale of operations, and in order to adopt the most cost-effective method of conducting periodic reviews of the Company's internal controls, the Board has outsourced the internal audit function to an independent consulting firm (the "Internal Auditor"). The Internal Auditor has conducted a review of the effectiveness of the Company's risk management and internal control systems according to the scope of review agreed and approved by the Audit Committee.

The Internal Auditor reported directly to the Audit Committee and the Audit Committee is satisfied that there has been no major deficiency noted in the areas of the Company's risk management and internal control systems being reviewed after implementation of recommendations of the internal control defects reported by the Internal Auditor. The management has also confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems. Accordingly, the Board as supported by the Audit Committee, as well as the management report and the internal audit findings, reviewed and considered the risk management and internal control systems to be effective.

COMPANY SECRETARIES

Ms. Li Yanmei as well as Ms. Lee Mei Yi of Tricor Services Limited, external service provider, have acted as joint company secretaries of the Company since 21 July 2014. The primary contact person of Ms. Lee Mei Yi at the Company is Ms. Li Yanmei, joint company secretary of the Company.

In accordance with Rule 3.29 of the Listing Rules, the Company has received training information from the joint company secretaries of the Company, pursuant to the content of which, the Company confirmed that each of them had taken not less than 15 hours of relevant professional trainings to update their skills and knowledge during the year under review.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

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 requisitionist(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 Room 3605, 36/F, Cheung Kong Center, 2 Queen's Road Central, 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.

Putting forward enquiries to the board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 3605, 36/F, Cheung Kong Center,
2 Queen's Road Central, Central,
Hong Kong (For the attention of the Board)
Fax: (852) 3465 5333
Email: inquiry@ione.com.hk

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Shareholders may call the Company at (852) 3465 5300 for any assistance.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

The most recent annual general meeting was held on 30 May 2016. The notice of annual general meeting was sent to shareholders at least 20 clear business days before the annual general meeting.

To promote effective communication, the Company maintains a website at www.ioneholdings.com where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are posted.

During the year under review, the Company has not made any changes to its Memorandum of Association and Bye-Laws. An up-to-date version of the Company's Memorandum of Association and Bye-Laws is also available on the Company's website and the Stock Exchange's website.

Environmental, Social and Governance Report

This ESG Report contains the environmental and social information of the Group in several aspects, the details of which can be found in the full ESG report on the Group's website. In respect of the information concerning "corporate governance", please refer to the relevant parts of the Group's annual report. The Report covers a period starting from 1 January 2016 to 31 December 2016 (the "Reporting Period"). The Report focuses on the below topics:

- Employment
- Social responsibility
- Environment
- Suppliers and product responsibility

EMPLOYMENT

To maintain its edge in a highly competitive industry, the Group regards a professional team as its most valuable asset. Apart from its compliance with the Employment Ordinance, the Group sticks to the principles and strictly follows the regulations during its recruitment, promotion, dismissal, working hours, rest hours, equal opportunities, diverse culture and anti-discrimination. The Group has never employed minors or incurred forced labour.

The Group encourages its staff to pursue progress and continuous learning. In addition to on-the-job training provided at different departments, the Group has a policy of funding staff members to further their study and enhance their professional expertise.

The Group provides its staff with competitive remunerations, including basic salary, commission, bonus and other allowances, as well as the retirement benefit scheme. The Group has set up a defined contribution plan in accordance with the Mandatory Provident Fund Schemes, and has provided all the employees with medical insurance. The Group determines staff remuneration packages according to common market practice, staff duties and the Group's financial results. The Group's staff welfare is better than those required in the Employment Ordinance. Our employees are entitled to not only annual leaves, but also leaves for long-term service.

SOCIAL RESPONSIBILITY

Over the years, iOne has been philanthropic and tried to be a good corporate citizen to help create a harmonious society. The Group paid visits to orphanages and residential care homes under Po Leung Kuk, in addition to its participation in the Hong Kong & Kowloon Walk and Love Teeth Day hosted by The Community Chest. Moreover, the Group held its Flag Day and form its own team to join charity races.

Aside from our volunteer service, we spare no effort to raise funds. This year, we succeeded in our fund-raising for Ocean Park Conservation Foundation Hong Kong, Ten Percent Donation Scheme Foundation, Flag Day (The Community Chest), New Wine Ministries Hong Kong Ltd., Lifeline Express Fund, UNICEF, HKCSS, and The Education University of Hong Kong. As at 31 December 2016, iOne and its colleagues raised a total of approximately HK$2,926,000 for charities.

ENVIRONMENT

The Group has listed environmental protection into its consideration of the entire business cycle. Despite the Group's office operation and no self-operated printing equipment, large amounts of paper are needed for contract orders, printing, proofreading and clients' review during our daily operation, which affects our environment. The lack of "recycling" would also impose pressure on landfills. To protect our environment, we have formulated corresponding policies to minimize the waste of paper.

We work with our major partners to mitigate the adverse environmental impacts of office operation by making optimal use of office resources, including paper, toner cartridges, electricity and water, as well as having categorized recycling of resources. We managed to facilitate environmental protection during our daily operation and establish an effective mechanism.

Environmental Management System

Waste Management

Office paper

- We are well-aware that less paper consumption is providing direct protection for our forests. However, paper consumption is inevitable in the financial printing industry. In order to reduce the negative impacts on forests, iOne offices use FSC-certified paper and encourage double-sided printing.
- iOne calculates and monitors its wastes by referring to the monthly reports of Secure Information Disposal Services Limited (SSID). For instance, we monitor the effect of our environmental protection by calculating the amount of A4 paper we ordered and that of recycled paper each year.
- Colleagues put double-printed paper into red bags for recycling. The recycling company regularly collects waste paper for reuse, to minimize the emission of greenhouse gases and office solid wastes.

Large office furniture

- To provide a comfortable office environment to our colleagues and clients, the Administration Department has regular checks and audits on our office furniture. We would first explore the possibility of refurbishment or repair for any defects spotted. For example, we appoint skilled workers to check and refurbish the leather-like chairs reserved for clients or cabinets. Our staff would only discard the furniture only if such refurbishment proves impossible.
- We donate some usable but depreciated furniture to charitable organizations.

Computers

- In addition to preparing announcements and documents for our clients, we have graphic design as one of our key business segments. In order to satisfy different needs of our clients, we must keep up with the latest technology and adopt the most advanced computer equipment. Old computers of the design team are still effective when used in daily office work. To prevent waste, we would donate such computers to non-profit organizations.

Toner

- We store the used toner cartridges of our printers and arrange for suppliers to recycle the cartridges regularly, so as to reduce the wastes.

Stationery

- We also monitor the colleagues' stationery consumption. We have an old-for-new practice for replacing such consumables as correction pens and highlighters, to reduce insufficient consumption of such products before their disposal.

Energy and Carbon Emission

Vehicles

- We have a total of three company vehicles, all operated under relevant requirements to maintain air quality. To minimize carbon emission, we have recently purchased electric cars which are more environmental-friendly.
- To promote green travel, we encourage our staff to use public transport.

Overseas trips and staff tours

- All the staff should travel in economic-class cabins for business trips, to minimize carbon emission.

Environmental Footprint

Water	• The property committee takes care of water consumption. We also remind our colleagues by posting the "Save Water" sign.
Recycling bins	• We put recyclable items, such as paper, plastic, aluminium, CD and batteries into recycling bins set up by the property committee.

SUPPLIERS AND PRODUCT RESPONSIBILITY

Anti-corruption and Risk Management

The Group's virtual database enjoys a high level of safety and is able to store and transmit confidential information at a high speed. Different from other printing business, financial printing sometimes requires the processing of confidential information, such as legal documents, promotion booklets, annual reports and prospectuses.

For years, iOne has been efficient and cautious in handling printing projects with sensitive information, which brought us a good reputation in the business community. We also strive to assist our clients to tackle complicated disclosure procedures imposed by the government, which helped us to gain clients' trust and respect. We sign the Code of Sensitive Information Disclosure with our clients, supply chains and staff, to ensure that all the documents are kept confidential before their publication and in compliance with the rules regarding disclosure procedures.

During the Reporting Period, the Group did not have any material litigations and arbitrations.

Staff	• The Company requires a high standard of business ethics and good personal conduct on the staff. Every new staff member would be given a Staff Manual, which illustrates the code of conducts and staff behavior.
Clients	• We enter into confidentiality agreements with our clients. Except the waived items listed in the undertaking letter, no confidential information would be disclosed to other third-party suppliers. The Group only uses the information for service provision to clients and for no other purposes.
Printers	• We have stringent management of our suppliers. In addition to timely delivery, all our suppliers shall enter into confidentiality agreements with us to ensure absolute confidentiality of the printing content. We maintain a long-term and good partnership with our printers and publish announcements in accordance with the legal disclosure procedures.

Quality Control and Assurance

The Group meets the highest standards of local, regional and international clients in terms of quality, accuracy, reliability and delivery speed. Currently, we have no policies to manage the environmental or social risks brought by our supply chain, such as the consumption of paper and ink. We have close partnerships with our clients to ensure our service quality.

Independent Auditor's Report

羅兵咸永道

To the Shareholders of iOne Holdings Limited
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of iOne Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 56 to 112, which comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue and cost of sales recognition
- Recoverability of amounts due from customers on services contracts and trade receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue and cost of sales recognition	
Refer to note 4(a) (critical accounting estimates and assumptions) and note 5 (revenue and segment information) to the consolidated financial statements. Total revenue and cost of sales recognised for provision of the financial printing and translation services in year ended 31 December 2016 amounted to HK$155,464,000 and HK$86,396,000, respectively. In relation to the provision of financial printing and translation services, the Group adopts "percentage of completion method" to determine the appropriate amount of revenue and costs to be recognised in a given period. The stage of completion is measured by reference to services performed to date as a percentage of total services estimated to be performed for each project. The total services estimated to be performed is mainly based on the historical experience of similar projects. In order to determine the appropriate amount of cost of sales, the Group also needs to estimate the total service costs of each project which mainly included direct labour costs. We focused on this area because the computation of percentage of completion and estimation of total service costs for each project require significant management estimation.	We assessed the reasonableness of the methodology that management used in determining the percentage of completion and estimated total service costs based on our knowledge of the Company's business and the industry practice. On a sample basis, our procedures mainly focused on the following: 1. Tested the Group's processes and systems in recording of the services performed and examined the actual costs incurred. 2. Tested the reasonableness of the total services estimated to be performed and estimated total service costs to complete the project by tracing to the contracts signed with respective customers and assessed the reasonableness of the data used in the estimation with reference to historical records of similar projects. 3. For the changes in the total services estimated to be performed and related service costs, we reviewed minutes of management's meetings to understand the reasons of changes subsequent to initial estimations, assessed the reasonableness of the changes and impacts to the percentage of completion estimation by comparing to our knowledge and independent calculation. 4. Checked the mathematical accuracy of the computation of percentage of completion. Based on the above, we found that the judgement and estimates applied by management were supported by the evidence we obtained.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of amounts due from customers on services contracts and trade receivables	
Refer to note 4(b) (critical accounting estimates and assumptions) and note 20 (amounts due from customers on services contracts) and note 21 (trade receivables) to the consolidated financial statements. As at 31 December 2016, the gross amounts due from customers on service contracts and trade receivables recognised by the Group amounted to HK$5,128,000 and HK$42,099,000, respectively. The related provisions for impaired amounts due from customers on services contracts and trade receivables recognised by the Group amounted to HK$106,000 and HK$10,353,000, respectively. Management performed individual credit evaluations on all customers. The evaluations included review of customers' settlement history and their current ability to pay which took into account of information specific to the customers and pertaining to the economic environment in which the customers operated. We focused on this area because the identification of impairment of amounts due from customers on services contracts and trade receivables requires the use of judgement and estimates.	We circularised independent confirmations to debtors on a sample basis to verify the balances as at 31 December 2016 and reconciled the confirmed amounts with those recorded by the Group. We tested the aging reports for amounts due from customers on services contracts and trade receivables prepared by management. We evaluated management's assessment in relation to the recoverability of the amounts due from customers on services contracts and trade receivables. Where impairment was provided, we discussed with management to understand the operations status, financial stability of the counterparties and checked whether adequate provision was made in the proper period. For those customers which have not been identified by management as potentially impaired, we evaluated management's judgment on sample basis through • reviewing the ageing profile of those balances and examining the historical settlement records in respect of those customers; • checking the subsequent settlements made by the debtors to relevant bank records, and if applicable, obtaining the agreed settlement plans with debtors and comparing the actual receipts against the settlement plans up to the report date. Based on the results of our procedures, we found the management's judgement and estimates were supported by the available evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zee, Ho Sum.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2017

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

	Note	**2016** **HK$'000**	2015 HK$'000 (Restated) (Note 2.1)
Continuing operations			
Revenue	5	**156,001**	183,804
Cost of sales	8	**(88,053)**	(89,351)
Gross profit		**67,948**	94,453
Other gains/(losses), net	6	**49**	(250)
Selling and distribution expenses	8	**(12,778)**	(14,975)
Administrative expenses	8	**(48,405)**	(61,476)
Operating profit		**6,814**	17,752
Finance (expenses)/income, net	11	**(826)**	167
Profit before income tax		**5,988**	17,919
Income tax expense	12	**(2,668)**	(4,386)
Profit for the year from continuing operations		**3,320**	13,533
Discontinued operation			
Loss for the year from discontinued operation	32	**(130)**	(403)
Profit for the year attributable to owners of the Company		**3,190**	13,130
Profit/(loss) for the year attributable to owners of the Company arising from:			
Continuing operations		**3,320**	13,533
Discontinued operation		**(130)**	(403)
		3,190	13,130
Other comprehensive income for the year, net of tax			
Item that may be reclassified to profit or loss			
Changes in value on available-for-sale investment		**712**	150
Total comprehensive income for the year attributable to owners of the Company		**3,902**	13,280
Total comprehensive income/(loss) for the year attributable to owners of the Company arising from:			
Continuing operations		**4,032**	13,683
Discontinued operation		**(130)**	(403)
		3,902	13,280

	Note	**2016 HK$'000**	2015 HK$'000 (Restated) (Note 2.1)
Earnings per share for profit attributable to owners of the Company (HK cents)			
– Basic and diluted	13	**0.04**	0.14
Basic and diluted earnings/(loss) per share			
From continuing operations	13	**0.04**	0.15
From discontinued operation	13	**–**	(0.01)
		0.04	0.14

The notes on pages 61 to 112 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	15	**3,546**	5,220
Investment property	16	**–**	6,030
Goodwill	17	**10,628**	–
Available-for-sale investment	19	**8,500**	7,788
Deposits and other receivable	22	**3,757**	1,486
		26,431	20,524
Current assets			
Amounts due from customers on services contracts	20	**5,022**	5,923
Trade receivables	21	**31,746**	48,081
Other receivables, deposits and prepayments	22	**6,955**	7,515
Amount due from a related party	33	**2,160**	–
Income tax recoverable		**905**	–
Cash and cash equivalents	23	**89,404**	57,632
		136,192	119,151
Total assets		**162,623**	139,675
Equity			
Share capital	27	**2,300**	2,300
Reserves		**92,835**	88,933
Total equity		**95,135**	91,233
Non-current liabilities			
Other payable	25	**–**	1,000
Deferred tax liabilities	26	**135**	292
		135	1,292
Current liabilities			
Trade payables	24	**10,242**	16,047
Other payables and accruals	25	**32,612**	29,918
Amount due to major controlling shareholder	33	**731**	–
Loan from major controlling shareholder	33	**23,768**	–
Income tax payable		**–**	1,185
		67,353	47,150
Total liabilities		**67,488**	48,442
Total equity and liabilities		**162,623**	139,675

The notes on pages 61 to 112 are an integral part of these consolidated financial statements.

The financial statements on pages 56 to 112 were approved by the Board of directors on 31 March 2017 and were signed on its behalf.

LI Guangning	**XIE Wei**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital HK$'000	Share premium HK$'000	Special reserve (Note a) HK$'000	Available-for-sale investment reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2015	2,300	39,914	4,451	–	31,288	77,953
Comprehensive income						
Profit for the year	–	–	–	–	13,130	13,130
Other comprehensive income						
Change in value on available-for-sale investment	–	–	–	150	–	150
Total comprehensive income	–	–	–	150	13,130	13,280
At 31 December 2015	2,300	39,914	4,451	150	44,418	91,233
At 1 January 2016	2,300	39,914	4,451	150	44,418	91,233
Comprehensive income						
Profit for the year	–	–	–	–	3,190	3,190
Other comprehensive income						
Change in value on available-for-sale investment	–	–	–	712	–	712
Total comprehensive income	–	–	–	712	3,190	3,902
At 31 December 2016	2,300	39,914	4,451	862	47,608	95,135

Note a:

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 notes on pages 61 to 112 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	Note	2016 HK$'000	2015 HK$'000 (Restated) (Note 2.1)
Cash flows from operating activities			
Cash generated from continuing operations	29	**14,922**	36,917
Income tax paid		**(4,913)**	(1,728)
Net cash generated from operating activities from continuing operations		**10,009**	35,189
Net cash (used in)/generated from operating activities from discontinued operation	32	**(173)**	186
		9,836	35,375
Cash flows from investing activities			
Interest received		**273**	167
Purchase of property, plant and equipment		**(407)**	(1,985)
Purchase of available-for-sale investment		**(1,000)**	(5,638)
Acquisition of a subsidiary, net of cash acquired	31 (b)	**(6,266)**	–
Net proceeds on disposal of subsidiaries		**5,936**	–
Net cash used in investing activities from continuing operations		**(1,464)**	(7,456)
Cash flows from financing activities			
Interest paid		**(368)**	–
Proceeds from borrowings		**101,768**	–
Repayments of borrowings		**(78,000)**	–
Net cash generated from financing activities from continuing operations		**23,400**	–
Increase in cash and cash equivalents		**31,772**	27,919
Cash and cash equivalents at beginning of the year		**57,632**	29,713
Cash and cash equivalents at end of the year	23	**89,404**	57,632

The notes on pages 61 to 112 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION OF THE GROUP

iOne Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business is at Room 3605, 36/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong.

The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in the provision of financial printing services and property investment in Hong Kong. The Directors regard Huajin Investment Company Limited ("Huajin"), a limited liability company incorporated in Independent State of Samoa as the immediate holding company. Huajin is a wholly-owned subsidiary of Hong Kong Huafa Investment Holdings Limited ("Hong Kong Huafa"), a limited liability company incorporated in Hong Kong. The Directors regard Hong Kong Huafa as the major controlling shareholder.

On 30 June 2016, the Group completed the acquisition of the entire equity interest of WAG Worldsec Corporate Finance Limited ("WAG"), a licensed corporation carrying out business in Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) ("SFO") in Hong Kong (Note 31). After the acquisition, the Group has adopted financial advisory services as one of its principal business activities.

These financial statements are presented in Hong Kong dollars (HK$) unless otherwise stated.

These financial statements have been approved for issue by the Board of Directors on 31 March 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Companies ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sales investment and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

On 5 April 2016, the Group completed the disposal of its wholly-owned subsidiary, Wealth Porter Limited ("Wealth Porter") to an independent third party. This disposed company represents the whole segment of property investment and a separate major line of business of the Group. For the presentation of the consolidated financial statements of years ended 31 December 2016 and 2015, this disposed company was regarded as discontinued operation and certain comparative figures have been restated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) Effect of adopting new standard and amendments to existing standards

The following new standard and amendments to existing standards are mandatory to the Group for accounting periods beginning on or after 1 January 2016:

Standards	Subject of amendment
HKFRS 14	Regulatory deferral accounts
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Joint Arrangements: Accounting for acquisitions of interests in joint operation
Amendments to HKAS 1 (Revised)	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKAS 27 (2011)	Equity method in separate financial statements
Annual improvements to HKFRSs	Annual improvements 2012-2014 Cycle

The adoption of these new standard and amendments to existing standards does not have any significant impact on the results and financial position of the Group.

(b) New standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

Standards	Subject of amendment	Effective for annual periods beginning on or after
Amendments to HKAS 7	Disclosure initiative	1 January 2017
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses	1 January 2017
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 9 (note (i))	Financial instruments	1 January 2018
HKFRS 15 (note (ii))	Revenue from contracts with customers	1 January 2018
Amendments to HKFRS 15 (note (ii))	Clarification to HKFRS 15	1 January 2018
HKFRS 16 (note (iii))	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) New standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

(i) HKFRS 9, "Financial instruments"

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income ("FVOCI") and hence there will be no change to the accounting for these assets.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the Group does not involve any hedging, it does not expect a significant impact on the accounting for its heding relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) New standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

(ii) HKFRS 15, "Revenue from contracts with customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- revenue from service – the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

(iii) HKFRS 16, "Leases"

HKFRS 16 will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$46,498,000 (Note 30). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Subsidiaries

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are recognised as their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "Other gains/(losses), net".

Translation difference on non-monetary financial assets, such as equity classified as available-for-sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates; and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is 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 charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Over the unexpired periods of the leases and their expected useful lives of 2 to 5 years, whichever is shorter
Office equipment	2 to 5 years
Furniture and fixtures	2 to 5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.5).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in profit or loss as part of a valuation gain or loss in "other gains/(losses), net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Intangible asset – Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "other receivables and deposits", "amount due from a related party", "amounts due from customers on services contracts" and "cash and cash equivalents" in consolidated statement of financial position.

(ii) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale investments are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Financial assets (Continued)

(b) Recognition and measurement (Continued)

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss.

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Group's right to receive payments is established.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit of loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of financial assets (Continued)

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Services contracts in progress

When the outcome of a service contract can be estimated reliably and it is probable that the service contract will be profitable, service revenue is recognised over the period of the contract by reference to the stage of completion of service contract activity at the end of the reporting period. Service costs are recognised as expenses by reference to the stage of completion of contract activities at the end of the reporting period. When it is probable that total service costs will exceed total service revenue, the expected loss is recognised as an expense immediately.

When the outcome of a service contract cannot be estimated reliably, service revenue is recognised only to the extent of service costs incurred that are likely to be recoverable.

The Group uses the "percentage of completion method" to determine the appropriate amount of revenue and costs to be recognised in a given period. The stage of completion is measured by reference to service performed to date as a percentage of total estimated service costs for the contract.

The Group presents as an asset the gross amounts due from customers on services contracts for all services contracts in progress for which services costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers are included within "Trade receivables".

The Group presents as a liability the gross amounts due to customers on services contracts for all services contracts in progress for which progress billings exceed services costs incurred plus recognised profits (less recognised losses).

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of pledged deposits.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Trade and other payables

Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense, finance charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities is provided on taxable temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Group's activities. Revenue is shown, net of returns, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Revenue from provision of financial printing, advertising and translation services

Revenue from service contract is recognised based on the stage of completion of the contracts as detailed in Note 2.13.

(ii) Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

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

(iv) Services income in relation to financial advisory activities is recognised in the accounting period in which the service is rendered.

2.22 Employee benefits

(a) Pension obligations

The Group operates defined contribution schemes which are available to all employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Employee benefits (Continued)

(b) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders, sales balance and gross profit. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.23 Operating leases (as the lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the consolidated statement of comprehensive income on a straight-line basis over the period of the leases.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.25 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the consolidated statement of profit or loss, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollar ("USD").

As HK$ is pegged to USD, the Group considers that the foreign exchange risk arising from transactions in USD is not significant.

(ii) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets other than bank deposits. Loan from a major controlling shareholder obtained at fixed rate exposes the Group to fair value interest rate risk. During the year ended 31 December 2016, the Group's loan from a major controlling shareholder was denominated in HK$.

Interest rate risk mainly arises from bank deposits at variable interest rate which are subject to cash flow interest rate risk.

As at 31 December 2016, if interest rates on bank deposits had been 50 basis points (2015: 50 basis points) higher/lower with all other variables held constant, profit before income tax for the year would have been approximately HK$446,000 (2015: HK$287,000) higher/lower mainly as a result of higher/lower interest income on variable rate bank deposits.

(iii) Price risk

The Group is exposed to price risk because investment held by the Group is classified on the consolidated statement of financial position as available-for-sale investment. The available-for-sale investment represents 3% equity interest in Johnson Cleaning Service Company Limited ("Johnson Cleaning") which is not traded in an active market.

If the price of the available-for-sale investment had been 10% higher/lower, the available-for-sale investment reserve would increase/decrease by HK$850,000 (2015: HK$779,000).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk mainly arises from bank balances, deposits, trade and other receivables, amounts due from customers on services contracts and amount due from a related party. The carrying amount of these balances in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets.

Majority of the Group's bank balances and deposits are placed in those banks and financial institutions which are independently rated with high credit ratings. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past.

The credit quality of the other debtors is assessed based on the Group's historical experience in collection of deposits and receivables and amounts due from customers on services contracts and the directors are of the opinion that adequate provision for uncollectible receivable has been made.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The Group continues to maintain a healthy net cash position by keeping credit lines available and to maintain flexibility in future funding.

The Group's primary cash requirements are payments for trade and other payables and operating expenses. The Group mainly finances its working capital requirements through internal resources.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash balances and adequate credit facilities to meet its liquidity requirements in the short and long-term.

As at 31 December 2016, all of the Group's financial liabilities were due within 12 months and equal their carrying amounts as the impact of discounting is not significant. All of the financial liabilities equal their carrying amounts as the impact of discounting is not significant.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt includes loan from major controlling shareholder less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management (Continued)

	2016	2015
	HK$'000	HK$'000
Loan from major controlling shareholder (Note 33)	**23,768**	–
Less: cash and cash equivalents (Note 23)	**(89,404)**	(57,632)
Net debt	**(65,636)**	(57,632)
Total equity	**95,135**	91,233
Total capital	**29,499**	33,601

Management considers the Group's capital risk is minimal as the cash and cash equivalents exceeds the loan from a major controlling shareholder as at 31 December 2016 and 2015.

3.3 Fair value estimation

The Group's financial instruments carried at fair value, by valuation method. The difference 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).

As at 31 December 2016, the available-for-sale investments classified as non-current assets of HK$8,500,000 (2015: HK$7,788,000) of the Group were measured at fair value under level 3.

There were no transfer of financial assets in the fair value hierarchy classifications for the years ended 31 December 2016 and 31 December 2015.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements often requires the use of judgement to select specific accounting methods and policies from several acceptable alternatives.

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Revenue and cost of sales recognition

The Group adopts the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a given period as detailed in Note 2.21. This requires the use of judgement and estimates. Stage of completion is measured by reference to services performed to date as a percentage of total services to be performed for each projects. The Group also requires to estimate the service costs of each projects to determine the appropriate amount of cost of sales. Service costs are recognised as expenses by reference to the stage of completion of contract activities at the end of the reporting period. When the outcome of a service contract can be estimated reliably and it is probable that the service contract will be profitable, service income is recognised over the period of the contract by reference to the stage of completion service contract activity at the end of the reporting period.

(b) Impairment of amounts due from customers on services contracts and trade receivables

The Group makes provision for impairment of receivables based on an assessment of the recoverability of the amount due from customers on services contracts and trade receivables. Provisions are applied to amounts due from customers on services contracts and trade receivables where events or changes in circumstances indicate that service contracts cost incurred to service contracts and the billing may not be collectable. The identification of impairment of amounts due from customers on services contracts and trade receivables requires the use of judgement and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying value of amounts due from customers on services contracts and trade receivables and loss for the impairment is recognised in the year in which such estimates have been changed.

(c) Fair value of available-for-sale investment

The Group carries its available-for-sale investment at fair value with changes in the fair value recognised in other comprehensive income. The Group obtains independent valuation at least annually. At the end of each reporting period, the management updates their assessment of the fair value of available-for-sale investment, taking into account the most recent independent valuation.

(d) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Key assumptions used in the value-in-use calculations are disclosed in Note 17.

5 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive Directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group's operating businesses are structured and managed separately according to the nature of the operations. Each of the Group's reportable segments represents a strategic business unit that is subject to risks and returns that are different from other reportable operating segments.

During the year ended 31 December 2016, the Group disposed of its wholly-owned subsidiary, Wealth Porter, which represents the whole segment of property investment. The disposed company is regarded as discontinued operation. Details of which are set out at Note 32 of this report.

After the disposal, the Group is principally engaged in the following:

- Financial printing services and investments holding – provision of financial printing, advertising and translation services and investments holding; and

- Financial advisory services – provision of financial advisory services (a new segment that the Group is engaged in after acquisition of WAG in 2016).

The Executive Directors consider all assets and revenue relating to the operations are primarily located in Hong Kong.

Segment assets mainly exclude available-for-sale investment, cash and cash equivalents, income tax recoverable and other assets that are managed on a central basis.

Segment liabilities mainly exclude loan from major controlling shareholder, income tax payable, deferred tax liabilities, and other liabilities that are managed on a central basis.

None of the Group's customers had individually accounted for over 10% of the Group's revenue for the years ended 31 December 2016 and 2015.

The Executive Directors assess the performance of the operating segments based on their underlying profit, which is measured by profit before income tax, excluding income and expenses that are managed on a central basis.

5 REVENUE AND SEGMENT INFORMATION (Continued)

	Financial printing services and investments holding		Financial advisory services		Total	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000 (Restated) (Note 2.1)
Revenue from external customers	**155,464**	183,804	**537**	–	**156,001**	183,804
Segment results	**15,109**	24,761	**(1,484)**	–	**13,625**	24,761
Unallocated other operating income					**–**	28
Unallocated expenses					**(7,637)**	(6,870)
Income tax expenses					**(2,668)**	(4,386)
Profit for the year from continuing operations					**3,320**	13,533
Segment assets	**51,660**	67,459	**11,195**	–	**62,855**	67,459
Assets of disposal group classified as discontinued operation					**–**	6,032
Unallocated assets					**99,768**	66,184
Total assets					**162,623**	139,675
Segment liabilities	**35,101**	43,470	**174**	–	**35,275**	43,470
Liabilities of disposal group classified as discontinued operation					**–**	58
Unallocated liabilities					**32,213**	4,914
Total liabilities					**67,488**	48,442
Other segment information:						
Additions to non-current assets	**304**	1,985	**103**	–	**407**	1,985
Cost of sales	**(86,396)**	(89,351)	**(1,657)**	–	**(88,053)**	(89,351)
Depreciation (Note 15)	**1,747**	1,735	**326**	–	**2,073**	1,735

6 OTHER GAINS/(LOSSES), NET

	2016 HK$'000	2015 HK$'000 (Restated) (Note 2.1)
Foreign exchange losses, net	**(45)**	(251)
Loss on disposal of subsidiaries (Note 7)	**(1,427)**	–
Others	**1,521**	1
	49	(250)

7 LOSS ON DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2016, the Group disposed of its entire equity interest in Richroad Group Limited at a consideration of HK$3,140,000. Richroad Group Limited is an investment holding company which held two subsidiaries, namely iOne Translation Company Limited and Guangzhou iOne Translation Service Co., Ltd, (廣州穎彰翻譯服務有限公司) which are engaged in financial translation services. As a result of the disposal, a loss of approximately HK$1,427,000 has been recognised in the consolidated statement of comprehensive income. The effect of the disposal is summarised as follows:

	2016 HK$'000
Property, plant and equipment	**333**
Other receivables	**3,306**
Cash and cash equivalents	**2,774**
Other payables and accruals	**(2,232)**
Deferred tax liabilities	**(2)**
Net assets disposed	**4,179**
Expenses attributable to the disposal	**388**
Net loss on disposal	**(1,427)**
Consideration received	**3,140**
Cash and cash equivalents disposed	**(2,774)**
Expenses attributable to the disposal	**(388)**
Net cash outflow on disposal of subsidiaries	**(22)**

8 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	2016	2015
	HK$'000	HK$'000 (Restated) (Note 2.1)
Services costs	**40,209**	41,414
Employee benefit expenses, including directors' emoluments (Note 9)	**70,614**	74,287
Operating lease rentals for rented office premises and equipment	**15,740**	14,285
Depreciation of property, plant and equipment (Note 15)	**2,073**	1,735
Auditor's remuneration		
– Audit services	**1,230**	1,153
– Non-audit services	**24**	80
Provision for impairment of trade receivables, net	**2,191**	15,829
Others	**17,155**	17,019
Total cost of sales, selling and distribution expenses and administrative expenses	**149,236**	165,802

9 EMPLOYEE BENEFIT EXPENSES

	2016	2015
	HK$'000	HK$'000
Salaries, commissions, bonuses and other allowances	**68,865**	72,608
Pension costs – defined contribution plan	**1,749**	1,679
	70,614	74,287

10 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The emoluments of every director and the chief executive of the Company during the years ended 31 December 2016 and 2015 which were included in the employee benefit expenses as disclosed in Note 9 are as follows:

For the year ended 31 December 2016:

Name	Fees	Salary	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors							
Li Guangning	**120**	–	–	–	–	–	**120**
Xie Wei	**120**	–	–	–	–	–	**120**
Zhong Ming	**120**	–	–	–	–	–	**120**
Non-executive director							
Zhang Kuihong (Note c)	–	–	–	–	–	–	–
Independent non-executive directors							
Chen Jieping	**100**	–	–	–	–	–	**100**
Sun Mingchun	**100**	–	–	–	–	–	**100**
Tse Yung Hoi	**100**	–	–	–	–	–	**100**
Total	**660**	–	–	–	–	–	**660**

10 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

For the year ended 31 December 2015:

Name	Fees	Salary	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors							
Li Guangning	960	–	–	–	–	–	960
Xie Wei	960	–	–	–	–	–	960
Zhong Ming	600	–	–	–	–	–	600
Lau Wai Shu (Note a and b)	325	7,200	3,786	–	26	–	11,337
Non-executive director							
Zhang Kuihong (Note c)	–	–	–	–	–	–	–
Independent non-executive directors							
Chen Jieping	100	–	–	–	–	–	100
Sun Mingchun	100	–	–	–	–	–	100
Tse Yung Hoi	100	–	–	–	–	–	100
Total	3,145	7,200	3,786	–	26	–	14,157

Note a: Lau Wai Shu resigned on 1 June 2015 and remained as an employee of the Group throughout 2015. The figures presented above represented the emoluments to this person throughout 2015.

Note b: Lau Wai Shu entered services agreements with one of the subsidiaries of the Group and entitled to a fixed monthly compensation, provisional bonus of 10% on net profit of that subsidiary, and an one-off bonus to Mr. Lau only, for the periods from 1 January 2014 to 31 December 2016.

Note c: The non-executive director was appointed on 9 December 2015.

10 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertakings HK$'000	Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertakings HK$'000	Total HK$'000
For the year ended 31 December 2016	**660**	**–**	**660**
For the year ended 31 December 2015	3,145	11,012	14,157

During the year, Mr. Li Guangming, Mr. Xie Wei and Ms. Zhong Ming waived emoluments of HK$840,000, HK$840,000 and HK$480,000 respectively (2015: HK$nil).

(b) Five highest-paid employees

Out of the five employees with the highest emoluments in the Group, none of them (2015: one) was director of the Company whose emolument is included in note 10 (a) above. The emoluments of the (2015: remaining four) individuals were as follows:

	2016 HK$'000	2015 HK$'000
Salaries, commissions and other allowances	**25,250**	14,866
Retirement benefits scheme contributions	**89**	72
	25,339	14,938

The emoluments fell within the following bands:

	No. of employees **2016**	2015
HK$1,500,001 – HK$2,000,000	**–**	1
HK$2,000,001 – HK$3,000,000	**2**	1
HK$3,000,001 – HK$3,500,000	**1**	1
HK$7,500,001 – HK$8,000,000	**2**	1

10 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(c) Directors' retirement benefits

None of the directors received or will receive any retirement benefits from a defined benefit pension plan during the year (2015: Nil).

(d) Directors' retirement benefit

None of the directors received any retirement benefits during the year (2015: Nil).

(e) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2015: Nil).

(f) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2016, the Company did not pay consideration to any third parties for making available directors' services (2015: Nil).

(g) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2016, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2015: Nil).

(h) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company 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 (2015: Nil).

11 FINANCE (EXPENSES)/INCOME, NET

	2016 HK$'000	2015 HK$'000
Interest expense:		
– Bank borrowings	**(217)**	–
– Major controlling shareholder's loan	**(881)**	–
– Bank overdraft	**(1)**	–
	(1,099)	–
Interest income:		
– Bank deposits	**273**	167
Finance (expenses)/income, net	**(826)**	167

12 INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profit during the year.

The Group's subsidiary established in the People's Republic of China ("PRC") is subject to a corporate income tax rate of 25% (2015: 25%).

Pursuant to relevant corporate income tax rules and regulations, withholding tax is imposed on dividends declared in respect of profits earned by the Group's PRC subsidiary from 1 January 2008 onwards.

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

	2016 **HK$'000**	2015 HK$'000 (Restated) (Note 2.1)
Current tax	**2,823**	4,412
Deferred tax (Note 26)	**(155)**	(26)
Income tax expense	**2,668**	4,386

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to results of the consolidated companies as follows:

	2016 **HK$'000**	2015 HK$'000 (Restated) (Note 2.1)
Profit before income tax expense	**5,988**	17,919
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	**980**	2,840
Income not subject to tax	**(45)**	(27)
Expenses not deductible for tax purpose	**1,455**	1,334
Tax loss which no deferred tax assets were recognised	**447**	288
Others	**(169)**	(49)
Income tax expense	**2,668**	4,386

13 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year arising from continuing operations and loss for the year arising from discontinued operation attributable to owners of the Company of approximately HK$3,320,000 and HK$130,000 respectively (2015: profit of HK$13,533,000 and loss of HK$403,000 respectively) and the weighted average number of ordinary shares in issue during the year of 9,200,000,000 (2015: 9,200,000,000).

	2016 **HK$'000**	2015 HK$'000 (Restated) (Note 2.1)
Earnings		
Profit attributable to owners of the Company arising from continuing operations	**3,320**	13,533
Loss attributable to owners of the Company arising from discontinued operation	**(130)**	(403)
Total	**3,190**	13,130
Shares		
Weighted average number of ordinary shares in issue	**9,200,000,000**	9,200,000,000

	2016	2015
Basic and diluted earnings/(loss) per share (HK cents)		
From continuing operations	**0.04**	0.15
From discontinued operation	**–**	(0.01)
Total	**0.04**	0.14

Diluted earnings per share from continuing operations equals to basic earnings per share from continuing operations, and diluted earnings per share from discontinued operation equals to basic earnings per share from discontinued operation as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2016 and 2015, respectively.

14 DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 December 2016 and 2015.

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2015					
Cost	5,842	8,502	4,922	785	20,051
Accumulated depreciation	(5,515)	(7,020)	(2,514)	(26)	(15,075)
Net book amount	327	1,482	2,408	759	4,976
Year ended 31 December 2015					
Opening net book amount	327	1,482	2,408	759	4,976
Additions	24	382	282	1,297	1,985
Disposals	–	(6)	–	–	(6)
Depreciation (Note 8)	(150)	(573)	(742)	(270)	(1,735)
Closing net book amount	201	1,285	1,948	1,786	5,220
At 31 December 2015					
Cost	5,866	8,770	5,204	2,082	21,922
Accumulated depreciation	(5,665)	(7,485)	(3,256)	(296)	(16,702)
Net book amount	201	1,285	1,948	1,786	5,220
Year ended 31 December 2016					
Opening net book amount	201	1,285	1,948	1,786	5,220
Additions	23	307	77	–	407
Acquisition of a subsidiary (Note 31)	318	–	7	–	325
Disposal of subsidiaries (Note 7)	(98)	(232)	(3)	–	(333)
Depreciation (Note 8)	(407)	(485)	(765)	(416)	(2,073)
Closing net book amount	37	875	1,264	1,370	3,546
At 31 December 2016					
Cost	5,453	8,510	5,215	2,082	21,260
Accumulated depreciation	(5,416)	(7,635)	(3,951)	(712)	(17,714)
Net book amount	37	875	1,264	1,370	3,546

Depreciation expenses of approximately HK$1,328,000 (2015: HK$1,702,000) and HK$745,000 (2015: HK$33,000) has been charged to cost of sales and administrative expenses, respectively.

16 INVESTMENT PROPERTY

	2016	2015
	HK$'000	HK$'000
At fair value		
Beginning of the year	**6,030**	6,600
Fair value losses	**–**	(570)
Disposal	**(6,030)**	–
End of the year	**–**	6,030

The Group disposed of Wealth Porter during the year which held the Group's investment property (Note 32).

As at 31 December 2015, the investment property is held on finance lease of over 50 years in Hong Kong.

An independent valuation of the Group's investment property was performed by AVISTA Valuation Advisory Limited (the "Valuer"), to determine the fair value of the investment property as at 31 December 2015.

The following table analyses the investment property carried at fair value, by valuation method.

	Fair value measurements using		
Description	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	HK$'000	HK$'000	HK$'000
As at 31 December 2015			
Recurring fair value measurements			
Investment property:			
– Commercial building located in Hong Kong	–	–	**6,030**

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the year ended 31 December 2015.

Valuation processes

The Group's investment property was valued at 31 December 2015 by independent professionally qualified valuer who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued.

The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the head of finance department. Discussions of valuation processes and results are held between the head of finance department and the Valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 December 2015, the fair value of the property has been determined by the Valuer.

16 INVESTMENT PROPERTY (Continued)

Valuation processes (Continued)

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Valuation techniques

Fair value is defined as "is 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."

Fair values of the commercial properties in Hong Kong are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and the Valuer's interpretation of prevailing investor requirements or expectations. There are two significant unobservable inputs adopted by the Valuer, which are (1) prevailing market rents and (2) capitalisation rates.

2015

Description	Valuation Technique	Unobservable inputs	Range of unobservable input	Relationship of unobservable inputs to fair value
Commercial property located in Hong Kong	Income capitalisation method	Prevailing market rents	HK$39 to HK$49 per square foot	The higher the rents, the higher the fair vale
		Capitalisation rate	3% to 4%	The lower the rates, the higher the fair value

(1) Prevailing market rents

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

(2) Capitalisation rates

Capitalisation rates are estimated by independent valuers based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

There was no change to the valuation technique during the year ended 31 December 2015.

The Group reviews the valuation performed by independent valuer for financial reporting purposes. Discussion of valuation processes and results are held between management and independent qualified valuer twice a year for financial reporting purpose.

17 GOODWILL

	2016 HK$'000	2015 HK$'000
Acquisition of a subsidiary (Note 31)	**10,628**	–

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to operating segments.

An operating segment level summary of the goodwill allocation is presented below:

	2016 HK$'000	2015 HK$'000
Financial advisory services	**10,628**	–

The recoverable amount of a CGU is determined based on a value-in-use calculation. The calculation uses pre-tax cash flow projection based on five-year financial budget approved by management using the estimated growth rate of 5%. Cash flows beyond the five-year period are extrapolated assuming a terminal growth rate of 3% and no material change in the existing scope of business, business environment and market conditions. The discount rate applied to the cash flow projections is 15% and management believes it reflects specific risks relating to the segment. Management believes that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

18 PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries as at 31 December 2016 are as follows:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid up capital	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares directly held by the Group (%)
Miracle View Group Ltd	British Virgin Islands ("BVI"), limited liability company	Investment holding in Hong Kong	US$3,158,077	100%	100%
iOne High-tech Investment Holding Company Limited	Cayman Islands, limited liability company	Investment holding in Hong Kong	US$1	100%	100%
Rising Win Ltd	BVI, limited liability company	Investment holding in Hong Kong	US$1	–	100%
Rich Partners Holdings Limited	BVI, limited liability company	Investment holding in Hong Kong	US$100	–	100%
iOne Financial Press Limited	Hong Kong, limited liability company	Provision of financial printing services in Hong Kong	HK$10,000,000	–	100%

18 PRINCIPAL SUBSIDIARIES (Continued)

Details of the principal subsidiaries as at 31 December 2016 are as follows: (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid up capital	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares directly held by the Group (%)
iOne (Regional) Financial Press Limited	Hong Kong, limited liability company	Inactive	HK$1	–	100%
RFP Holdings Limited	Hong Kong, limited liability company	Dormant	HK$1	–	100%
RFP Financial Press Limited	Hong Kong, limited liability company	Dormant	HK$1	–	100%
Rosy Season Limited	BVI, limited liability company	Investment holding in Hong Kong	US$1	–	100%
iOne (International) Financial Press Limited	Hong Kong, limited liability company	Dormant	HK$1	–	100%
iOne Hong Kong Limited	Hong Kong, limited liability company	Dormant	HK$1	–	100%
Value Point Global Limited	BVI, limited liability company	Investment holding in Hong Kong	US$1	–	100%
Access Business Center Limited	Hong Kong, limited liability company	Dormant	HK$1	–	100%
Rapid Swift Limited	BVI, limited liability company	Investment holding in Hong Kong	US$1	–	100%
Remedy Global Limited	BVI, limited liability company	Dormant	US$1	–	100%
Huafa High-Tech Investment Holding Co., Inc.	United states of America ("USA"), limited liability company	Investment holding in the USA	US$50,000	–	100%
Ten Communications Limited (Note a)	Hong Kong, limited liability company	Dormant	HK$1	–	100%
WAG Worldsec Corporate Finance Limited (Note b)	Hong Kong, limited liability company	Provision of financial advisory service in Hong Kong	HK$17,000,000	100%	100%

Note a: The subsidiary was incorporated on 14 November 2016.

Note b: The subsidiary was acquired on 30 June 2016.

19 AVAILABLE-FOR-SALE INVESTMENT

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

	2016 **HK$'000**	2015 HK$'000
At 1 January	**7,788**	–
Addition (Note)	**–**	7,638
Fair value adjustment recognised in other comprehensive income	**712**	150
At 31 December	**8,500**	7,788

Note:

For the year ended 31 December 2015, the Group acquired 3% equity interest in Johnson Cleaning at a consideration of HK$7,638,000. Up to 31 December 2016, the Group has settled major portion of consideration amounting to HK$6,638,000 according to the contract term. The remaining consideration amounting to HK$1,000,000 will be payable within seven business days after the relevant audited financial statements of Johnson Cleaning for the financial year ended 31 March 2017 have been issued.

The Group accounted for this equity investment as available-for-sale investment and measured it at fair value.

Available-for-sale investment includes the following:

	2016 **HK$'000**	2015 HK$'000
Unlisted equity investment – in Hong Kong	**8,500**	7,788

Available-for-sale investment is denominated in HK$.

Valuation of available-for-sale investment

The fair value of the unlisted equity investment that is not traded in an active market is determined by an independent qualified valuer, APAC Asset Valuation and Consulting Limited.

The valuation of available-for-sale investment determined using discounted cash flow projections and are within level 3 of fair value hierarchy. The most significant unobservable input is the rate of return on the investment. The lower the rate of return, the higher the fair value of the available-for-sale investment.

20 AMOUNTS DUE FROM CUSTOMERS ON SERVICES CONTRACTS

	2016 HK$'000	2015 HK$'000
Contract costs incurred plus attributable profits less foreseeable losses to date	**5,128**	6,448
Progress billings to date	**–**	–
	5,128	6,448
Less: provision for impairment of amounts due from services contracts	**(106)**	(525)
	5,022	5,923
Included in current assets are the following:		
Due from customers on services contracts	**5,022**	5,923

Movements on the Group's provision for impairment of amounts due from customers on services contracts were as follows:

	2016 HK$'000	2015 HK$'000
At 1 January	**525**	230
Written-off	**(525)**	(230)
Provision for impairment of amounts due from services contracts	**106**	525
At 31 December	**106**	525

21 TRADE RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables	**42,099**	65,117
Less: provision for impairment of receivables	**(10,353)**	(17,036)
Trade receivables, net	**31,746**	48,081

The Group's sales are mainly made on credit terms of 90 days.

21 TRADE RECEIVABLES (Continued)

As at 31 December 2016, the ageing analysis of trade receivables based on invoice date was as follows:

	2016 HK$'000	2015 HK$'000
0-90 days	**21,712**	43,014
91-180 days	**6,799**	13,457
181-270 days	**5,177**	5,274
271-365 days	**57**	408
Over 365 days	**8,354**	2,964
	42,099	65,117
Less: provision for impairment of receivables	**(10,353)**	(17,036)
Trade receivables, net	**31,746**	48,081

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

	2016 HK$'000	2015 HK$'000
Neither past due nor impaired	**11,589**	30,431
1-90 days past due	**13,979**	15,000
91-180 days past due	**3,041**	15,217
181-270 days past due	**5,125**	1,445
271-365 days past due	**11**	198
Over 365 days past due	**8,354**	2,826
	42,099	65,117
Less: provision for impairment of receivables	**(10,353)**	(17,036)
Trade receivables, net	**31,746**	48,081

As of 31 December 2016, trade receivables of HK$20,157,000 (2015: HK$17,650,000) were past due but not impaired. 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.

21 TRADE RECEIVABLES (Continued)

As at 31 December 2016, trade receivables of HK$10,353,000 (2015: HK$17,036,000) were impaired. The amount of the provision was HK$10,353,000 as of 31 December 2016 (2015: HK$17,036,000). The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

	2016 HK$'000	2015 HK$'000
1-90 days past due	**–**	5,072
91-180 days past due	**–**	9,607
181-365 days past due	**2,913**	110
Over 365 days past due	**7,440**	2,247
	10,353	17,036

Movements on the Group's provision for impairment of trade receivables were as follows:

	2016 HK$'000	2015 HK$'000
At 1 January	**17,036**	1,207
Receivables written off	**(8,874)**	–
Provision for impairment of receivables	**3,208**	15,829
Receivables written back	**(1,017)**	–
At 31 December	**10,353**	17,036

The maximum exposure to credit risk as at the end of reporting period is the carrying values of the trade receivables. The Group did not hold any collateral as security.

As at 31 December 2016 and 2015, the carrying amounts of trade receivables approximated their fair values.

Trade receivables were denominated in the following currencies:

	2016 HK$'000	2015 HK$'000
HK dollar	**31,194**	47,526
US dollar	**552**	555
	31,746	48,081

22 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 HK$'000	2015 HK$'000
Other receivables, deposits and prepayments	**10,712**	9,001
Less: non-current portion	**(3,757)**	(1,486)
	6,955	7,515

The balance mainly represents rental deposits and other miscellaneous prepayments.

As at 31 December 2016 and 2015, the carrying amounts of other receivables, deposits and prepayments approximated their fair values and were denominated in HK$.

23 CASH AND CASH EQUIVALENTS

	2016 HK$'000	2015 HK$'000
Cash at bank and on hand	**89,404**	57,632

Cash and cash equivalents were denominated in the following currencies:

	2016 HK$'000	2015 HK$'000
HK dollar	**81,488**	48,425
RMB	**101**	297
US dollar	**7,815**	8,910
	89,404	57,632

The bank balances are deposited with creditworthy banks with no recent history of default.

24 TRADE PAYABLES

	2016	2015
	HK$'000	HK$'000
Trade payables	**10,242**	16,047

The average credit period from the Group's trade creditors is 30 to 60 days (2015: 30 to 60 days). The ageing analysis of trade payable based on the invoice date was as follows:

	2016	2015
	HK$'000	HK$'000
0-90 days	**8,382**	15,272
91-180 days	**1,099**	159
181-365 days	**–**	7
Over 365 days	**761**	609
	10,242	16,047

The carrying amounts of trade payables were mainly denominated in HK$ and approximated their fair values due to that short term maturities.

25 OTHER PAYABLES AND ACCRUALS

	2016	2015
	HK$'000	HK$'000
Consideration payable for acquisition of available-for-sale investment (Note 19)	**1,000**	2,000
Consideration payable for acquisition of a subsidiary (Note 31)	**4,653**	–
Other payables and accruals (Note)	**19,883**	21,890
Deposit received from customers	**7,076**	7,028
	32,612	30,918
Less: non-current portion of consideration payable	**–**	(1,000)
	32,612	29,918

Note: The balance mainly represents provision of bonus and commission.

The carrying amounts of other payables and accruals were mainly denominated in HK$ and approximated their fair values due to that short term maturities.

26 DEFERRED TAX

The analysis of deferred tax liabilities is as follows:

	2016 **HK$'000**	2015 HK$'000
Deferred income tax liabilities to be settled after more than 12 months	**76**	173
Deferred income tax liabilities to be settled within 12 months	**59**	119
	135	292

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

	Accelerated tax depreciation HK$'000
At 1 January 2015	**318**
Credit to profit or loss (Note 12)	**(26)**
At 31 December 2015 and 1 January 2016	**292**
Credit to profit or loss (Note 12)	**(155)**
Disposal of subsidiaries (Note 7)	**(2)**
At 31 December 2016	**135**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$3,465,000 (2015: HK$1,136,000) in respect of losses amounting to HK$21,000,000 (2015: HK$6,046,000) that can be carried forward against future taxable income.

27 SHARE CAPITAL

	2016	2015
	HK$'000	HK$'000
Authorised:		
12,000,000,000 (2015: 12,000,000,000) ordinary shares of HK$0.00025 each (2015: HK$0.00025 each)	**3,000**	3,000
Issued and fully paid:		
9,200,000,000 (2015: 9,200,000,000) ordinary shares of HK$0.00025 each (2015: HK$0.00025 each)	**2,300**	2,300

28 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 (i.e. 23,000,000 shares, representing approximately 0.25% of the issued share capital of the Company as the date of this report) 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 2016.

The Board shall be entitled at anytime within 10 years commencing on 25 June 2008 to make a grant of an option to any qualifying participants.

29 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before income tax to cash generated from continuing operations

	2016 HK$'000	2015 HK$'000 (Restated) (Note 2.1)
Cash flows from operating activities from continuing operations		
Profit before income tax	**5,988**	17,919
Adjustments for:		
Interest expense	**1,099**	–
Interest income	**(273)**	(167)
Depreciation of property, plant and equipment	**2,073**	1,735
Loss on disposals of property, plant and equipment	**–**	6
Loss on disposal of subsidiaries	**1,427**	–
Operating profit before working capital changes	**10,314**	19,493
Decrease in amounts due from customers on services contracts	**901**	603
Decrease in trade receivables	**16,435**	11,260
(Increase)/decrease in other receivables, deposits and prepayments	**(4,936)**	1,243
Increase in amount due from a related company	**(2,160)**	–
(Decrease)/increase in trade payables	**(6,022)**	1,474
Increase in other payables and accruals	**390**	2,844
Cash generated from continuing operations	**14,922**	36,917

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:

	2016 HK$'000	2015 HK$'000
Not later than one year	**16,230**	15,549
Later than one year and not later than five years	**30,268**	1,832
	46,498	17,381

31 BUSINESS COMBINATION

On 30 June 2016, the Company acquired 100% equity interest in WAG at a consideration of HK$14,653,000. Upon completion of the transaction, WAG becomes a wholly-owned subsidiary of the Company. WAG is a licensed corporation carrying on business in Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. The Group believes the acquisition will provide a strong foothold for the Group to extend its business presence in the financial service industry in Hong Kong and strengthen the Group's asset base, which will enable the Group to diversify and broaden its source of income. The goodwill of HK$10,628,000 arises from a number of factors. Among these factors, the most significant one is the premium attributable to a pre-existing, well positioned business operation in a competitive market. Other important factor includes expected synergies through the licenses acquired. None of the goodwill recognised is expected to be deductible for income tax purposes.

(a) Details of net assets acquired and goodwill recognised in the business combination are as follows:

	2016 HK$'000
Total purchase consideration	**14,653**
Less: recongnised amounts of identifiable assets acquired and liabilities assumed at fair value	
Property, plant and equipment	**325**
Trade receivables	**100**
Other receivable, deposits and prepayments	**83**
Cash and cash equivalents	**3,734**
Other payables and accruals	**(217)**
Net assets acquired	**4,025**
Goodwill recognised in the business combination	**10,628**

(b) Analysis of net outflow of cash and cash equivalents in respect of the acquisition

	2016 HK$'000
Cash flow in relation to the acquisition, net of cash acquired	
– cash consideration (Note)	**10,000**
– cash and cash equivalents in subsidiary acquired	**(3,734)**
Cash outflow on acquisition	**6,266**

Note: The total consideration is HK$14,653,000, of which HK$10,000,000 has already been paid in cash for the year ended 31 December 2016. The balance of HK$4,653,000 has also been paid in cash on 8 March 2017.

(c) Acquired receivables

The fair value of trade receivable, other receivables, deposits and prepayments acquired were approximately HK$183,000. The trade and other receivables approximate their fair value. The gross contractual amount for trade receivables due in aggregate was HK$100,000, of which no balance was expected to be uncollectible.

31 BUSINESS COMBINATION (Continued)

(d) Acquisition-related costs

Acquisition-related costs of HK$1,044,000 have been charged to administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2016.

(e) Revenue and profit contribution

Had the completion of acquisition been taken place on 1 January 2016, the consolidated revenue from continuing operations and consolidated profit for the year from continuing operations would have been HK$156,602,000 and HK$1,496,000, respectively.

32 DISCONTINUED OPERATION

On 10 March 2016, Rapid Swift Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to sell its entire equity interest in its wholly-owned subsidiary, Wealth Porter, at a total consideration of approximately HK$6,330,000. Upon completion of the disposal on 5 April 2016, the Group recorded a loss of approximately HK$12,000.

	2016 **HK$'000**	2015 HK$'000
Loss after tax from discontinued operation (Note (a))	**(118)**	(403)
Loss on disposal (Note (b))	**(12)**	–
Loss from discontinued operation attributable to owners of the Company	**(130)**	(403)

(a) Analysis of the results of the discontinued operation are presented below:

	2016 **HK$'000**	2015 HK$'000
Revenue	**–**	215
Cost of sales	**–**	–
Gross profit	**–**	215
Other gains/(losses), net	**1**	(550)
Administrative expenses	**(119)**	(35)
Loss before income tax	**(118)**	(370)
Income tax expense	**–**	(33)
Loss for the year	**(118)**	(403)

32 DISCONTINUED OPERATION (Continued)

(b) Analysis of loss on disposal is as follows:

	2016 HK$'000
Cash consideration received	**6,330**
Net assets disposal of:	
Investment properties	**(6,030)**
Cash and cash equivalents	**(242)**
Other payables	**1**
Tax payable	**59**
Transaction cost	**(130)**
Loss on disposal	**(12)**

(c) Analysis of net cash inflow arising from the disposal:

	2016 HK$'000
Consideration received	**6,330**
Cash and cash equivalents disposal of	**(242)**
Expenses attributable to the disposal settled in cash	**(130)**
Net proceeds on disposal of subsidiaries	**5,958**

(d) Analysis of cash flows are detailed as follows:

	2016 HK$'000	2015 HK$'000
Operating cash flows	**(173)**	186
Investing cash flows	**–**	–
Financing cash flows	**–**	–
Total cash flows	**(173)**	186

The consolidated statement of comprehensive income and consolidated statement of cash flows distinguish the discontinued operation from continuing operation. Comparative figures have been restated.

33 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions which, in the opinion of the directors, are entered into in the ordinary course of business between the Company and its related parties in addition to the related party information shown elsewhere in these financial statements.

(a) Significant related party transactions

	2016 HK$'000	2015 HK$'000
Interest expense paid to a major controlling shareholder		
– Hong Kong Huafa	**881**	–

(b) Year end balances

In addition to those disclosed elsewhere, particulars of the amount due from/(to) a related party and major controlling shareholder and loan from major controlling shareholder are as follows:

	2016 HK$'000	2015 HK$'000
Amount due from a related party (Note i)		
– Success Wealth Enterprises Limited, a subsidiary of Hong Kong Huafa	**2,160**	–
Amount due to major controlling shareholder (Note i)		
– Hong Kong Huafa	**(731)**	–
Loan from major controlling shareholder (Note ii)		
– Hong Kong Huafa	**(23,768)**	–

Notes:

(i) Amount due from/(to) a related party and major controlling shareholder were unsecured, interest-free and repayable on demand. The carrying amounts of amount due from/(to) a related party and major controlling shareholder approximated their fair values and were denominated in HK$.

(ii) Loan from major controlling shareholder was unsecured with interest bearing at the rate of 5% per annum and repayable on demand. The carrying amount of the loan from major controlling shareholder approximated its fair value and was denominated in HK$.

33 RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel

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

	2016 **HK$'000**	2015 HK$'000
Short-term benefits	**18,648**	22,370
Post-employment benefits	**54**	62
	18,702	22,432

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

34 ULTIMATE HOLDING COMPANY

Zhuhai Huafa Group Company Limited ("Zhuhai Huafa"), a stated-owned enterprise wholly-owned by State-Owned Assets Supervision and Administration Commission of Zhuhai Municipality, the PRC, is considered as the ultimate holding company.

35 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company as at 31 December 2016 and 31 December 2015

	2016 HK$'000	2015 HK$'000
Non-current assets		
Property, plant and equipment	–	5
Investments in subsidiaries	112,189	94,535
Available-for-sale investment	8,500	7,788
	120,689	102,328
Current assets		
Other receivables, deposits and prepayments	1,182	758
Amount due from a related party	2,160	–
Income tax recoverable	–	347
Cash and cash equivalents	1,442	354
	4,784	1,459
Total assets	125,473	103,787
EQUITY		
Share capital	2,300	2,300
Reserves	91,092	98,004
Total equity	93,392	100,304
Non-current liability		
Other payable	–	1,000
Current liabilities		
Other payables and accruals	7,578	2,436
Amount due to major controlling shareholder	731	–
Loan from major controlling shareholder	23,768	–
Amounts due to a subsidiary	4	47
	32,081	2,483
Total liabilities	32,081	3,483
Total equity and liabilities	125,473	103,787

The statement of financial position of the Company were approved by the Board of directors on 31 March 2017 and were signed on its behalf.

LI Guangning	**XIE Wei**
Director	*Director*

35 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY
(Continued)

(b) Reserves movement of the Company

	Share premium	Contributed surplus (Note a)	Available-for-sale investment reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2015	39,756	65,305	–	–	105,061
Loss for the year	–	–	–	(7,207)	(7,207)
Other comprehensive income	–	–	150	–	150
Total comprehensive income/(loss)	–	–	150	(7,207)	(7,057)
At 31 December 2015 and 1 January 2016	39,756	65,305	150	(7,207)	98,004
Loss for the year	–	–	–	(7,624)	(7,624)
Other comprehensive income	–	–	712	–	712
Total comprehensive income/(loss)	–	–	712	(7,624)	(6,912)
At 31 December 2016	39,756	65,305	862	(14,831)	91,092

Note a:

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.

36 EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

On 29 March 2017, the Company has entered into a sale and purchase agreement with a vendor, namely 珠海金融投資控股集團有限公司 (Zhuhai Financial Investment Holdings Group Co., Ltd.*) ("Zhuhai Financial Investment"), a subsidiary of Zhuhai Huafa, to acquire the entire equity interest of a subsidiary of Zhuhai Financial Investment, namely Huajin Financial (International) Holdings Limited, which is engaged in securities underwriting and consultancy, securities and futures brokerage and equity research business, at a consideration of HK$76,467,600. The acquisition is still subject to approval of independent shareholders and Securities and Futures Commission of Hong Kong and has not been completed as at the date of this consolidated financial statements.

* *For identification purpose only*

iOne Holdings Limited

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