

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of the Offer, this Composite Document, the accompanying Form of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your securities in iOne Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer.

**Huajin Investment Company Limited**

*(incorporated in Samoa with limited liability)*

**iOne Holdings Limited**

**卓智控股有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 982)**

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO A  
UNCONDITIONAL MANDATORY CASH OFFER BY**



**HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED**

**FOR AND ON BEHALF OF  
HUAJIN INVESTMENT COMPANY LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
IONE HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY  
HUAJIN INVESTMENT COMPANY LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

*Financial Adviser to Huajin Investment Company Limited*



**Haitong International Capital Limited**

*Independent Financial Adviser to the Independent Board Committee of iOne Holdings Limited*



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Haitong International Securities containing, amongst other things, the details of the terms of the Offer is set out on pages 7 to 17 of this Composite Document.

A letter from the Board is set out on pages 18 to 23 of this Composite Document.

A letter from the Independent Board Committee containing its recommendations to the Offer Shareholders is set out on pages 24 to 25 of this Composite Document. A letter from Optima Capital containing its opinion on the Offer and its advice to the Independent Board Committee is set out on pages 26 to 42 of this Composite Document.

The procedures for acceptance of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Acceptances of the Offer should be received by no later than 4:00 p.m. on Monday, 21 July 2014, or such other time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Shareholders outside Hong Kong" in the "Letter from Haitong International Securities" of this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself/herself/itself as to the full observance of all applicable legal and regulatory requirements of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with all necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction. Overseas Shareholders consult their professional advisers if in doubt.

The Composite Document will remain on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at [www.ioneholdings.com](http://www.ioneholdings.com) as long as the Offer remains open.

# CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE .....	ii
DEFINITIONS .....	1
LETTER FROM HAITONG INTERNATIONAL SECURITIES .....	7
LETTER FROM THE BOARD .....	18
LETTER FROM THE INDEPENDENT BOARD COMMITTEE .....	24
LETTER FROM OPTIMA CAPITAL .....	26
APPENDIX I - FURTHER TERMS OF ACCEPTANCE OF THE OFFER ..	I-1
APPENDIX II - FINANCIAL INFORMATION OF THE GROUP .....	II-1
APPENDIX III - GENERAL INFORMATION IN RELATION TO THE OFFEROR .....	III-1
APPENDIX IV - GENERAL INFORMATION IN RELATION TO IONE ...	IV-1
<b>Accompanying document:</b>	
<b>FORM OF ACCEPTANCE</b>	

## EXPECTED TIMETABLE

The expected timetable is indicative only and is subject to change. Further announcement(s) will be made by the Offeror and the Company if there is any change to the following expected timetable.

Despatch date of this Composite Document  
and the commencement of the Offer (*Note 1*) . . . . . Monday, 30 June 2014

Latest time and date for acceptance of  
the Offer (*Notes 2 and 4*) . . . . . 4:00 p.m. on Monday, 21 July 2014

Closing date (*Note 1*) . . . . . Monday, 21 July 2014

Announcement of the results of the Offer  
to be published on the website  
of the Stock Exchange (*Note 2*) . . . . . no later than  
7:00 p.m. on Monday, 21 July 2014

Latest date for despatch of remittances for the amounts  
due under the Offer in respect of valid acceptances  
received under the Offer (*Notes 3 and 4*) . . . . . Wednesday, 30 July 2014

*Notes:*

1. The Offer, which is unconditional in all respects, is made on Monday, 30 June 2014, namely the date of despatch of this Composite Document, and is capable of acceptance on and from that date until the Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn unless under the circumstances set out in Rule 19.2 of the Takeovers Code.
2. In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Monday, 21 July 2014. An announcement will be issued on the website of the Stock Exchange by 7:00 p.m. on Monday, 21 July 2014 stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Offer Shareholders who have not accepted the Offer.
3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in the case for tendered Shares) payable for the Shares tendered under the Offer will be made to the Offer Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within 7 Business Days following the receipt of duly completed acceptances together with all the valid requisite documents by the Registrar from the Offer Shareholders accepting the Offer in accordance with the Takeovers Code.
4. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
  - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the despatch of remittances will remain at 4:00 p.m. on the same Business Day; or
  - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the despatch of remittances will be rescheduled to 4:00 p.m. on the following Business Day.

**All time and date references contained in this Composite Document are to Hong Kong time and dates.**

Save as mentioned above, if the latest time for the acceptance of the Offer and the despatch of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Offer Shareholders by way of announcement(s) of any change in the expected timetable as soon as possible.

## DEFINITIONS

*In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:*

“Acquisition”	the acquisition of the Acquisition Shares by the Purchasers from the Sellers pursuant to the terms of the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 7 April 2014 among Mr. Wilson Pong, Profit Allied and Richfield as sellers, Huajin and the Investors as purchasers and Huafa HK as Huajin’s guarantor in relation to the sale and purchase of the Acquisition Shares
“Acquisition Completion”	the completion of the acquisition of the Acquisition Shares by the Purchasers under the Acquisition Agreement
“Acquisition Shares”	a total of 6,440,000,000 issued and fully paid iOne Shares acquired by the Purchasers from the Sellers in accordance with the Acquisition Agreement
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associates”	has the meaning ascribed to it in the Takeovers Code or the Listing Rules, as the context may require from time to time
“Board” or “iOne Board”	the board of directors of iOne
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Closing Date”	21 July 2014, being the closing date of the Offer which is 21 days following the date on which this Composite Document is posted, or any subsequent closing date(s) as may be determined and announced with the consent of the Executive
“Companies Act”	Companies Act (1981) of Bermuda (as amended)

## DEFINITIONS

“Company” or “iOne”	iOne Holdings Limited, a company incorporated in Bermuda and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (stock code: 982)
“Composite Document”	this composite offer and response document dated 30 June 2014 issued jointly by the Offeror and the Company in connection with the Offer
“connected person(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Encumbrances”	any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or any other type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect and any agreement or obligation to create or grant any of the aforesaid
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“First Announcement”	the first announcement dated 10 March 2014 made by iOne under Rule 3.7 of the Takeovers Code in respect of the Acquisition
“Form of Acceptance”	the form of acceptance and transfer in respect of the Offer accompanying this Composite Document
“Group” or “iOne Group”	iOne and its subsidiaries
“Haitong International Capital”	Haitong International Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO and financial adviser to the Offeror in relation to the Offer
“Haitong International Securities”	Haitong International Securities Company Limited, a corporation licensed to carry out type 1 (dealing in securities), type 3 (leverage foreign exchange trading) and type 4 (advising on securities) regulated activities under the SFO, a fellow subsidiary of Haitong International Capital

## DEFINITIONS

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Huafa HK”	Hong Kong Huafa Investment Holdings Limited 香港華發投資控股有限公司, a company incorporated in Hong Kong with limited liability and wholly-owned by Zhuhai Huafa
“Independent Board Committee”	an independent board committee of the Company, comprising all the independent non-executive directors of the Company, namely Mr. Ng Chi Ming, Mr. Lung Hung Cheuk and Mr. Yip Tai Him, to make recommendation as to whether the Offer is, or is not, fair and reasonable and as to acceptance
“Investor A”	Guangdong Constar Group Investment Co. Limited 廣東建星集團投資股份有限公司, a company incorporated in the British Virgin Islands and owned as to 85%, 10% and 5% by Mr. Cai Guang, Mr. Wang Aizhi and Mr. Wan Jie, respectively
“Investor B”	Hong Kong Hop Chong Investment Limited 香港合創投資股份有限公司, a company incorporated in Samoa and beneficially owned by Mr. Cai Guang
“Investor C”	Jinglong Investment Holdings Limited 景龍投資控股有限公司, a company incorporated in Samoa and wholly-owned by Mr. Chen Xiangeng
“Investor D”	Wiston Holdings Limited 威士頓控股有限公司, a company incorporated in Samoa and wholly-owned by Mr. Chen Xiangeng
“Investor E”	Newyard Worldwide Holdings Ltd, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Ren Yuanlin
“Investor F”	Hongkong Hengyuan Investment Limited 香港恆元投資有限公司, a company incorporated in Hong Kong and owned by Mr. Chang Liang

## DEFINITIONS

“Investors”	collectively, Investor A, Investor B, Investor C, Investor D, Investor E and Investor F
“Joint Announcement”	the announcement dated 2 May 2014 issued jointly by the Offeror, the Company and Richfield in relation to, among other things, the entering into of the Acquisition Agreement and the Offer
“Last Trading Day”	7 April 2014, being the last full trading day of iOne Shares on the Stock Exchange immediately prior to the suspension of trading in iOne Shares on the Stock Exchange pending the publication of the Joint Announcement
“Latest Practicable Date”	27 June 2014, being the latest practicable date prior to the despatch of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mr. Wilson Pong”	Mr. Pong Wai San, Wilson
“Offer”	the unconditional mandatory cash offer being made by Haitong International Securities for and on behalf of the Offeror to acquire all the Offer Shares in accordance with the Takeovers Code and the terms set out in this Composite Document
“Offer Period”	the period from Monday, 10 March 2014, being the date of the First Announcement, to 4:00 p.m. on Monday, 21 July 2014, or such other time or date to which the Offeror may decide to extend the Offer in accordance with the Takeovers Code
“Offer Price”	the price at which the Offer will be made, being the cash amount of HK\$0.062 per Offer Share
“Offer Shareholder(s)”	iOne Shareholders other than the Offeror Concert Group
“Offer Shares”	all of the issued iOne Shares (other than those iOne Shares already owned by the Offeror Concert Group)

## DEFINITIONS

“Offeror” or “Huajin”	Huajin Investment Company Limited 錘金投資有限公司, a company incorporated in Samoa and wholly-owned by Huafa HK
“Offeror Concert Group”	the Offeror, the Investors and the parties acting in concert with any of them
“Optima Capital” or “Independent Financial Adviser”	Optima Capital Limited (a licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities), being the independent financial adviser to the Independent Board Committee in respect of the Offer
“Overseas Shareholder(s)”	Shareholder(s) whose registered address(es) is/are in jurisdiction(s) outside Hong Kong
“PRC”	the People’s Republic of China (for the purposes of this Composite Document, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)
“Profit Allied”	Profit Allied Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Wilson Pong
“Purchasers”	Huajin and the Investors
“Registrar”	Tricor Investor Services Limited, being the share registrar of iOne and the receiving agent for receiving and processing the acceptance of the Offer, located at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 10 September 2013, being the date falling six months prior to 10 March 2014 (being the date of commencement of the Offer Period) to the Latest Practicable Date
“Richfield”	Richfield Group Holdings Limited, a company incorporated in the Cayman Islands and the issued shares of which are listed on the Stock Exchange (Stock Code: 183)
“Sellers”	Mr. Wilson Pong, Profit Allied and Richfield



## DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders” or “iOne Shareholders”	the holders of iOne Shares
“Shares” or “iOne Shares”	ordinary shares with a par value of HK\$0.00025 each in the capital of iOne
“Special Dividend”	a special cash dividend at the rate of HK\$0.02348 per iOne Share declared by iOne Board on 14 April 2014 as mentioned in the Joint Announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Takeovers Code
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Zhuhai Huafa”	Zhuhai Huafa Group Co., Ltd., a state-owned enterprise wholly-owned by Zhuhai SASAC
“Zhuhai SASAC”	Zhuhai State-owned Asset Supervision and Administration Commission
“%”	per cent



Haitong International Securities  
Company Limited  
22/F., Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

30 June 2014

*To the Offer Shareholders,*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CONDITIONAL CASH OFFER BY  
HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED  
FOR AND ON BEHALF OF  
HUAJIN INVESTMENT COMPANY LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
IONE HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY  
HUAJIN INVESTMENT COMPANY LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

**1. INTRODUCTION**

Reference is made to (i) the Joint Announcement in relation to, among other things, the Acquisition Agreement and the possible unconditional mandatory general offer in cash to be made by Haitong International Securities for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it; and (ii) the announcement of the Company dated 27 May 2014 in relation to completion of the Acquisition Agreement. Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context otherwise requires.

This letter forms part of this Composite Document and sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. Further details on the terms and procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Offer Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from Optima Capital" as set out in this Composite Document and to consult their professional advisers if in doubt.

**2. THE ACQUISITION AGREEMENT**

Pursuant to the terms of the Acquisition Agreement, the Purchasers conditionally agreed to acquire and the Sellers conditionally agreed to sell the Acquisition Shares, being 6,440,000,000 Shares beneficially owned by the Sellers, representing 70% of the existing issued share capital of the Company. The consideration for the Acquisition Shares pursuant to the Acquisition Agreement is HK\$399,280,000, equivalent to HK\$0.062 per Acquisition Share. The Acquisition Completion took place on 27 May 2014.

**3. THE OFFER**

As at the date of the Joint Announcement and immediately prior to entering into the Acquisition Agreement, the Offeror Concert Group did not own or have control over any iOne Shares. Immediately after the Acquisition Completion, the Offeror Concert Group owned or had control in aggregate 6,440,000,000 iOne Shares (representing 70% of the issued iOne Shares). Accordingly, the Offeror is obliged to make an unconditional mandatory cash offer under Rule 26.1 of the Takeovers Code for all the issued iOne Shares (other than those already owned by the Offeror Concert Group).

**Principal terms of the Offer**

Haitong International Securities is making the Offer, which is unconditional in all respects pursuant to Note 1 to Notes to Rule 26.2 of the Takeovers Code, for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

for each Offer Share . . . . .HK\$0.062 in cash

The Offer Price is the same as the price per Acquisition Share paid by the Offeror under the Acquisition Agreement.

The Offer extends to all iOne Shares in issue on the date on which the Offer is made, other than those iOne Shares already owned by the Offeror Concert Group.

**Comparisons of value**

The Offer Price of HK\$0.062 per Offer Share represents:

- (a) a discount of approximately 19.48% to the closing price of HK\$0.077 per iOne Share as quoted on the Stock Exchange as at 7 March 2014, being the last Business Day prior to the commencement of the Offer Period;
- (b) a discount of approximately 83.47% to the closing price of approximately HK\$0.375 per iOne Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (c) a discount of approximately 70.62% to the closing price of HK\$0.211 per iOne Share as quoted on the Stock Exchange on the Last Trading Day;

## LETTER FROM HAITONG INTERNATIONAL SECURITIES

- (d) a discount of approximately 72.35% to the average closing price of approximately HK\$0.2242 per iOne Share for the last 5 trading days up to and including the Last Trading Day;
- (e) a discount of approximately 71.89% to the average closing price of approximately HK\$0.2206 per iOne Share for the last 10 trading days up to and including the Last Trading Day;
- (f) a discount of approximately 57.62% to the average closing price of approximately HK\$0.1463 per iOne Share for the last 30 trading days up to and including the Last Trading Day;
- (g) a discount of approximately 43.01% to the average closing price of approximately HK\$0.1088 per iOne Share for the last 60 trading days up to and including the Last Trading Day;
- (h) a premium of approximately 103.28% over the audited consolidated net asset value per Share of approximately HK\$0.0305 per iOne Share as at 31 December 2013 (based on 9,200,000,000 iOne Shares in issue as at the Latest Practicable Date);
- (i) a discount of approximately 4.32% to the average closing price of approximately HK\$0.0648 per iOne Share for the last 6 months up to and including 7 March 2014 (being the last trading day before commencement of the Offer Period); and
- (j) a premium of approximately 9.73% to the average closing price of approximately HK\$0.0565 per iOne Share for the last 12 months up to and including 7 March 2014 (being the last trading day before commencement of the Offer Period).

#### 4. HIGHEST AND LOWEST SHARE PRICES

The highest and lowest closing prices of the iOne Shares as quoted on the Stock Exchange during the Relevant Period was HK\$0.46 per Share (on 16 May 2014) and HK\$0.045 per Share (on 10 September 2013, 17 October 2013 and 23 October 2013) respectively.

#### 5. TOTAL CONSIDERATION

As at the Latest Practicable Date, there were 9,200,000,000 iOne Shares in issue. Save as aforesaid, there were no outstanding warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the iOne Shares.

The Offer will be made to all Offer Shareholders based on the Offer Price of HK\$0.062 per Offer Share. The Offer for the 2,760,000,000 Offer Shares is valued at HK\$171,120,000. Based on the Offer Price of HK\$0.062 per iOne Share and the 9,200,000,000 iOne Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$570,400,000.

**6. EFFECT OF ACCEPTING THE OFFER**

The Offer is unconditional. By accepting the Offer, the relevant Offer Shareholders will sell their iOne Shares free from all Encumbrances and together with all rights attaching or accruing to them including, without limitation, the rights to receive all dividends and distributions (excluding the Special Dividend) declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document.

Acceptance of the Offer by any person will constitute a warranty by such person to the Offeror that the Offer Shares acquired are fully paid and free from all Encumbrances and will be acquired together with all rights attaching or accruing to them on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document, including, without limitation, the rights to receive all dividends and other distributions (excluding the Special Dividend) declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

The Offer will be made in compliance with the Takeovers Code which is administered by the Executive.

Terms and procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

**7. CONFIRMATION OF FINANCIAL RESOURCES**

The Offeror intends to finance the Offer from its internal resources. Haitong International Capital, the financial adviser to the Offeror in relation to the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy acceptance of the Offer in full as at the Latest Practicable Date.

**8. INFORMATION ON THE OFFEROR**

The Offeror is an investment holding company incorporated in Samoa and wholly-owned by Huafa HK, a limited liability company incorporated in Hong Kong whose principal business is investment holding. Huafa HK is wholly-owned by Zhuhai Huafa, a state-owned enterprise wholly-owned by Zhuhai SASAC with its business operations primarily conducted in Zhuhai, Guangdong Province. Zhuhai Huafa, through its subsidiaries, is principally engaged in six major business segments, namely, urban operations (being the primary land development, construction and development of major infrastructure facilities), property development, financial investment, education, media and tourism, trade logistics as well as modern services (being the development, construction and management of facilities for meetings, conferences and exhibitions, as well as the provision of property management services).

**9. INTENTION OF THE OFFEROR**

The Offeror intends to continue the existing businesses of the iOne Group, including provision of financial printing service in financial sector, and has no intention to dispose of or downsize the iOne Group's existing businesses nor dispose of or inject any of its businesses to the iOne. The Offeror will, following completion of the Offer, conduct a detailed review of the operations of the iOne Group with a view to developing suitable business strategy to enhance the growth of its business and asset base as well as to broaden its income stream, which may include, subject to the market conditions, the expansion of the scope of business of the iOne Group should appropriate opportunities arise. Subject to due compliance with the Listing Rules and the Takeovers Code, this may or may not include the injection of assets or businesses into the iOne Group by Zhuhai Huafa. Zhuhai Huafa will keep the iOne Shareholders informed by further announcement if it decides on anything that requires disclosure pursuant to the Takeovers Code or the Listing Rules.

As at the Latest Practicable Date, the Offeror has no intention to introduce any major changes in the business of the iOne Group, including acquisition, disposal and/or redeployment of the assets and businesses of the iOne Group, other than in its ordinary course of business, following completion of the Offer.

The Offeror also intends to continue the employment of the existing employees of the iOne Group save for Mr. Ho Ming Fai, the group financial controller of iOne, and those current Directors who have agreed to resign as disclosed in paragraph 10 this letter.

**10. PROPOSED CHANGE OF BOARD COMPOSITION OF IONE**

As at the date of this Composite Document, the iOne Board comprises two executive directors and three independent non-executive directors. All of the existing Directors (with the exception of Mr. Lau Wai Shu) have tendered their resignations, which will take effect from the Closing Date, or such other date as approved by the Executive.

It is the intention of the Offeror to nominate three additional executive Directors and three independent non-executive Directors (collectively, the "New Directors"), none of which is a shareholder of iOne, with effect on the Closing Date.

Particulars of the proposed executive Directors are set out below:

**Mr. LI Guangning (李光寧)**, aged 42, currently serves as the chairman of the board of directors and the general manager of Zhuhai Huafa. 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 珠海金融投資控股有限公司 (Zhuhai Financial Investment Holdings Co., Ltd.). Mr. Li joined Zhuhai Huafa in 1993 and held various managerial positions in various subsidiaries of Zhuhai Huafa.

## LETTER FROM HAITONG INTERNATIONAL SECURITIES

Mr. Li obtained a bachelor's degree in corporate management from the Sun Yat-sen Business School of Sun Yat-sen University (中山大學管理學系) in 1993, a master's degree in world economics from Sun Yat-sen University (中山大學) in 1997 and is a qualified economist.

**Mr. XIE Wei (謝偉)**, aged 39, currently serves as the deputy general manager of Zhuhai Huafa and holds various positions in the subsidiaries of Zhuhai Huafa, including Executive Deputy General Manager of 珠海金融投資控股有限公司 (Zhuhai Financial Investment Holdings Co., Ltd.) and chairman of the board of directors of 珠海華發集團財務有限公司 (Zhuhai Huafa Group Finance Co., Ltd.). Mr. Xie joined Zhuhai Huafa in August 2004 as the director of the investment banking department of 珠海鐸創投資管理有限公司 (Zhuhai Huachuang Investment Management Co., Ltd.) (then known as 珠海鐸創投資擔保有限公司 (Zhuhai Huachuang Investment Guarantee Co., Ltd.)). Mr. Xie held positions of secretary to the board of directors and chairman of the board of directors of various subsidiaries of Zhuhai Huafa. Mr. Xie is also a non-independent director of each of Zhuhai Huafa Industrial Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600325) and Leaguer Stock Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 00532).

Prior to joining Zhuhai Huafa, Mr. Xie joined Shenzhen International Enterprise Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock codes: 000056, 200056), in 1998, and served as the secretary to the board of directors during the period from April 2001 to August 2004.

Mr. Xie obtained a bachelor degree in law from Zhongnan University of Economics and Law (then known as Zhongnan Institute of Politics and Law) in 1998 and an EMBA from Sun Yat-sen University (中山大學) in December 2012.

**Ms. ZHONG Ming (鍾銘)**, aged 43, currently serves as the assistant to general manager of Zhuhai Huafa. She also holds positions as director, executive deputy general manager, deputy general manager and 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 controller, executive deputy manager and director of finance and business resources in various hotels in the PRC.

## LETTER FROM HAITONG INTERNATIONAL SECURITIES

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 member of The Chinese Institute of Certified Public Accountants, a Certified Public Valuer and a Certified Internal Auditor.

Particulars of the proposed independent non-executive Directors are set out below:

**Dr. CHEN Jieping (陳杰平)**, aged 60, has over 15 years of experience in accounting. Dr. Chen is an independent non-executive director of Shanghai DragonNet Technology Co., Ltd. (stock code: 300245) and Shenzhen Worldunion Properties Consultancy Incorporated (stock code: 002285), which are companies listed on the Shenzhen Stock Exchange. Dr. Chen is also an independent non-executive director of Industrial Securities Co., Ltd. (stock code: 601377), which is a company listed on the Shanghai Stock Exchange. Dr. Chen is also an independent non-executive director of Jinmao (China) Investments Holdings Limited.

He is currently the associate dean, director of the EMBA program and 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.

**Dr. SUN Mingchun (孫明春)**, aged 43, has served as the senior partner and chief economist of China Broad Capital Co., Limited since September 2013. Prior to joining China Broad Capital Co., Limited, Dr. Sun held the positions as 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.

**Mr. TSE Yung Hoi (謝涌海)**, aged 61, 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 is also the independent non-executive director of China Life Insurance (Overseas) Company Limited.



## LETTER FROM HAITONG INTERNATIONAL SECURITIES

Mr. Tse currently serves as the life honorary president of Chinese Securities Association of Hong Kong, standing committee member of the 48th session of The Chinese General Chamber of Commerce, vice chairman of Chinese Academy of Governance (HK) Industrial and Commercial Professionals Alumni Association Ltd., a member of the Election Committee of Hong Kong (Financial Services subsector), member of the Hong Kong Trade Development Council Mainland Business Advisory Committee, member of the Consulting Committee of Qianhai Shenzhen–Hongkong Modern Service Industry Cooperation Zone of Shenzhen, council member of Financial Services Development Council of Hong Kong, member of the 12th Chinese People’s Political Consultative Conference Shanghai Committee and Advisor of New Territories General Chamber of Commerce.

Mr. Tse graduated from English studies from the department of foreign language of Fudan University in July 1975.

Each of the New Directors will enter into a service contract or a letter of appointment (as the case may be) with iOne, details of which will be disclosed in a further announcement to be made by iOne.

As at the Latest Practicable Date, save as disclosed above, each of the New Directors confirms that (i) he/she does not have any relationship with any directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of iOne; (ii) he/she does not have any interest in the iOne Shares within the meaning of Part XV of the SFO; (iii) he/she does not hold other positions with iOne or other members of the iOne Group; (iv) he/she did not hold any directorship in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; and (v) he/she does not have any other matters that need to be brought to the attention of the Offer Shareholders nor does he/she have any other information that is required to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

As at the Latest Practicable Date, the Offeror had not identified other candidates for appointment to the iOne Board. Any changes to the composition of the iOne Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made pursuant to Rule 13.51(2) of the Listing Rules accordingly. Save as disclosed in this section, the Offeror does not intend to undergo any changes to the composition of iOne Board after the close of the Offer.

### **11. COMPULSORY ACQUISITION**

The Offeror does not intend to acquire compulsorily those iOne Shares not acquired by the Offeror under the Offer in accordance with the Companies Act and the Takeovers Code after the close of the Offer.

### **12. MAINTAINING THE LISTING**

The Offeror does not have any intention to privatise iOne by means of the Offer, and intends to maintain the listing of the iOne Shares on the Stock Exchange after the close of the Offer.

## LETTER FROM HAITONG INTERNATIONAL SECURITIES

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to iOne, being 25% of the issued iOne Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the iOne Shares; or
- that there are insufficient iOne Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the iOne Shares.

The Offeror intends iOne to remain listed on the Stock Exchange. The directors of the Offeror and the New Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in iOne's shares.

### 13. FURTHER TERMS OF THE OFFER

#### **Procedures for acceptance**

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

#### **Settlement of consideration**

A cheque for the amount representing the cash consideration due to each accepting Offer Shareholder in respect of the Shares tendered by his/her/it or his/her/its agent under the Offer, less sellers' ad valorem stamp duty payable by him/her/it in the case of tendered Shares, will be despatched to each accepting Offer Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 7 Business Days from the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

No fractions of a cent will be payable and the amount of cash consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.

#### **Hong Kong Stamp duty**

Seller's ad valorem stamp duty for transfer of Shares registered on the Registrar arising in connection with acceptance of the Offer will be payable by the relevant Offer Shareholders at the rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such Offer Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Offer and will pay the

buyer's ad valorem stamp duty in connection with the acceptances of the Offer in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

#### **14. SHAREHOLDERS OUTSIDE HONG KONG**

The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are residents. Offer Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

It is the responsibility of each Overseas Shareholder who wish to accept the Offer to satisfy himself/herself/itself as to the full observance of all applicable legal and regulatory requirements of the relevant jurisdiction in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction. Any acceptance by an Overseas Shareholder will be deemed to constitute a representation and warranty from such person to the Offeror, iOne, their respective ultimate beneficial owners and parties acting in concert with them, Haitong International Capital, Haitong International Securities, Optima Capital, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer that he/she/it has observed and is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and that, such acceptance shall be valid and binding in accordance with all applicable laws. Offer Shareholders should consult their professional advisers if in doubt.

#### **15. TAX IMPLICATIONS**

**Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror, iOne, their respective ultimate beneficial owners and parties acting in concert with them, Haitong International Capital, Haitong International Securities, Optima Capital, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer is in a position to advise the Offer Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.**

#### **16. GENERAL**

To ensure equality of treatment of all Offer Shareholders, those Offer Shareholders who hold the iOne Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the iOne Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

## LETTER FROM HAITONG INTERNATIONAL SECURITIES

All documents and remittances will be sent to the Offer Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the Offer Shareholder whose name appears first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror and parties acting in concert with them, the Company, Haitong International Capital, Haitong International Securities, Optima Capital, the Registrar nor any of their respective directors, officers, professional advisers, associates, agents or any other parties involved in the Offer accepts any liabilities for any loss in postage or any other liabilities that may arise as a result thereof.

### 17. ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offer as set out in the “Letter from Optima Capital” contained in this Composite Document.

Yours faithfully,  
For and on behalf of  
**Haitong International Securities Company Limited**  
**Hui Yee, Wilson**  
*Managing Director*

**iOne Holdings Limited**  
**卓智控股有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 982)**

*Executive Directors:*

Mr. Lee Wing Yin (*Chairman*)

Mr. Lau Wai Shu

*Independent Non-Executive Directors:*

Mr. Ng Chi Ming

Mr. Lung Hung Cheuk

Mr. Yip Tai Him

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal Place of*

*Business in Hong Kong:*

Units 1204–6, 12th Floor

Wheelock House

20 Pedder Street

Central, Hong Kong

30 June 2014

*To the Offer Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED  
ON BEHALF OF  
HUAJIN INVESTMENT COMPANY LIMITED  
TO ACQUIRE THE ISSUED SHARES OF  
IONE HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY  
OWNED BY HUAJIN INVESTMENT COMPANY LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

**1. INTRODUCTION**

In the Joint Announcement dated 2 May 2014,, Huajin and iOne announced, among other things, the Acquisition Agreement and the possible Offer.

As subsequently announced by Huajin and iOne on 27 May 2014, the Acquisition Completion took place on 27 May 2014.

\* *for identification purpose only*

## LETTER FROM THE BOARD

Immediately after the Acquisition Completion, Offeror Concert Group owned or controlled, in aggregate, 6,440,000,000 iOne Shares, representing 70.00% of the issued iOne Shares as at the Latest Practicable Date. As a result, Huajin is required to make an unconditional mandatory cash offer under Rule 26.1 of the Takeovers Code for all of the issued iOne Shares, other than those already owned by Offeror Concert Group.

This letter forms part of this Composite Document and sets out, among other things, the Acquisition Agreement, the principal terms of the Offer, certain background information on Offeror Concert Group and the intentions of Huajin regarding iOne Group. Further details on the terms of the Offer and details of the procedures for acceptance and settlement of the Offer are set out in Appendix 1 – “Further Terms of Acceptance of the Offer” to this Composite Document and in the accompanying Form of Acceptance. The Offer Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from Optima Capital” as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

### 2. THE OFFER

As at the date of the Joint Announcement and immediately prior to entering into the Acquisition Agreement, the Offeror Concert Group did not own or have control over any iOne Shares. Immediately after the Acquisition Completion, the Offeror Concert Group owned or had control in aggregate 6,440,000,000 iOne Shares, (representing 70% of the issued iOne Shares). Accordingly, the Offeror is obliged to make an unconditional mandatory cash offer under Rule 26.1 of the Takeovers Code for all the issued iOne Shares (other than those already owned by the Offeror Concert Group).

#### Principal terms of the Offer

Haitong International Securities is making the Offer, which is unconditional in all respects pursuant to Note 1 to Notes to Rule 26.2 of the Takeovers Code, for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

for each Offer Share . . . . . HK\$0.062 in cash

The Offer Price is the same as the price per Acquisition Share paid by the Offeror under the Acquisition Agreement.

The Offer extends to all iOne Shares in issue on the date on which the Offer is made, other than those iOne Shares already owned by the Offeror Concert Group.

#### Comparisons of value

The Offer Price of HK\$0.062 per Offer Share represents:

- (a) a discount of approximately 19.48% to the closing price of HK\$0.077 per iOne Share as quoted on the Stock Exchange as at 7 March 2014, being the last Business Day prior to the commencement of the Offer Period;

## LETTER FROM THE BOARD

- (b) a discount of approximately 83.47% to the closing price of approximately HK\$0.375 per iOne Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (c) a discount of approximately 70.62% to the closing price of HK\$0.211 per iOne Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 72.35% to the average closing price of approximately HK\$0.2242 per iOne Share for the last 5 trading days up to and including the Last Trading Day;
- (e) a discount of approximately 71.89% to the average closing price of approximately HK\$0.2206 per iOne Share for the last 10 trading days up to and including the Last Trading Day;
- (f) a discount of approximately 57.62% to the average closing price of approximately HK\$0.1463 per iOne Share for the last 30 trading days up to and including the Last Trading Day;
- (g) a discount of approximately 43.01% to the average closing price of approximately HK\$0.1088 per iOne Share for the last 60 trading days up to and including the Last Trading Day;
- (h) a premium of approximately 103.28% over the audited consolidated net asset value per Share of approximately HK\$0.0305 per iOne Share as at 31 December 2013 (based on 9,200,000,000 iOne Shares in issue as at the Latest Practicable Date);
- (i) a discount of approximately 4.32% to the average closing price of approximately HK\$0.0648 per iOne Share for the last 6 months up to and including 7 March 2014 (being the last trading day before commencement of the Offer Period); and
- (j) a premium of approximately 9.73% to the average closing price of approximately HK\$0.0565 per iOne Share for the last 12 months up to and including 7 March 2014 (being the last trading day before commencement of the Offer Period).

The Offer is unconditional. By accepting the Offer, the relevant iOne Shareholders will sell their iOne Shares free from all Encumbrances and together with all rights attaching or accruing to them, including, without limitation, the rights to receive all future dividends and other distributions (excluding the Special Dividend) declared, made or paid, if any, be the Company on or after the date of the despatch of this Composite Document.

The Special Dividend was paid on 11 June 2014.

## LETTER FROM THE BOARD

Please also refer to the letter from Haitong International Securities and Appendix I to this Composite Document for further information in relation to the terms of the Offer, the making of the Offer to the Overseas Shareholders, taxation, acceptance and settlement procedures of the Offer.

### 3. INTENTIONS REGARDING THE BUSINESS OF IONE GROUP

The Offeror is a company incorporated in Samoa with limited liability. Please refer to the letter from Haitong International Securities contained in this Composite Document for more information about it.

Your attention is drawn to the letter from Haitong International Securities contained in this Composite Document which sets out the intention of the Offeror regarding the business of iOne Group and the biographies of the proposed new iOne Directors. iOne Board is aware of the Offeror's intention in respect of iOne Group and is willing to co-operate with the Offeror in the interests of iOne and the iOne Shareholders as a whole.

### 4. INFORMATION ABOUT IONE GROUP

iOne acts as an investment holding company. iOne Group is principally engaged in the provision of financial printing services for the financial sector in Hong Kong, which mainly include the printing of IPO prospectuses, financial reports, company announcements, circulars, legal compliance documents, research reports, corporate brochures and newsletters. As announced by iOne in its announcement dated 30 December 2013, iOne Group will expand its scope of principal business activities to encompass property investment in order to maximize the return to iOne Shareholders. iOne Group will continue to identify other good and suitable locations for property investment. Such diversification of business is expected to enable iOne Group to broaden its income stream.

iOne Group reported audited profits before and after tax of approximately HK\$37,325,000 and HK\$31,890,000, respectively, for the financial year ended 31 December 2012. In the announcement dated 28 March 2014 of the final results of iOne Group for the financial year ended 31 December 2013, iOne Group's audited profits both before and after tax were approximately HK\$25,344,000 and HK\$19,902,000 respectively for the financial year ended 31 December 2013. As at 31 December 2013, iOne Group reported audited net assets of approximately HK\$280,886,000.

Save as disclosed above, as at the Latest Practicable Date, the Company had not entered into any agreement, arrangement, understanding, intention or negotiation about (i) any disposal, termination or scaling-down of any Company's existing business or; (ii) acquisition of new assets or business.



## LETTER FROM THE BOARD

### 5. SHAREHOLDING STRUCTURE OF IONE

The shareholding structure of iOne as at the Latest Practicable Date is set out below:

Name of iOne Shareholder	As at the Latest Practicable Date	Approximate %
Mr. Wilson Pong	235,000,000	2.55
iOne Directors:		
– Mr. Lee Wing Yin	640,000	0.007
– Mr. Lau Wai Shu	2,000,000	0.022
Offeror Concert Group	6,440,000,000	70.00
Other iOne Shareholders	2,522,360,000	27.41
<b>Total</b>	<b>9,200,000,000</b>	<b>100.00</b>

### 6. COMPULSORY ACQUISITION

Huajin does not intend to acquire compulsorily those iOne Shares not acquired by Huajin under the Offer in accordance with the Companies Act and the Takeovers Code.

### 7. MAINTAINING THE LISTING STATUS OF IONE

Huajin does not have any intention to privatise iOne by means of the Offer. Huajin intends that iOne shall maintain the listing of iOne Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than 25 per cent of the issued iOne Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of iOne Shares; or (ii) there are insufficient iOne Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in iOne Shares.

### 8. RECOMMENDATION

The Independent Board Committee has been established to make a recommendation to the Offer Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. The Independent Board Committee has approved the appointment of Optima Capital as the independent financial adviser to advise the Independent Board Committee in respect of the Offer.

## LETTER FROM THE BOARD

Your attention is drawn to the “Letter from the Independent Board Committee” immediately following this letter, which contains the recommendation of the Independent Board Committee to the Offer Shareholders in respect of the Offer; and the “Letter from Optima Capital” set out immediately thereafter in this Composite Document, which contains its advice to the Independent Board Committee in respect of the fairness and reasonableness of the Offer and the principal factors considered by it in arriving at its opinions and recommendations.

The Offer Shareholders are urged to read these letters carefully before taking any action in respect of the Offer.

### 9. ADDITIONAL INFORMATION

You are recommended to read this Composite Document and the Form of Acceptance for information relating to the terms of the Offer and procedures for acceptance and settlement of the Offer.

Your attention is also drawn to the additional information set out in the appendices of this Composite Document.

Yours faithfully,  
For and on behalf of  
the board of directors of  
**iONE HOLDINGS LIMITED**  
**Mr. Lau Wai Shu**  
*Executive Director*

**iOne Holdings Limited**  
**卓智控股有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 982)**

30 June 2014

*To the Offer Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED  
ON BEHALF OF  
HUAJIN INVESTMENT COMPANY LIMITED  
TO ACQUIRE THE ISSUED SHARES OF  
IONE HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY  
OWNED BY HUAJIN INVESTMENT COMPANY LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

We refer to the composite offer and response document dated 30 June 2014 jointly issued by Huajin and iOne (the “Composite Document”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Composite Document.

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned. Optima Capital has been appointed as the independent financial adviser to advise us in this respect, details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from Optima Capital” in this Composite Document. We also wish to draw your attention to the “Letter from the Board” in this Composite Document, the “Letter from Haitong International Securities” and the additional information set out in the appendices to this Composite Document.

**RECOMMENDATION**

Taking into account the terms of the Offer and the advice from Optima Capital, we consider that the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned and therefore we recommend the Offer Shareholders to accept the Offer.

\* *for identification purpose only*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Notwithstanding our recommendation, the Offer Shareholders should consider carefully the terms of the Offer and then decide whether to accept or not to accept the Offer.

Yours faithfully,  
For and on behalf of the  
**Independent Board Committee**

**Mr. Ng Chi Ming**  
*Independent*  
*non-executive director*

**Mr. Lung Hung Cheuk**  
*Independent*  
*non-executive director*

**Mr. Yip Tai Him**  
*Independent*  
*non-executive director*

## LETTER FROM OPTIMA CAPITAL

*The following is the letter of advice from Optima Capital to the Independent Board Committee which has been prepared for the purpose of inclusion in the Composite Document.*



Suite 1501, 15th Floor  
Jardine House  
1 Connaught Place  
Central, Hong Kong

30 June 2014

*To: the Independent Board Committee of iOne Holdings Limited*

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED  
ON BEHALF OF  
HUAJIN INVESTMENT COMPANY LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
iONE HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY  
HUAJIN INVESTMENT COMPANY LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

We refer to our appointment as the independent financial adviser to Independent Board Committee in respect of the Offer. Details of the Offer are set out in the Composite Document jointly issued by the Offeror and the Company dated 30 June 2014, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless otherwise specified herein.

The Board comprises two (2) executive Directors and three (3) independent non-executive Directors. The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ng Chi Ming, Mr. Lung Hung Cheuk and Mr. Yip Tai Him, has been established to advise the Offer Shareholders in respect of the Offer. The Independent Board Committee has approved our appointment as the independent financial adviser to the Independent Board Committee in connection with the Offer. In our capacity as the independent financial adviser to the Independent Board Committee, our role is to provide the Independent Board Committee with an independent advice as to whether the Offer is fair and reasonable and as to acceptance.

## LETTER FROM OPTIMA CAPITAL

In formulating our advice, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material respects at the time they were made and continue to be true, accurate and complete in all material respects up to the Latest Practicable Date. We have also sought and received confirmation from the executive Directors and management of the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group or the Offeror or the associates of any of them, nor have we carried out any independent verification of the information supplied. Should there be any subsequent material changes in such information during the Offer Period, the Company will inform the Shareholders as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Shareholders shall also be informed as soon as practicable when there are any material changes to the information contained or referred to herein and our opinion after the Latest Practicable Date and throughout the Offer Period.

In relation to the Offer, we have not considered the tax implications on the Offer Shareholders of the acceptance or non-acceptance of the Offer since these are particular to their individual circumstances. In particular, Offer Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our advice with regard to the Offer, we have taken into account the following principal factors and reasons:

#### **1. Background leading to and the terms of the Offer**

On 2 May 2014, the Offeror and the Company jointly announced that the Offeror and the Investors (as purchasers), Mr. Wilson Pong, Profit Allied and Richfield (as sellers) and Huafa HK (as Huajin's guarantor) entered into the Acquisition Agreement, pursuant to which the Offeror and the Investors conditionally agreed to purchase from the Sellers a total of 6,440,000,000 Shares, representing 70% of the issued Shares as at the date of the Acquisition Agreement and the Latest Practicable Date.

## LETTER FROM OPTIMA CAPITAL

As a result of the Acquisition Completion which took place on 27 May 2014, the Offeror and parties acting in concert with it owned 6,440,000,000 Shares, representing 70% of the issued Shares as at the Latest Practicable Date. In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it). Haitong International Securities is making the Offer which is unconditional in all respects pursuant to Note 1 to Rule 26.2 of the Takeovers Code, for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

for each Offer Share . . . . .HK\$0.062 in cash

The Offer Price is the same as the price per Acquisition Share paid by the Offeror and the Investors under the Acquisition Agreement. By accepting the Offer, the relevant Offer Shareholders will sell their Shares free from all Encumbrances and with all rights now or hereinafter attaching or accruing to them including, without limitation, the right to receive all future dividends and other distributions declared, made or paid, if any, by the Company on or after the date of the Composite Document.

Further terms and conditions of the Offer, including the procedures for acceptance, are set out in the letter from Haitong International Securities in the Composite Document and in Appendix I to the Composite Document.

## **2. Information of the Group**

### **2.1 *Principal activities***

The Group is principally engaged in the provision of financial printing services for the financial sector, which mainly include the printing of initial public offering (the "IPO") prospectuses, financial reports, company announcements, circulars, legal compliance documents, research reports, corporate brochures and newsletters. The Company announced on 30 December 2013 that the Group also diversified into property investment in Hong Kong.

## LETTER FROM OPTIMA CAPITAL

### 2.2 Financial results

Set out below are the audited financial results of the Group extracted from the annual reports of the Company:

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover			
– Printing and translation	149,418	113,572	119,157
– Advertising	16,203	12,353	11,306
	165,621	125,925	130,463
Gross profit	86,662	67,385	66,706
Other income and gains	4,526	5,985	8,347
Selling and distribution expenses	(16,055)	(10,119)	(11,421)
Administrative expenses	(29,442)	(25,926)	(25,122)
Impairment loss	–	–	(13,166)
	45,691	37,325	25,344
Profit before income tax expense	45,691	37,325	25,344
Income tax expense	(6,795)	(5,435)	(5,442)
	38,896	31,890	19,902
Profit for the year	38,896	31,890	19,902
	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
Gross profit margin ( <i>Note 1</i> )	52.3%	53.5%	51.1%
Net profit margin ( <i>Note 2</i> )	23.5%	25.3%	15.3%
Operating profit margin ( <i>Note 3</i> )	20.8%	20.6%	18.9%
	20.8%	20.6%	18.9%

Notes:

1. Calculated by dividing gross profit by total turnover
2. Calculated by dividing profit for the year by total turnover
3. Calculated by dividing operating profit (represented by profit for the year excluding other income and gains and impairment loss which relate to the Group's financing activities) by total turnover



## LETTER FROM OPTIMA CAPITAL

### *Financial year ended 31 December 2011*

Due to fragile global economy, volatile financial market and China's tightening credit policy, the market confidence was adversely impacted in 2011 leading to a decrease in the number of IPOs and amount of capital raised in the primary and secondary markets in Hong Kong. This affected adversely the Group's turnover and profit attributable to Shareholders, which amounted to approximately HK\$165.6 million and HK\$38.9 million respectively, representing a significant drop of approximately 23.3% and 35.0% respectively as compared with the preceding financial year ended 31 December 2010. Gross profit margin was also narrowed from approximately 56.5% for the year ended 31 December 2010 to 52.3% for the year ended 31 December 2011. Other income and gains comprised principally interest income from bank deposits of approximately HK\$1.6 million, net exchange gain of approximately HK\$1.7 million, and interest and dividend income from investments in corporate bonds and equity securities of approximately HK\$0.9 million. Net profit margin dropped from approximately 27.7% for the year ended 31 December 2010 to 23.5% for the year ended 31 December 2011. If the other income and gains which are related to financing activities but not directly related to the operations of the Group were excluded, the operating profit margin for the year would have been approximately 20.8%.

### *Financial year ended 31 December 2012*

Market sentiment continued to be unfavourable during the financial year ended 31 December 2012, with both the aggregate number and aggregate amount of capital raised through IPOs in Hong Kong fell by approximately 37% and approximately 65% respectively from 2011. The Group was affected by the poor market sentiment and turnover for the year decreased by about 24.0% to approximately HK\$125.9 million as compared to that of approximately HK\$165.6 million for the year ended 31 December 2011. Despite a slight improvement in gross profit margin and net profit margin to 53.5% and 25.3% respectively, the Group recorded a drop in profit attributable to the Shareholders to approximately HK\$31.9 million, representing a decrease of approximately 18.0% when compared with the previous financial year. The Group recorded other income and gains of approximately HK\$6.0 million for the year, which comprised interest income from bank deposits of approximately HK\$2.6 million, and interest and dividend income from investments in corporate bonds and equity securities of approximately HK\$3.0 million. If the other income and gains which are related to the financing activities but not directly related to the operations of the Group were excluded, the operating profit margin for the year would have been approximately 20.6% which represents a slight drop as compared with 20.8% for the previous year.

## LETTER FROM OPTIMA CAPITAL

*Financial year ended 31 December 2013*

For the year ended 31 December 2013, turnover of the Group slightly increased to approximately HK\$130.5 million. As a result of pressure of rising production cost, gross profit margin for the year narrowed to 51.1%, representing a drop of 2.4 percentage points as compared to that of the previous financial year. Other income and gains mainly comprised interest income from bank deposits of approximately HK\$2.4 million, interest and dividend income from investments in corporate bonds and equity securities of approximately HK\$3.5 million, and gain on disposal of available-for-sale investments of approximately HK\$1.4 million. Profit attributable to the Shareholders was approximately HK\$19.9 million, representing a decrease of approximately 37.6% when compared with the previous financial year, and net profit margin dropped significantly from approximately 25.3% for the year ended 31 December 2012 to 15.3% for the year ended 31 December 2013. Such decreases were mainly due to impairment loss of approximately HK\$13.2 million made on available-for-sale investments including listed and unlisted equity investments, whereas there was no impairment loss identified for the two years ended 31 December 2012 in accordance with the applicable accounting standards. If the other income and gains and impairment loss on available-for-sale investments which are related to the financing activities but not directly related to the operation of the Group were excluded, the operating profit margin for the year would have been approximately 18.9%. As compared with 20.6% for the previous year, the operating profit margin for the year ended 31 December 2013 dropped by approximately 1.7 percentage points.

<b>LETTER FROM OPTIMA CAPITAL</b>
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### 2.3 *Financial position*

Set out below is a summary of the audited financial position of the Group as at 31 December 2013 as extracted from the annual report of the Company:

	<i>HK'000</i>
<b>Non-current assets</b>	
Property, plant and equipment	4,457
Investment property	4,552
Available-for-sale investments	<u>73,084</u>
	<u>82,093</u>
<b>Current assets / (liabilities)</b>	
Trade receivables	62,451
Cash and bank balances	156,237
Trade payables	(16,507)
Other payables and accruals	(13,257)
Others (net)	<u>10,049</u>
	<u>198,973</u>
<b>Non-current liabilities</b>	
Deferred tax liabilities	<u>(180)</u>
<b>Total Equity</b>	<u><u>280,886</u></u>

As at 31 December 2013, total equity of the Group amounted to approximately HK\$280.9 million, which comprised principally (i) property, plant and equipment used for the Group's financial printing business of HK\$4.5 million; (ii) the investment property acquired by the Group in December 2013 amounting to approximately HK\$4.6 million; (iii) trade receivables and payables arising from the principal business of the Group of approximately HK\$62.5 million and HK\$16.5 million respectively; (iv) available-for-sale investments of approximately HK\$73.1 million; and (v) cash and bank balances of approximately HK\$156.2 million.

Since 2010, the Group started to invest its surplus cash in yield enhancement products such as unlisted and listed securities, bonds and mutual funds with a view to generating investment income apart from interest income from bank deposits. As at 31 December 2013, the available-for-sale investments mainly consisted of listed equity investments, corporate bonds and mutual funds. Subsequent to 31 December 2013, the Company has disposed of and/or redeemed all the available-for-sale investments and will utilise the proceeds therefrom to pay part of the Special Dividend. As the proceeds from the aforesaid disposals and/or redemptions (the "Disposals") are not materially different from the carrying value of the available-for-sale investments as at 31 December 2013, the Disposals did not have

material impact on the net asset value of the Group. As at the Latest Practicable Date, the Company did not hold any available-for-sale investments. The payment of the Special Dividend itself had reduced the net assets of the Group by HK\$216.0 million.

### **3. Prospects of the Group**

The Group's principal business of provision of printing services for the financial sector in Hong Kong is dependent on the stock market conditions globally and in Hong Kong. The Company believes that Hong Kong will continue to play an important role providing a business platform and a link between overseas companies and the PRC. Hong Kong also keeps playing a critical role as a capital-raising centre for offshore Chinese enterprises. According to Monthly Market Highlights issued by the Stock Exchange, by the end of 2013, approximately 797 mainland companies were listed on the Stock Exchange, representing over half of the Stock Exchange's total market capitalisation. Moreover, the Hong Kong government is committed to strengthening trade and investment liberalisation measures in the following phases of the Mainland-Hong Kong Closer Economic Partnership Arrangement. Hence, the Company anticipates that Hong Kong's economic outlook will remain positive and is cautiously optimistic on the prospects of its business. Nevertheless, we believe the on-going concerns over the United States' quantitative easing measures and China's credit squeeze will cast uncertainties over the recovery in global economy and therefore the level of corporate activities in the financial markets. In addition, the gradual implementation of the scripless securities market regime which allows investors/shareholders of listed companies in Hong Kong to select either electronic corporate communication or traditional printed corporate communication documents (e.g. circular, interim reports, annual reports, etc.) will, in our view, result in diminishing demand for printed corporate communication documents, thus adversely affecting the financial printing industry in Hong Kong as a whole and casting uncertainty on the Company's future financial performance.

As disclosed in the announcement of the Company dated 30 December 2013, the Company acquired a property in Hong Kong for investment purpose and extended its scope of principal business activities to property investment in order to maximise the return to the Shareholders. The Company stated that it will continue to identify other suitable location for property investment. The diversification of the Company's business is expected to broaden its income stream. Nevertheless, the imposition of tough measures on the property market by the Hong Kong government (i.e. the Buyer's Stamp Duty and Special Stamp Duty) has resulted in a gloomy investment atmosphere in Hong Kong property market. There is also doubt on whether the low interest rate environment is sustainable for the near future. Thus, the contribution of the Group's new property investment business is yet to be proven.

**4. Information on the Offeror and intentions of the Offeror**

As stated in the letter from Haitong International Securities, the Offeror is an investment holding company incorporated in Samoa and wholly owned by Huafa HK, which is in turn wholly owned by Zhuhai Huafa. Zhuhai Huafa is a state-owned enterprise wholly owned by Zhuhai SASAC with its business operations primarily conducted in Zhuhai, Guangdong Province. Zhuhai Huafa, through its subsidiaries, is principally engaged in six major business segments, namely urban operations (being primary land development, construction and development of major infrastructure facilities), property development, financial investment, education, media and tourism, trade logistics as well as modern services (being the development, construction and management of facilities for meetings, conferences and exhibitions, as well as the provision of property management services).

As further disclosed in the letter from Haitong International Securities, the Offeror intends to continue the existing businesses of the Group, including provision of financial printing service in the financial sector, and has no intention to dispose of or downsize the Group's existing businesses nor dispose of or inject any of its businesses to the Company immediately after completion of the Offer. The Offeror will, following completion of the Offer, conduct a detailed review of the operations of the Group with a view to developing suitable business strategy to enhance the growth of its business and asset base as well as to broaden its income stream, which may include, subject to the market conditions, the expansion of the scope of business of the Group should appropriate opportunities arise. Subject to due compliance with the Listing Rules and the Takeovers Code, this may or may not include the injection of assets or businesses into the Group by Zhuhai Huafa.

As at the Latest Practicable Date, the Offeror has no intention to introduce any major changes in the business of the Group, including acquisition, disposal and/or redeployment of the assets and businesses of the Group, other than in its ordinary course of business, following completion of the Offer.

As disclosed in the letter from Haitong International Securities, the Offeror intends to nominate three new executive Directors and three independent non-executive Directors with effect from the Closing Date. The brief biographies of the proposed new Directors are set out in the paragraph headed "Proposed change of Board composition of iOne" in the letter from Haitong International Securities.

## LETTER FROM OPTIMA CAPITAL

### 5. Evaluation of the Offer Price

#### 5.1 *Comparison between the Offer Price and historical Share prices*

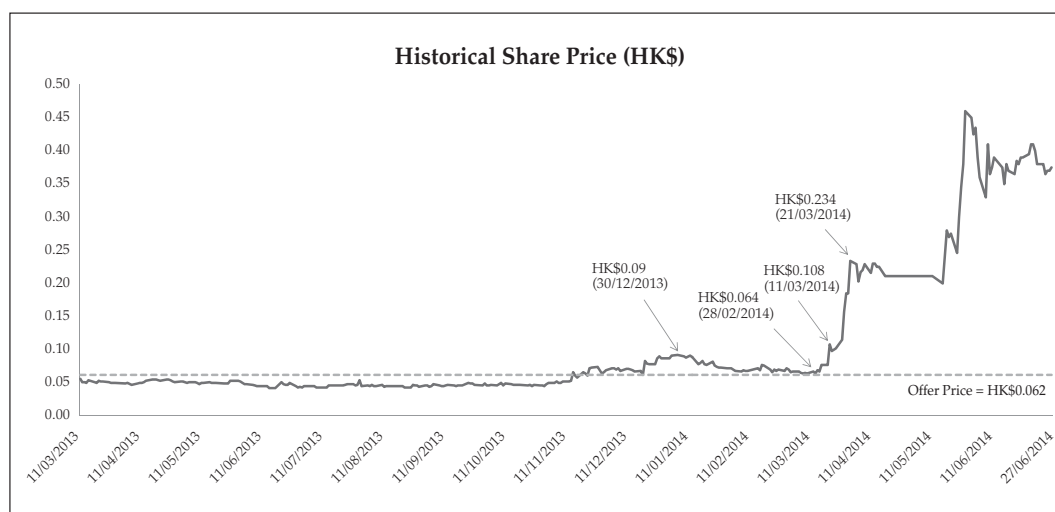
The Offer Price of HK\$0.062 per Offer Share represents:

- (a) a discount of approximately 19.48% to the closing price of HK\$0.077 per Share as quoted on the Stock Exchange as at 7 March 2014, being the last Business Day prior to the commencement of the Offer Period;
- (b) a discount of approximately 83.47% to the closing price of HK\$0.375 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (c) a discount of approximately 70.62% to the closing price of HK\$0.211 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 71.89% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day of approximately HK\$0.2206 per Share;
- (e) a discount of approximately 57.62% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day of approximately HK\$0.1463 per Share;
- (f) a discount of approximately 29.71% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 120 trading days immediately prior to and including the Last Trading Day of approximately HK\$0.0882 per Share;
- (g) a premium of approximately 103.28% over the audited net asset value of approximately HK\$0.0305 per Share (based on the audited consolidated total equity of the Group of approximately HK\$280.9 million as at 31 December 2013 as disclosed in the annual report of the Company and 9,200,000,000 Shares in issue as at the Latest Practicable Date); and
- (h) a premium of approximately 783.19 over the adjusted net asset value per Share of approximately HK\$0.00702 (based on the audited net asset value per Share as at 31 December 2013 as disclosed in (g) above and deducting the Special Dividend of HK\$0.02348 per Share).

## LETTER FROM OPTIMA CAPITAL

### 5.2 Historical Share prices performance

The chart below depicts the closing prices of the Shares traded on the Stock Exchange starting from 11 March 2013, being the date falling 12 months preceding the date of the First Announcement, up to and including the Latest Practicable Date (the “Review Period”).



Source: Website of the Stock Exchange

As shown in the chart above, the closing prices of the Shares were below the Offer Price during most of the period from 11 March 2013 to 11 December 2013. On 11 December 2013, the Company announced that it was in preliminary stage of a possible acquisition of certain property interest from a substantial shareholder of the Company. Share price closed at HK\$0.083 per Share on that day, representing a 33.9% increase from the closing price as of the previous trading day of HK\$0.062 per Share. Subsequent to the aforesaid announcement, on 30 December 2013, the Company announced that it acquired an office premise and extended its scope of principal business activities to property investment in order to maximise the return to the Shareholders, and that it would continue to identify other suitable location for property investment. Closing price of the Shares reached HK\$0.09 on that day. On 28 February 2014, the Company published a profit warning announcement in relation to a significant drop in profit due to the impairment losses recognised on the available-for sale investments. During the period from 31 December 2013 to 7 March 2014, the Shares were traded within a range of HK\$0.064 to HK\$0.091 per Share. On 10 March 2014, trading of the Shares was suspended and the Company published an announcement that Profit Allied was in discussions with an independent third party in relation to a possible acquisition of the Acquisition Shares from Profit Allied and its associates. Trading in the Shares resumed on 11 March 2014 with closing price at HK\$0.108 per Share, representing a rise of 40.3% from the closing price of HK\$0.0770 before the First Announcement. Thereafter, Share price continued to rise and peaked at HK\$0.234 per Share on 21 March 2014 and closed at HK\$0.211 on the Last Trading Day. After the publication of the Joint Announcement, the Shares (on

## LETTER FROM OPTIMA CAPITAL

theoretical ex-dividend basis) maintained at a level above the Offer Price and closed at HK\$0.375 per Share as at the Latest Practicable Date.

We consider that the Share price performance since December 2013 probably reflected market reception towards the extension of the Group's principal business activity to property investment as well as the anticipated drop in profit for the financial year ended 31 December 2013 as referred to in the profit warning. Without any other known changes to the fundamentals of the Company, we believe that the surge in Share prices after the First Announcement was probably due to market reaction towards the change in control of the Company. It is uncertain whether the current level of Share price will be sustainable in the absence of the Offer.

### 5.3 *Liquidity of the Shares*

The following table sets out the trading volume of the Shares during the Review Period:

	Total trading volume for the month/ period <i>(Note 1)</i>	Average daily trading volume for the month/ period <i>(Note 2)</i>	Percentage of average daily trading volume to the total issued Shares as at the Latest Practicable Date <i>(Note 3)</i>	Percentage of average daily trading volume to the total issued Shareholders as at the Latest Practicable Date <i>(Note 4)</i>
<b>2013</b>				
11 to 31 March	51,660,000	3,690,000	0.04%	0.15%
April	41,340,000	2,067,000	0.02%	0.08%
May	22,100,000	1,052,381	0.01%	0.04%
June	35,340,000	1,860,000	0.02%	0.07%
July	17,640,000	801,818	0.01%	0.03%
August	21,680,000	1,032,381	0.01%	0.04%
September	102,040,000	5,102,000	0.06%	0.20%
October	60,558,521	2,883,739	0.03%	0.11%
November	354,280,000	16,870,476	0.18%	0.67%
December	446,482,040	22,324,102	0.24%	0.89%



**LETTER FROM OPTIMA CAPITAL**

	Total trading volume for the month/ period <i>(Note 1)</i>	Average daily trading volume for the month/ period <i>(Note 2)</i>	Percentage of average daily trading volume to the total issued Shares as at the Latest Practicable Date <i>(Note 3)</i>	Percentage of average daily trading volume to the total issued Shares held by public Shareholders as at the Latest Practicable Date <i>(Note 4)</i>
<b>2014</b>				
January	100,653,000	4,793,000	0.05%	0.19%
February	38,000,000	2,000,000	0.02%	0.08%
March	1,081,014,000	54,050,700	0.59%	2.14%
April (for 5 trading days from 1 to 7 April as trading of Shares were suspended thereafter until 2 May)	83,220,000	16,664,000	0.18%	0.66%
May	1,627,900,000	85,678,947	0.93%	3.40%
June (up to the Latest Practicable Date)	217,540,000	11,449,474	0.12%	0.45%

*Notes:*

1. Based on the information disclosed in the official website of the Stock Exchange.
2. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading days on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.
3. Based on 9,200,000,000 Shares in issue as at the Latest Practicable Date.
4. Based on 2,522,360,000 Shares held by the public Shareholders as at the Latest Practicable Date.

As illustrated in the above table, the average daily trading volume during the Review Period ranged from around 800,000 Shares to 86 million Shares, representing approximately 0.01% to 0.93% of the total number of Shares in issue as at the Latest Practicable Date, and approximately 0.03% to 3.40% of the total number of Shares held by public Shareholders as at the Latest Practicable Date. Higher trading volume was noted in March and May 2014. We consider that the increase in trading volume coupled with the surge in Share price since March 2014 was likely caused by speculations about the change in control of the Company.

## LETTER FROM OPTIMA CAPITAL

Save for the months of March and May 2014, the overall liquidity of the Shares was relatively low during the Review Period. As such, the Shareholders may find it difficult to dispose of a large number of Shares in the open market without exerting a downward pressure on the price of the Shares. We consider that the Offer provides Offer Shareholders with an assured exit if they wish to realise their investments in the Shares.

### 5.4 Comparable companies

For the purpose of assessing the fairness and reasonableness of the Offer Price, we have also sought to compare the price to earnings ratio (the “**PE Ratio**”), price to book ratio (the “**PB Ratio**”) and dividend yield of the Shares implied by the Offer Price against those of the companies comparable to the Company. We consider that companies (i) which are principally engaged in the printing business; (ii) with revenue generated from the provision of printing services contributing not less than 50.0% of the total turnover for the latest financial year; and (iii) whose shares are listed on the main board of the Stock Exchange are meaningful references for this purpose. We have identified a total of 8 companies (the “**Comparable Companies**”) which is an exhaustive list based on the aforesaid criteria, and compared the PE Ratio, PB Ratio and dividend yield of the Comparable Companies to those of the Company represented by the Offer Price as follows:

Company (stock code)	Closing price as at the Latest Practicable Date (HK\$) (Note 1)	Market Capitalisation as at the Latest Practicable Date (HK\$ million) (Note 1)	PE Ratio (Note 2)	PB Ratio (Note 3)	Dividend yield (Note 4)
New Island Development Holdings Limited (377)	HK\$0.285	HK\$759.6	6.1	1.2	N/A
Hung Hing Printing Group Limited (450)	HK\$1.130	HK\$1,025.9	13.2	0.4	6.19%
New Media Group Holdings Limited (708)	HK\$0.270	HK\$233.3	10.5	0.5	2.78%
1010 Printing Group Limited (1127)	HK\$0.940	HK\$723.8	5.6	1.1	6.38%
Midas International Holdings Ltd. (1172)	HK\$0.168	HK\$370.8	N/A	0.8	N/A
Cheong Ming Investments Limited (1196)	HK\$0.780	HK\$495.6	N/A	1.0	N/A
ePrint Group Limited (1884)	HK\$1.100	HK\$550.0	21.2	3.4	3.64
China Print Power Group Limited (6828)	HK\$2.870	HK\$714.8	N/A	3.7	N/A

## LETTER FROM OPTIMA CAPITAL

	Closing price as at the Latest Practicable Date (HK\$) (Note 1)	Market Capitalisation as at the Latest Practicable Date (HK\$ million) (Note 1)	PE Ratio (Note 2)	PB Ratio (Note 3)	Dividend yield (Note 4)
Maximum			21.2	3.7	6.38%
Minimum			5.6	0.4	2.78%
<i>Mean</i>			<i>11.3</i>	<i>1.5</i>	<i>4.75%</i>
<i>Median</i>			<i>10.5</i>	<i>1.1</i>	<i>4.92%</i>
The Company	HK\$0.062 (Offer Price)	HK\$570.4 (Total value of the issued Shares based on the Offer Price)	28.7	2.0	N/A

*Notes:*

1. Based on the information disclosed in the official website of the Stock Exchange.
2. PE Ratios of the Comparable Companies are calculated based on their respective closing price as at the Latest Practicable Date divided by the earnings per share as disclosed in their respective annual report for the most recent financial year. No PE Ratio is calculated for those Comparable Companies which recorded a loss for the most recent financial year.
3. PB Ratios of the Comparable Companies are calculated based on their respective market capitalisation as at the Latest Practicable Date divided by the audited net assets of the Comparable Companies as extracted from their respective latest published balance sheets.
4. Dividend yields of the Comparable Companies are calculated based on their respective total dividend declared in the most recent financial year divided by their respective closing price as at the Latest Practicable Date. No dividend yield is calculated for those Comparable Companies which did not declare a dividend for the most recent financial year.

As shown in the table set out above, the PE Ratio of the profitable Comparable Companies ranges from 5.6 to 21.2 times, with mean and median of 11.3 and 10.5 times respectively. The PB Ratio of all the Comparable Companies ranges from 0.4 to 3.7 times, with mean and median of approximately 1.5 times and 1.1 times respectively.

The PE Ratio of the Shares implied by the Offer Price of approximately 28.7 times is above the range of the PE Ratios of the Comparable Companies while the PB Ratio of the Shares implied by the Offer Price of approximately 2.0 times is within the range of the PB Ratios of the Comparable Companies. Both the PE Ratio and the PB Ratio are above the mean and median of the corresponding ratios of the Comparable Companies.

## LETTER FROM OPTIMA CAPITAL

Among the Comparable Companies which had declared dividend for the preceding financial year, their dividend yield ranges from 2.78% to 6.38%. Despite no declaration of dividend by the Company for the most recent financial year ended 31 December 2013, the Company did declare final dividends of HK\$0.0011 per Share for each of the four preceding financial years ended 31 December 2012. Based on the historical dividend of HK\$0.0011 per Share, the Company's dividend yield implied by the Offer Price is 1.77% which is lower than those of the Comparable Companies. We have not taken into account the Special Dividend in our analysis above as we consider the Special Dividend was an extraordinary event throughout the Company's dividend payment history, which might have been triggered by the change in control of the Company and may not be recurring.

### RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular,

- (i) although the Group had been profitable for the last three financial years, the operating results have been deteriorating. Despite a slight recovery in gross profit margin and net profit margin in 2012, the drop in these margins in 2013 was substantial to a level below those of 2011. The operating profit margin (excluding the effects of other gain or loss associated with the Group's financing activities which are not directly related to the operations of the Group) was also in a downward trend from 2011 to 2013;
- (ii) the principal business of the Group of financial printing is subject to challenges such as the pace of global economic recovery, global financial conditions, increasing operating costs, and the trend of using electronic communication in place of traditional printed communication, while the contribution of the Group's new property investment business is yet to be proven;
- (iii) the Offeror had yet to formulate any concrete business plans and strategies for the future business development of the Group;
- (iv) Share prices were below the Offer Price during most of the time of the Review Period. The recent surge in the price of the Shares was possibly due to the Offer and the speculation on the Company after a change in control, which may not be sustainable in the absence of the Offer;
- (v) liquidity of the Shares was generally low and Offer Shareholders may find it difficult to dispose of a large number of Shares in the open market without exerting a downward pressure on the price of the Shares. The Offer provides an assured opportunity to the Shareholders to realise their investments in the Company;
- (vi) the Offer Price represents a premium of 103.28% over the audited net asset value per Share as at 31 December 2013 and a premium of 783.19% over the adjusted net asset value per Share after deduction of the Special Dividend;

## LETTER FROM OPTIMA CAPITAL

- (vii) the PE Ratio of the Shares implied by the Offer Price is above the range of the PE Ratios of the Comparable Companies while the PB Ratio of the Shares implied by the Offer Price is within the range of those of the Comparable Companies. Both the PE Ratio and the PB Ratio are above the mean and median of the corresponding ratios of the Comparable Companies; and
- (viii) the dividend yield of the Shares based on historical dividends of the Company and the Offer Price is below those of the Comparable Companies. For those Shareholders who are looking for investments in the same sector of the Company may dispose of the Shares and invest the proceeds therefrom in other Comparable Companies which may generate better dividend yield,

we consider that the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Offer Shareholders to accept the Offer.

Offer Shareholders should note that the price of the Shares has substantially increased and consistently traded above the Offer Price since March 2014 and following the publication of the Joint Announcement. The Offer Price represents a discount of 57.62% and 29.71% to the 30-day and 120-day average closing price of the Shares, and the Shares closed at HK\$0.375 as at the Latest Practicable Date. Offer Shareholders who wish to realise part or all of their investments in the Company are reminded to carefully and closely monitor the market price of the Shares during the Offer Period and consider selling their Shares in the open market, if the net proceeds of such sale after deducting all transaction costs exceed the net amount to be received under the Offer, instead of accepting the Offer.

Offer Shareholders should read carefully the procedures for accepting the Offer detailed in the letter from Haitong International Securities and in Appendix I to the Composite Document.

Yours faithfully,  
for and on behalf of  
**OPTIMA CAPITAL LIMITED**  
**Beatrice Lung**  
*Managing Director*

## APPENDIX I FURTHER TERMS OF ACCEPTANCE OF THE OFFER

### 1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed Form(s) of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by hand or by post, to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on Monday, 21 July 2014.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:
  - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form(s) of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by hand or by post, to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on Monday, 21 July 2014; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the duly completed Form(s) of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by hand or by post, to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on Monday, 21 July 2014; or
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to

## APPENDIX I FURTHER TERMS OF ACCEPTANCE OF THE OFFER

accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptance of the Offer must be received by the Registrar). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Registrar). In order to meet the deadlines set by CCASS, you should check with CCASS for the timing on processing your instruction, and submit your instruction via the CCASS Phone System or CCASS Internet System.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form(s) of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form(s) of Acceptance and deliver it, by hand or by post, to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Haitong International Securities and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with Form of Acceptance.

## APPENDIX I FURTHER TERMS OF ACCEPTANCE OF THE OFFER

- (e) Acceptance of the Offer will be treated as valid only if the completed Form(s) of Acceptance is received by the Registrar no later than 4:00 p.m. on Monday, 21 July 2014 or such later time(s) and/or date(s) as the Offeror may determine, and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:
- (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the Share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares;
  - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); and
  - (iii) certified by the Registrar or the Stock Exchange.

If the Form(s) of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (f) Seller's ad valorem stamp duty for transfer of Shares registered on the Registrar arising in connection with acceptance of the Offer will be payable by the relevant Offer Shareholders at the rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such Offer Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (g) No acknowledgement of receipt of any Form(s) of Acceptance, Share certificate(s), and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.



## APPENDIX I FURTHER TERMS OF ACCEPTANCE OF THE OFFER

### 2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form(s) of Acceptance must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form(s) of Acceptance, and the Offer will be closed on the Closing Date.
- (b) The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.
- (c) In the event that the Offeror decides to extend the Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Offer Shareholders who have not accepted the Offer.
- (d) If the Offeror revises the terms of the Offer, all Offer Shareholders, whether or not they have already accepted the Offer, will be entitled to the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.
- (e) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer so extended.

### 3. ANNOUNCEMENTS

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the requirements of Listing Rules by 7:00 p.m. on the Closing Date stating whether the Offer has been revised, extended or has expired. Such announcement must state the following:
  - (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
  - (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period;

## APPENDIX I FURTHER TERMS OF ACCEPTANCE OF THE OFFER

- (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror or any parties acting in concert with it during the Offer Period;
  - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold; and
  - (v) the percentages of the relevant classes of issued share capital of the Company, and the percentages of voting rights of the Company, represented by these numbers.
- (b) In computing the total number of acceptances for announcement purposes, only acceptances that are in all respects in complete and good order and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, any announcement in relation to the Offer, in respect of which the Executive has confirmed that it has no further comments, will be made in accordance with the requirements of the Listing Rules.

### 4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Offer Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph 3 of this appendix, the Executive may require that the Offer Shareholders who have tendered acceptance to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Offer Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Offer Shareholder(s).

**5. SETTLEMENT**

- (a) Provided that (a) valid Form(s) of Acceptance for the Shares, together with the relevant Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount representing the cash consideration due to each accepting Offer Shareholder in respect of the Shares tendered by him/her/it or his/her/its agent(s) under the Offer, less seller's ad valorem stamp duty payable by him/her/it in the case of tendered Shares, will be despatched to each accepting Offer Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 7 Business Days from the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.
- (b) Settlement of the consideration to which any accepting Offer Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty) set out in this Composite Document including this appendix and the accompanying Form(s) of Acceptance without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.

**6. OVERSEAS SHAREHOLDERS**

The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are residents. Offer Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements in their own jurisdictions.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of all applicable legal and regulatory requirements of the relevant jurisdiction in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction. The Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert with them, Haitong International Capital, Haitong International Securities, Optima Capital, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes they may be required to pay. Any acceptance by an Overseas Shareholder will be deemed to constitute a representation and warranty from such person to the Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert with them, Haitong International Capital,

## APPENDIX I FURTHER TERMS OF ACCEPTANCE OF THE OFFER

Haitong International Securities, Optima Capital, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer that he/she/it has observed and is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and that, such acceptance shall be valid and binding in accordance with all applicable laws. Offer Shareholders should consult their professional advisers if in doubt.

### 7. TAX IMPLICATIONS

**Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert, Haitong International Capital, Haitong International Securities, Optima Capital, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer is in a position to advise the Offer Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.**

### 8. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, Share certificate(s), transfer receipt(s), other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Offer Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror and parties acting in concert with it, the Company, Haitong International Capital, Haitong International Securities, Optima Capital, the Registrar nor any of their respective directors, officers, professional advisers, associates, agents or any other parties involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) Acceptance of the Offer by any person will constitute a warranty by such person to the Offeror that the Offer Shares acquired are fully paid and free from all Encumbrances and will be acquired together with all rights attaching or accruing to them on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document, including, without limitation, the right to receive all dividends and other distributions (excluding the Special Dividend) declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document.
- (c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of iOne Shares in respect of which it is indicated in the Form(s) of Acceptance is the aggregate number of iOne Shares held by such nominee for such beneficial owners who accept the Offer.
- (d) The provisions set out in the Form(s) of Acceptance form part of the terms of the Offer.

## APPENDIX I FURTHER TERMS OF ACCEPTANCE OF THE OFFER

- (e) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offer are made will not invalidate the Offer in any way.
- (f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong. The Offer is made in accordance with the Takeovers Code.
- (g) Due execution of the Form(s) of Acceptance will constitute an authority to any of the Offeror or such person(s) as the Offeror may direct to complete and execute any document on behalf of the person(s) accepting the Offer and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person(s) as it may direct, the Shares in respect of which such person(s) has/have accepted the Offer.
- (h) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (i) In making their decision, the Offer Shareholders must rely on their own examination of the Offeror, the Company and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance are not to be construed as any legal or business advice. The Offer Shareholders should consult their own professional advisers for professional advice.
- (j) The English texts of this Composite Document and the Form(s) of Acceptance shall prevail over their Chinese texts for the purpose of interpretation.

## 1. THREE YEARS FINANCIAL SUMMARY

The following is a summary of the audited financial results of iOne Group for each of the three financial years ended 31 December 2011, 2012 and 2013; and the assets and liabilities as at 31 December 2011, 2012 and 2013. They are extracted from the published audited financial statements of iOne Group for the three financial years ended 31 December 2011, 2012 and 2013.

BDO Limited, the auditors of iOne, did not issue any qualified opinion on any of financial statements of iOne Group for the three financial years ended 31 December 2011, 2012 and 2013.

For each of the three financial years ended 31 December 2011, 2012 and 2013:

- iOne Group had no exceptional or extraordinary items because of size, nature or incidence;
- iOne Group did not record any non-controlling interests; and
- all of the profit of iOne Group was attributable to owners of iOne.

	Year ended 31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
(i) <b>Turnover</b>	<u>165,621</u>	<u>125,925</u>	<u>130,463</u>
Profit before income tax expenses	45,691	37,325	25,344
Income tax expense	<u>(6,795)</u>	<u>(5,435)</u>	<u>(5,442)</u>
Profit for the year and attributable to Owners of iOne	<u>38,896</u>	<u>31,890</u>	<u>19,902</u>
<b>Earnings per iOne Share</b>			
– Basic and diluted ( <i>Note 1</i> )	<u>HK\$0.42 cent</u>	<u>HK\$0.35 cent</u>	<u>HK\$0.22 cent</u>

*Note 1:* The calculation of basic earnings per share is based on the profit for each of the three financial years ended 31 December 2011, 2012 and 2013 attributable to owners of iOne and 9,200,000,000 iOne Shares in issue during each year.

Diluted earnings per share equals to basic earnings per share, as there are no potential dilutive ordinary shares outstanding during the years ended 31 December 2011, 2012 and 2013.

	Year ended 31 December		
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000
(ii) <b>Assets and liabilities</b>			
Non-current assets	46,038	101,621	82,093
Current assets	221,540	185,944	229,461
	<u>267,578</u>	<u>287,565</u>	<u>311,554</u>
Total assets	<u>267,578</u>	<u>287,565</u>	<u>311,554</u>
Current liabilities	(30,690)	(20,643)	(30,488)
Non-current liabilities	(107)	(35)	(180)
	<u>(30,797)</u>	<u>(20,678)</u>	<u>(30,668)</u>
Total liabilities	<u>(30,797)</u>	<u>(20,678)</u>	<u>(30,668)</u>
Net assets	<u>236,781</u>	<u>266,887</u>	<u>280,886</u>

(iii) **Dividend**

For each of the year ended 31 December 2011 and 2012, a final dividend of HK0.11 cent each per iOne Share (totalling HK\$10,120,000 for each of these years) was declared and paid. iOne did not recommend any payment of final dividend for the year ended 31 December 2013.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF IONE**

The following is the full text of the audited consolidated financial statements of iOne for the year ended 31 December 2013 extracted from the annual report of iOne for the year. Capitalised terms used in this section 2 have the same meanings as defined in the related annual report of iOne.

**Consolidated Statement of Comprehensive Income***For the year ended 31 December 2013*

	<i>Notes</i>	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Turnover	6	130,463	125,925
Cost of services provided		<u>(63,757)</u>	<u>(58,540)</u>
Gross profit		66,706	67,385
Other income and gains	8	8,347	5,985
Selling and distribution expenses		(11,421)	(10,119)
Administrative expenses		(25,122)	(25,926)
Impairment loss on available-for-sale investments		<u>(13,166)</u>	<u>–</u>
Profit before income tax expense	9	25,344	37,325
Income tax expense	12	<u>(5,442)</u>	<u>(5,435)</u>
Profit for the year		<u>19,902</u>	<u>31,890</u>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Fair value changes on available-for-sale investments			
– Fair value changes arising during the year		1,967	8,336
– Amounts reclassified to profit or loss upon disposals		(1,020)	–
– Amounts reclassified to profit or loss upon impairment		<u>3,270</u>	<u>–</u>
Other comprehensive income for the year		<u>4,217</u>	<u>8,336</u>
Total comprehensive income for the year attributable to owners of the Company		<u>24,119</u>	<u>40,226</u>
Earnings per share			
– Basic and diluted	14	<u>HK0.22 cent</u>	<u>HK0.35 cent</u>



**Consolidated Statement of Financial Position***As at 31 December 2013*

	<i>Notes</i>	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	15	4,457	2,795
Investment property	16	4,552	–
Available-for-sale investments	18	73,084	98,826
		<u>82,093</u>	<u>101,621</u>
<b>Current assets</b>			
Work in progress		2,448	1,617
Trade receivables	19	62,451	37,723
Other receivables, deposits and prepayments		8,133	6,575
Amount due from a related company	20	192	197
Income tax recoverable		–	496
Cash and bank balances	21	156,237	139,336
		<u>229,461</u>	<u>185,944</u>
<b>Current liabilities</b>			
Trade payables	22	16,507	8,388
Other payables and accruals		13,257	11,410
Amount due to a related company	23	228	172
Deferred income	25	70	313
Income tax payable		426	360
		<u>30,488</u>	<u>20,643</u>
<b>Net current assets</b>		<u>198,973</u>	<u>165,301</u>
<b>Total assets less current liabilities</b>		<u>281,066</u>	<u>266,922</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	26	180	35
<b>Net assets</b>		<u>280,886</u>	<u>266,887</u>
<b>Capital and reserves</b>			
Share capital	27	2,300	2,300
Reserves		278,586	264,587
<b>Total equity</b>		<u>280,886</u>	<u>266,887</u>

**Statement of Financial Position***As at 31 December 2013*

	<i>Notes</i>	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	15	96	238
Investments in subsidiaries	17	69,902	69,902
Available-for-sale investments	18	73,084	98,826
		<u>143,082</u>	<u>168,966</u>
<b>Current assets</b>			
Other receivables, deposits and prepayments		1,554	1,837
Cash and bank balances	21	42,621	126,698
		<u>44,175</u>	<u>128,535</u>
<b>Current liabilities</b>			
Other payables and accruals		546	574
Income tax payable		38	235
Amounts due to subsidiaries	24	26,982	125,212
		<u>27,566</u>	<u>126,021</u>
<b>Net current assets</b>		<u>16,609</u>	<u>2,514</u>
<b>Total assets less current liabilities</b>		<u>159,691</u>	<u>171,480</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		–	15
<b>Net assets</b>		<u>159,691</u>	<u>171,465</u>
<b>Capital and reserves</b>			
Share capital	27	2,300	2,300
Reserves	29	157,391	169,165
<b>Total equity</b>		<u>159,691</u>	<u>171,465</u>

**Consolidated Statement of Changes in Equity***For the year ended 31 December 2013*

	Share capital HK\$'000	Share premium HK\$'000 (note a)	Special reserve HK\$'000 (note b)	Available- for-sale investments reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2012	2,300	39,914	4,451	(7,971)	198,087	236,781
Profit for the year	-	-	-	-	31,890	31,890
Other comprehensive income	-	-	-	8,336	-	8,336
Total comprehensive income	-	-	-	8,336	31,890	40,226
Dividend approved in respect of previous year	-	-	-	-	(10,120)	(10,120)
At 31 December 2012 and 1 January 2013	2,300	39,914	4,451	365	219,857	266,887
Profit for the year	-	-	-	-	19,902	19,902
Other comprehensive income	-	-	-	4,217	-	4,217
Total comprehensive income	-	-	-	4,217	19,902	24,119
Dividend approved in respect of previous year	-	-	-	-	(10,120)	(10,120)
At 31 December 2013	<u>2,300</u>	<u>39,914</u>	<u>4,451</u>	<u>4,582</u>	<u>229,639</u>	<u>280,886</u>

*Notes:*

- (a) Share premium represents amount subscribed for share capital in excess of nominal value.
- (b) Special reserve represents the difference between the aggregate amount of the share capital and share premium of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition pursuant to the group reorganisation (the "Reorganisation") which was to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

**Consolidated Statement of Cash Flows***For the year ended 31 December 2013*

	2013 HK\$'000	2012 HK\$'000
<b>Cash flows from operating activities</b>		
Profit before income tax expense	25,344	37,325
Adjustments for:		
Interest income	(4,421)	(4,273)
Dividend income	(1,396)	(1,320)
Gain on disposal of available-for-sale investments	(1,375)	–
Depreciation of property, plant and equipment	1,594	1,754
Loss on written-off of property, plant and equipment	2	120
Written-off of bad debt	–	413
Impairment loss on available-for-sale investments	13,166	–
<b>Operating profit before working capital changes</b>	32,914	34,019
Increase in work in progress	(831)	(454)
Increase in trade receivables	(24,728)	(8,313)
(Increase)/decrease in other receivables, deposits and prepayments	(1,558)	94
Decrease in amount due from a related company	5	1
Increase/(decrease) in trade payables	8,119	(260)
Increase/(decrease) in other payables and accruals	1,847	(9,654)
Increase/(decrease) in amount due to a related company	56	(195)
Decrease in deferred income	(243)	(298)
<b>Cash generated from operations</b>	15,581	14,940
Hong Kong Profits Tax paid	(4,735)	(319)
<b>Net cash generated from operating activities</b>	10,846	14,621

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Cash flows from investing activities</b>		
Interest received	4,421	4,273
Dividend received	1,396	1,320
Purchase of property, plant and equipment	(3,258)	(1,013)
Purchase of investment property	(4,552)	–
(Increase)/decrease in fixed deposits with original maturities of over three months	(2,472)	42,047
Proceeds from disposal of available-for-sale investments	18,168	–
Acquisition of available-for-sale investments	–	(48,108)
	<u>–</u>	<u>(48,108)</u>
<b>Net cash generated from/(used in) investing activities</b>	13,703	(1,481)
	-----	-----
<b>Net cash used in financing activities</b>		
Dividends paid to owners of the Company	(10,120)	(10,120)
	-----	-----
<b>Net increase in cash and cash equivalents</b>	14,429	3,020
<b>Cash and cash equivalents at beginning of the year</b>	106,943	103,923
	<u>106,943</u>	<u>103,923</u>
<b>Cash and cash equivalents at end of the year (note 21)</b>	<u>121,372</u>	<u>106,943</u>

## Notes to the Financial Statements

31 December 2013

### 1. GENERAL

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

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

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### (a) Adoption of new/revised HKFRSs – effective 1 January 2013

HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement

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

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

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

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosure for Non-Financial Assets <sup>1</sup>
HKFRS 9	Financial Instruments*
HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle <sup>3</sup>
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>3</sup> Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

\* No mandatory effective date yet determined but is available for immediate adoption

#### *Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities*

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

*Amendments to HKAS 36 – Impairment of Assets – Recoverable Amount Disclosures*

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal.

*HKFRS 9 – Financial Instruments*

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

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

**3. BASIS OF PREPARATION****(a) Statement of compliance**

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

**(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

**4. SIGNIFICANT ACCOUNTING POLICIES****(a) Business combination and basis of consolidation**

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

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

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

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

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

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

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

**(b) Subsidiaries**

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

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

**(c) Property, plant and equipment**

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



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

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

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

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

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

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

**(d) Investment property**

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

**(e) Leases**

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

*The Group as lessee*

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

**(f) Financial instruments**

**(i) Financial assets**

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

*Financial assets at fair value through profit or loss*

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

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

*Loans and receivables*

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

*Available-for-sale investments*

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

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

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

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

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

*For loans and receivables*

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

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

*For available-for-sale investments*

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

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

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

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

*(iii) Financial liabilities at amortised cost*

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

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

*(iv) Effective interest method*

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

*(v) Equity instruments*

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

*(vi) Derecognition*

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

**(g) Work in progress**

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

**(h) Revenue recognition**

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

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

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

**(i) Income taxes**

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

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

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

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

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

**(j) Foreign currency**

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

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

**(k) Employee benefits***Defined contribution retirement plan*

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

*Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

**(l) Impairment of non-financial assets**

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

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

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

**(m) Provisions and contingent liabilities**

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

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

**(n) Related parties**

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

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

(ii) has significant influence over the Group; or

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

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

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

- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

#### 5. KEY SOURCE OF ESTIMATION UNCERTAINTY AND JUDGMENT

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

##### **Impairment of trade receivables**

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

##### **Impairment of available-for-sale listed equity investments**

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

##### **Impairment of available-for-sale unlisted equity investment**

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

**Fair value measurement**

The investment property and certain available-for-sale investments included in the Group's financial statements require measurement at, and / or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

For more detailed information in relation to the fair value measurement of the investment property and certain available-for-sale investments, please refer to the notes 16 and 18 respectively.

**6. TURNOVER**

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

	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial printing services:		
– Printing and translation	119,157	113,572
– Advertising	11,306	12,353
	<u>130,463</u>	<u>125,925</u>

**7. SEGMENT INFORMATION**

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

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

## (a) Business segments

	Financial printing services and investments holding		Property investment		Total	
	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	130,463	125,925	-	-	130,463	125,925
Inter-segment revenue	-	-	-	-	-	-
Reportable segment revenue	<u>130,463</u>	<u>125,925</u>	<u>-</u>	<u>-</u>	<u>130,463</u>	<u>125,925</u>
Reportable segment profit/(loss)	<u>25,355</u>	<u>37,325</u>	<u>(11)</u>	<u>-</u>	<u>25,344</u>	<u>37,325</u>
Depreciation	1,594	1,754	-	-	1,594	1,754
Income tax expense	5,442	5,435	-	-	5,442	5,435
Reportable segment assets	307,002	287,565	4,552	-	311,554	287,565
Additions to non-current assets	3,258	1,013	4,552	-	7,810	1,013
Reportable segment liabilities	<u>30,667</u>	<u>20,678</u>	<u>1</u>	<u>-</u>	<u>30,668</u>	<u>20,678</u>

## (b) Geographic information

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

*Information about a major customer*

None of the Group's customers had individually accounted for over 10% of the Group's revenue for the years ended 31 December 2013 and 2012.

## 8. OTHER INCOME AND GAINS

	2013 HK\$'000	2012 HK\$'000
Interest income:		
– bank deposits	2,367	2,564
– corporate bonds	<u>2,054</u>	<u>1,709</u>
	4,421	4,273
Dividend income	1,396	1,320
Exchange gains, net	970	391
Gain on disposal of available-for-sale investments	1,375	-
Bad debts recovered	184	-
Others	<u>1</u>	<u>1</u>
	<u>8,347</u>	<u>5,985</u>



## 9. PROFIT BEFORE INCOME TAX EXPENSE

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

	2013 HK\$'000	2012 HK\$'000
Depreciation of property, plant and equipment ( <i>note 15</i> )	1,594	1,754
Auditor's remuneration	553	533
Loss on write-off of property, plant and equipment	2	120
Operating lease rentals for rented office premises and equipment	12,187	12,940
Impairment loss on available-for-sale investments	13,166	–
Staff costs ( <i>note 10</i> )	40,251	37,027
Written-off of bad debt	–	413
	<u>          </u>	<u>          </u>

## 10. STAFF COSTS

	2013 HK\$'000	2012 HK\$'000
Staff costs (including directors) comprise:		
Salaries, commissions, bonuses and other allowances	38,821	35,662
Retirement benefits scheme contributions	1,430	1,365
	<u>          </u>	<u>          </u>
	40,251	37,027
	<u>          </u>	<u>          </u>

## 11. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

## (a) Directors' emoluments

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

	2013 HK\$'000	2012 HK\$'000
Fees	150	150
Salaries, commissions and other allowances	1,044	1,008
Bonuses ( <i>note</i> )	174	150
Retirement benefits scheme contributions	20	20
	<u>          </u>	<u>          </u>
	1,388	1,328
	<u>          </u>	<u>          </u>

The emoluments of each of the directors during the years ended 31 December 2013 and 2012 are as follows:

	Fees <i>HK\$'000</i>	Salaries, commissions and other allowances <i>HK\$'000</i>	Bonuses <i>HK\$'000</i>	Retirement benefits scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2013</b>					
<i>Executive directors</i>					
Lau Wai Shu	–	936	156	15	1,107
Lee Wing Yin	–	108	18	5	131
<i>Independent non-executive directors</i>					
Lung Hung Cheuk	50	–	–	–	50
Ng Chi Ming	50	–	–	–	50
Yip Tai Him	50	–	–	–	50
	<u>150</u>	<u>1,044</u>	<u>174</u>	<u>20</u>	<u>1,388</u>
	<b>150</b>	<b>1,044</b>	<b>174</b>	<b>20</b>	<b>1,388</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Year ended 31 December 2012</b>					
<i>Executive directors</i>					
Lau Wai Shu	–	900	150	14	1,064
Lee Wing Yin	–	108	–	6	114
<i>Independent non-executive directors</i>					
Lung Hung Cheuk	50	–	–	–	50
Ng Chi Ming	50	–	–	–	50
Yip Tai Him	50	–	–	–	50
	<u>150</u>	<u>1,008</u>	<u>150</u>	<u>20</u>	<u>1,328</u>
	<b>150</b>	<b>1,008</b>	<b>150</b>	<b>20</b>	<b>1,328</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>

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

**(b) Five highest-paid employees**

Of the five employees with the highest emoluments in the Group, one (2012: one) was director of the Company whose emoluments are included in note 11(a) above. The emoluments of the remaining four (2012: four) employees were as follows:

	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Salaries, commissions and other allowances	7,019	6,391
Retirement benefits scheme contributions	59	55
	<u>7,078</u>	<u>6,446</u>

Their emoluments were within the following bands:

	<b>2013</b> <i>No. of employees</i>	<b>2012</b> <i>No. of employees</i>
HK\$		
Nil – 1,000,000	1	1
1,500,001–2,000,000	2	2
2,000,001–2,500,000	1	1
	<u>1</u>	<u>1</u>

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

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

	<b>2013</b> <i>No. of employee</i>	<b>2012</b> <i>No. of employee</i>
HK\$		
Nil – 1,000,000	1	1
	<u>1</u>	<u>1</u>

**12. INCOME TAX EXPENSE**

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

	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
– provision for the year	5,308	5,533
– over provision in respect of prior years	(11)	(26)
	<u>5,297</u>	<u>5,507</u>
Deferred tax ( <i>note 26</i> )	145	(72)
	<u>5,442</u>	<u>5,435</u>

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profit for the year.

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

	2013 HK\$'000	2012 HK\$'000
Profit before income tax expense	25,344	37,325
Tax calculated at the Hong Kong Profits Tax rate of 16.5% (2012: 16.5%)	4,181	6,159
Tax effect of income not subject to tax	(951)	(709)
Tax effect of expenses not deductible for tax purpose	2,229	45
Over provision in respect of prior years	(11)	(26)
Utilisation of tax losses previously not recognised	–	(34)
Others	(6)	–
Income tax expense	5,442	5,435

### 13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company includes a loss of HK\$11,567,000 (2012: loss of HK\$82,000) which has been dealt with in the financial statements of the Company.

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

	2013 HK\$'000	2012 HK\$'000
Loss which has been dealt with in the Company's financial statements	(11,567)	(82)
Management fee from subsidiaries	5,915	5,901
Financial printing and advertising charges to subsidiaries	(275)	(203)
Service fee and software rental charges from subsidiaries	56	51
The Company's (loss)/profit for the year (note 29)	(5,871)	5,667

### 14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK\$19,902,000 (2012: HK\$31,890,000) and 9,200,000,000 (2012: 9,200,000,000) shares in issue during the year.

Diluted earnings per share equals to basic earnings per share, as there are no potential dilutive ordinary shares outstanding during the years ended 31 December 2013 and 2012.

## 15. PROPERTY, PLANT AND EQUIPMENT

## Group

	Leasehold improvements <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>				
At 1 January 2012	5,717	7,290	1,568	14,575
Additions	214	723	76	1,013
Disposals	(320)	(153)	-	(473)
At 31 December 2012 and 1 January 2013	5,611	7,860	1,644	15,115
Additions	-	83	3,175	3,258
Disposals	-	(3)	-	(3)
At 31 December 2013	5,611	7,940	4,819	18,370
<b>Accumulated depreciation</b>				
At 1 January 2012	4,437	5,099	1,383	10,919
Provided for the year ( <i>note 9</i> )	631	1,024	99	1,754
Eliminated on disposals	(203)	(150)	-	(353)
At 31 December 2012 and 1 January 2013	4,865	5,973	1,482	12,320
Provided for the year ( <i>note 9</i> )	341	807	446	1,594
Eliminated on disposals	-	(1)	-	(1)
At 31 December 2013	5,206	6,779	1,928	13,913
<b>Net book value</b>				
At 31 December 2013	405	1,161	2,891	4,457
At 31 December 2012	746	1,887	162	2,795

Company	Leasehold improvements <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>				
At 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013	267	341	108	716
<b>Accumulated depreciation</b>				
At 1 January 2012	160	110	65	335
Provided for the year	54	68	21	143
At 31 December 2012 and 1 January 2013	214	178	86	478
Provided for the year	52	68	22	142
At 31 December 2013	266	246	108	620
<b>Net book value</b>				
At 31 December 2013	1	95	–	96
At 31 December 2012	53	163	22	238

## 16. INVESTMENT PROPERTY

**2013**  
*HK\$'000*

<b>Group</b>	
Fair value	
At 1 January	–
Additions	4,552
At 31 December	4,552

The fair value of investment property is a level 2 recurring fair value measurement.

The Group's investment property was acquired on 30 December 2013. The transaction price was supported by a valuation carried out by Ascent Partners Valuation Service Limited, an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The valuation applied the direct comparison method, which was based on market observable transactions of similar properties and adjusted to reflect the condition and locations of the subject property. The fair value of the reporting date was based on the transaction price as the property was recently acquired.

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

## 17. INVESTMENTS IN SUBSIDIARIES

	2013 HK\$'000	2012 HK\$'000
Unlisted shares, at cost	<u>69,902</u>	<u>69,902</u>

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

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

Name	Place of incorporation/ operation	Issued and fully paid share capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Modern Silver Limited	BVI/ Hong Kong	1 ordinary share of US\$1	-	100%	Business not yet commenced
Value Point Global Limited	BVI/ Hong Kong	1 ordinary share of US\$1	-	100%	Investment holding
Access Business Center Limited	Hong Kong	1 ordinary share of HK\$1	-	100%	Business not yet commenced
Rapid Swift Limited	BVI/ Hong Kong	1 ordinary share of US\$1	-	100%	Investment holding
Wealth Porter Limited	BVI/ Hong Kong	1 ordinary share of US\$1	-	100%	Property investment
Remedy Global Limited	BVI/ Hong Kong	1 ordinary share of US\$1	-	100%	Business not yet commenced

None of the subsidiaries of the Company had issued any debt securities at 31 December 2013.

#### 18. AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2013 HK\$'000	2012 HK\$'000
Listed equity investments:		
– in Hong Kong	15,842	14,693
– outside Hong Kong	<u>7,283</u>	<u>10,689</u>
	<u>23,125</u>	<u>25,382</u>
Listed corporate bonds:		
– in Hong Kong	23,128	26,733
– outside Hong Kong	<u>16,720</u>	<u>21,631</u>
	<u>39,848</u>	<u>48,364</u>
Unlisted corporate bonds	<u>3,780</u>	<u>8,891</u>
Unlisted mutual fund	<u>6,331</u>	<u>6,293</u>
Unlisted equity investment	<u>–</u>	<u>9,896</u>
	<u>73,084</u>	<u>98,826</u>



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

	Group and Company	
	2013 HK\$'000	2012 HK\$'000
At 1 January	98,826	42,382
Additions	–	48,108
Disposals	(17,813)	–
Investment loss recognised	(9,896)	–
Net fair value gain on available-for-sale investments	1,967	8,336
At 31 December	<u>73,084</u>	<u>98,826</u>

Listed equity securities and corporate bonds with carrying amounts of HK\$23,125,000 (2012: HK\$25,382,000) and HK\$39,848,000 (2012: HK\$48,364,000) respectively are measured at fair value. The fair values have been determined based on their quoted prices in active markets at the reporting date.

Unlisted corporate bonds and mutual fund with carrying amounts of HK\$3,780,000 (2012: HK\$8,891,000) and HK\$6,331,000 (2012: HK\$6,293,000) respectively are measured at fair value. The fair values have been determined based on their quoted prices from brokers at the reporting date.

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

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

	Group and Company			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
At 31 December 2013				
Listed equity investments	23,125	–	–	23,125
Listed corporate bonds	39,848	–	–	39,848
Unlisted corporate bonds	–	3,780	–	3,780
Unlisted mutual fund	–	6,331	–	6,331
	<u>62,973</u>	<u>10,111</u>	<u>–</u>	<u>73,084</u>

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

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

#### 19. TRADE RECEIVABLES

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

	Group	
	2013 HK\$'000	2012 HK\$'000
0–90 days	33,011	22,099
91–180 days	10,462	11,516
181–270 days	13,394	2,838
271–365 days	1,643	1,098
Over 365 days	3,941	172
	<u>62,451</u>	<u>37,723</u>

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

	Group	
	2013 HK\$'000	2012 HK\$'000
Neither past due nor impaired	15,430	8,006
1–90 days past due	24,017	21,230
91–180 days past due	13,966	5,219
181–270 days past due	4,988	3,004
271–365 days past due	3,964	146
Over 365 days past due	86	118
Trade receivables that are past due but not impaired	47,021	29,717
	<u>62,451</u>	<u>37,723</u>

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

## 20. AMOUNT DUE FROM A RELATED COMPANY

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

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

## 21. CASH AND BANK BALANCES

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Cash at bank and on hand	25,305	18,524	7,756	6,887
Fixed deposits with original maturities of three months or less	96,067	88,419	–	87,417
Fixed deposits with original maturities of over three months	<u>34,865</u>	<u>32,393</u>	<u>34,865</u>	<u>32,394</u>
Cash and bank balances in the statement of financial position	156,237	139,336	<u>42,621</u>	<u>126,698</u>
Less: Fixed deposits with original maturities of over three months	<u>(34,865)</u>	<u>(32,393)</u>		
Cash and cash equivalents in the consolidated statement of cash flows	<u>121,372</u>	<u>106,943</u>		

At 31 December 2013, the fixed deposits with original maturities of three months or less carried fixed interest on prevailing market rates of 1.2% to 3.3% (2012: 1.1% to 3.3%) per annum while the fixed deposits with original maturities of over three months carried fixed interest on prevailing market rates of 1.5% to 3.6% (2012: 1.3% to 3.35%) per annum.

## 22. TRADE PAYABLES

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

	Group	
	2013 HK\$'000	2012 HK\$'000
0–90 days	9,514	6,031
91–180 days	5,406	1,463
181–365 days	551	445
Over 365 days	<u>1,036</u>	<u>449</u>
	<u>16,507</u>	<u>8,388</u>

**23. AMOUNT DUE TO A RELATED COMPANY**

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

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

**24. AMOUNTS DUE TO SUBSIDIARIES**

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

**25. DEFERRED INCOME**

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

**26. DEFERRED TAX**

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

	<b>Group Accelerated tax depreciation</b> <i>HK\$'000</i>
At 1 January 2012	107
Credit to profit or loss ( <i>note 12</i> )	<u>(72)</u>
At 31 December 2012 and 1 January 2013	35
Charge to profit or loss ( <i>note 12</i> )	<u>145</u>
<b>At 31 December 2013</b>	<b><u>180</u></b>

**27. SHARE CAPITAL****(a) Authorised and issued share capital**

	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Authorised:		
12,000,000,000 (2012: 12,000,000,000) ordinary shares of HK\$0.00025 each (2012: HK\$0.00025 each)	<u>3,000</u>	<u>3,000</u>
Issued and fully paid:		
9,200,000,000 (2012: 9,200,000,000) ordinary shares of HK\$0.00025 each (2012: HK\$0.00025 each)	<u>2,300</u>	<u>2,300</u>

**(b) Capital risk management**

During the year, the Group's strategy, which was unchanged from 2012, was to manage its capital to ensure that the Group entities will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of capital and reserves of the Group. At 31 December 2013, no external debts were raised by the Group.

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

**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 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 2013.

## 29. RESERVES

## Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Available- for-sale investments reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2012	39,756	69,602	(7,971)	63,895	165,282
Profit for the year ( <i>note 13</i> )	-	-	-	5,667	5,667
Other comprehensive income	-	-	8,336	-	8,336
Total comprehensive income	-	-	8,336	5,667	14,003
Dividend approved in respect of previous year	-	-	-	(10,120)	(10,120)
At 31 December 2012 and 1 January 2013	39,756	69,602	365	59,442	169,165
Loss for the year ( <i>note 13</i> )	-	-	-	(5,871)	(5,871)
Other comprehensive income	-	-	4,217	-	4,217
Total comprehensive income	-	-	4,217	(5,871)	(1,654)
Dividend approved in respect of previous year	-	-	-	(10,120)	(10,120)
At 31 December 2013	<u>39,756</u>	<u>69,602</u>	<u>4,582</u>	<u>43,451</u>	<u>157,391</u>

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.

## 30. DIVIDEND

	Company	
	2013 HK\$'000	2012 HK\$'000
Final, proposed – nil (2012: HK\$0.0011) per share	-	10,120

At a meeting held on 28 March 2014, the directors of the Company do not recommend any payment of final dividend.

The proposed dividend for the year ended 31 December 2012 is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ended 31 December 2013.

## 31. OPERATING LEASES

## As lessee

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

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

	Group	
	2013	2012
	HK\$'000	HK\$'000
Not later than one year	13,409	12,445
Later than one year and not later than five years	24,392	37,668
	<u>37,801</u>	<u>50,113</u>

### 32. RELATED PARTY TRANSACTIONS

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

	2013	2012
	HK\$'000	HK\$'000
Rental expenses to a related company ( <i>note a</i> )	–	1,088
Printing income from related companies ( <i>notes a &amp; b</i> )	243	304
Translation fee to a related company ( <i>notes a &amp; b</i> )	835	575
	<u>835</u>	<u>575</u>

*Notes:*

- (a) A controlling shareholder of the Company is also controlling shareholder of the related companies.
- (b) A director of the Company is also director of the related company.

#### Compensation of key management personnel

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

	2013	2012
	HK\$'000	HK\$'000
Short-term benefits	1,940	1,880
Post-employment benefits	35	34
	<u>1,975</u>	<u>1,914</u>

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

**33. FINANCIAL RISK MANAGEMENT**

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

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

**(a) Credit risk**

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

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

**(b) Liquidity risk**

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

**(c) Interest rate risk**

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

*Sensitivity analysis*

At 31 December 2013 and 2012, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have insignificant effects on the Group's profit for the years ended 31 December 2013 and 2012.

**(d) Currency risk**

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



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

	Assets	
	2013 HK\$'000	2012 HK\$'000
US\$	23,710	19,707
SGD	7,541	11,243
RMB	68,367	63,566
	<u>          </u>	<u>          </u>

#### *Sensitivity analysis*

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

	Effect on profit for the year	
	2013 HK\$'000	2012 HK\$'000
RMB to HK\$:		
Appreciates by 3% (2012: 3%)	2,051	1,907
Depreciates by 3% (2012: 3%)	(2,051)	(1,907)
	<u>          </u>	<u>          </u>
SGD to HK\$:		
Appreciates by 5% (2012: 5%)	377	562
Depreciates by 5% (2012: 5%)	(377)	(562)
	<u>          </u>	<u>          </u>

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, as HK\$ is pegged to US\$, management does not expect any significant movements in the US\$/HK\$ exchange rate. The analysis is performed on the same basis for 2012.

#### (e) **Price risk**

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

#### *Sensitivity analysis*

If the prices of the respective investments had been 10% higher/lower, the available-for-sale investments reserve would increase/decrease by HK\$7,308,000 (2012: HK\$8,893,000).

## 34. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
<b>Financial assets</b>				
Loans and receivables	225,656	182,277	43,434	127,791
Available-for-sale financial assets	<u>73,084</u>	<u>98,826</u>	<u>73,084</u>	<u>98,826</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>24,791</u>	<u>15,459</u>	<u>27,528</u>	<u>125,786</u>

## 35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2014.

### 3. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group did not have any bank borrowings.

Apart from intra-group liabilities, iOne Group did not have, as at the close of business on 31 March 2014, any loan capital issued and outstanding or agreed to be issued, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptances credits or hire purchase commitments, guarantees or any material contingent liabilities.

iOne Directors confirmed that, since the close of business on 31 March 2014, there have been no material changes in the indebtedness and contingent liabilities of iOne Group up to the Latest Practicable Date.

### 4. MATERIAL CHANGE

iOne Directors confirm that save as disclosed below, they are not aware of any material change in the financial or trading position or outlook of iOne Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of iOne were made up, up to and including the Latest Practicable Date:

- (i) as disclosed in the announcement dated 2 May 2014 issued jointly by the Offeror, iOne and Richfield, iOne Directors resolved on 14 April 2014 to declare the Special Dividend on the basis of HK\$0.02348 for each iOne Share. The declaration of the Special Dividend is not conditional on the Acquisition Completion. The Special Dividend in an aggregate amount of HK\$216,016,000 was paid on 11 June 2014 in cash out of iOne's distributable profits; and
- (ii) subsequent to 31 December 2013, iOne had disposed of and/or redeemed all the available-for-sale financial assets with aggregate carrying value of approximately HK\$73.1 million as at 31 December 2013. The proceeds from the disposal and/or redemption, which are not materially different from the carrying value as at 31 December 2013, was used for the distribution of the Special Dividend.

## 1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to Zhuhai Huafa, the Offeror and the future intentions of the Offeror regarding the Group. The directors of Zhuhai Huafa and the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the iOne Group and the Sellers) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by iOne) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statements in this Composite Document misleading.

## 2. DISCLOSURE OF INTERESTS

### Interests discloseable under Schedule I to the Takeovers Code

- (a) Save and except for the 6,440,000,000 Shares (representing 70% of the issued share capital of the Company) acquired by the Offeror and persons acting in concert with it (as to 3,707,600,000 Shares by the Offeror, 426,953,600 Shares by Investor A, 483,846,400 Shares by Investor B, 426,953,600 Shares by Investor C, 483,846,400 Shares by Investor D, 400,800,000 Shares by Investor E and 510,000,000 Shares by Investor F) under the Acquisition Agreement, as at the Latest Practicable Date, the Offeror, the directors of the Offeror and parties acting in concert with the Offeror did not own or control any Shares or convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date.
- (b) As at the Latest Practicable Date, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code has been entered into between the Offeror or any persons acting in concert with it.

## 3. DEALINGS IN SECURITIES

### Dealings in iOne Shares discloseable under Schedule I to the Takeovers Code

- (a) As at the Latest Practicable Date, no person who owned or controlled Shares or convertible securities, warrants, options or derivatives in respect of the Shares have irrevocably committed themselves to accept or reject the Offer;
- (b) During the Relevant Period, save for the acquisition of 6,440,000,000 Shares by the Offeror and parties acting in concert with it under the Acquisition Agreement, none of the Offeror, the directors of the Offeror or parties acting in concert with the Offeror had dealt for value in any Shares or convertible securities, warrants, options or derivatives of the Company;

- (c) During the Relevant Period, no persons who owned or controlled Shares or convertible securities, warrants, options or derivatives in respect of the Shares had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or parties acting in concert with it; and
- (d) During the Relevant Period, none of the Offeror or any persons acting in concert with the Offeror has borrowed or lent any Shares or convertible securities, warrants, options or derivatives of the Company, save for any borrowed shares which have been either on-lent or sold.

#### 4.      **CONSENTS AND QUALIFICATIONS**

The following are the names and the qualifications of the professional advisers who have given opinions or advice which are contained or referred to in this Composite Document in relation to the Offer:

<b>Name</b>	<b>Qualification</b>
Haitong International Capital	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in relation to the Offer
Haitong International Securities	a corporation licensed to carry out type 1 (dealing in securities), type 3 (leverage foreign exchange trading) and type 4 (advising on securities) regulated activities under the SFO

Each of Haitong International Capital and Haitong International Securities has given and has not withdrawn its respective written consents to the issue of this Composite Document with the inclusion in this Composite Document of its letters (if applicable) and references to its name in the form and context in which they respectively appear.

#### 5.      **MISCELLANEOUS**

- (a) No benefit will be given to any iOne Directors as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, save for the Acquisition Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror and any person acting in concert with it on the one hand and any iOne Director, recent iOne Director, iOne Shareholder or recent iOne Shareholder on the other hand, having any connection with or was dependent upon the Offer.

- (c) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror was party which related to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.
- (d) As at the Latest Practicable Date, unless otherwise required by the Listing Rules with regard to the public float requirements, there is no agreement, arrangement or understanding to charge, pledge or transfer the Shares acquired in the Offer to any other persons.
- (e) The registered address of the Offeror is at Offshore Chambers, P.O. Box 217, Apia, Samoa and the correspondence address of the Offeror is Room 3605, 36/F., Cheung Kong Center, 2 Queen’s Road Central, Central, Hong Kong.
- (f) Zhuhai Huafa is the ultimate parent company of the Offeror and is directly holding approximately 100% interest in the Offeror.
- (g) The registered office of Haitong International Capital is situated at 22/F., Li Po Chun Tower, 189 Des Voeux Road Central, Hong Kong.
- (h) The registered office of Haitong International Securities is situated at 22/F., Li Po Chun Tower, 189 Des Voeux Road Central, Hong Kong.
- (i) Set out below are details of the Offeror, Zhuhai Huafa (the parent of the Offeror), Guangdong Constar Group Investment Co. Limited, Hong Kong Hop Chong Investment Limited, Jinglong Investment Holdings Limited, Wiston Holdings Limited, Newyard Worldwide Holdings Ltd and Hongkong Hengyuan Investment Limited (being the principal persons acting in concert with the Offeror) and their respective directors:

**(i) Offeror**

Registered address	Ultimate controlling shareholder	Directors
Offshore Chambers, P.O. Box 217, Apia, Samoa	Zhuhai SASAC	Mr. Li Guangning Mr. Xie Wei Ms. Li Yanmei
<b>Correspondence address</b>		
Room 3605, 36/F., Cheung Kong Center, 2 Queen’s Road Central, Central, Hong Kong		

**(ii) Zhuhai Huafa**

Registered address	Ultimate controlling shareholder	Directors
No. 9 Lianan Road, Gongbei, Zhuhai	Zhuhai SASAC	Mr. Li Guangning Mr. Xu Rong Mr. Liu Yafei Ms. Ding Yan
<b>Correspondence address</b>		Ms. Zhang Kuihong Mr. Yi Xiaoming
No. 9 Lianan Road, Gongbei, Zhuhai		

**(iii) Guangdong Constar Group Investment Co. Limited**

Registered address	Ultimate controlling shareholder	Directors
Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Totorla, British Virgin Islands	Mr. Cai Guang	Mr. Cai Guang Mr. Wang Aizhi Mr. Wan Jie

**(iv) Hong Kong Hop Chong Investment Limited**

Registered address	Ultimate controlling shareholder	Director
Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	Mr. Cai Guang	Guangdong Constar Group Investment Co. Limited ( <i>Note</i> )

**(v) Jinglong Investment Holdings Limited**

Registered address	Ultimate controlling shareholder	Directors
TMF Chambers, P.O. Box 3269, Apia, Samoa	Mr. Chen Xiangeng	Mr. Chen Xiangeng Ms. Zhao Fei

**(vi) Wiston Holdings Limited**

Registered address	Ultimate controlling shareholder	Directors
TMF Chambers, P.O. Box 3269, Apia, Samoa	Mr. Chen Xiangeng	Mr. Chen Xiangeng Ms. Zhao Fei

**(vii) Newyard Worldwide Holdings Ltd**

Registered address	Ultimate controlling shareholder	Directors
Nerine Chambers, P.O. Box 905, Road Town, Totorla, British Virgin Islands	Mr. Ren Yuanlin	Mr. Ren Yuanlin Mr. Yang Zhenqiu

**(viii) Hongkong Hengyuan Investment Limited**

Registered address	Ultimate controlling shareholder	Directors
10th Floor, Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Hong Kong	Mr. Chang Liang	Mr. Chang Liang Mr. Yang Zhenqiu

*Note:* A company incorporated in Samoa whose sole director is Mr. Cai Guang.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection for so long as the Offer remain open for acceptance: on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); and on the website of the Company ([www.ioneholdings.com](http://www.ioneholdings.com)):

- (a) the memorandum and articles of association the Offeror;
- (b) the letter dated 30 June 2014 from Haitong International Securities, the text of which is set out on pages 7 to 17 of this Composite Document; and
- (c) the letters of consents referred to in the paragraph headed "Consents and Qualifications" in this Appendix.



## APPENDIX IV GENERAL INFORMATION IN RELATION TO IONE

### 1. RESPONSIBILITY STATEMENT

iOne Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to Zhuhai Huafa, Huajin and parties acting in concert with them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of Zhuhai Huafa, Huajin and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

### 2. SHARE CAPITAL

As at the Latest Practicable Date, the authorized and issued share capital of iOne was as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>12,000,000,000</u>	iOne Shares	<u>3,000,000</u>
<i>Issued and fully paid up:</i>		
<u>9,200,000,000</u>	iOne Shares	<u>2,300,000</u>

The number of iOne Shares in issue at the end of the last financial year of iOne (being 31 December 2013) was 9,200,000,000. iOne had not issued any iOne Shares since the end of the last financial year of iOne until the Latest Practicable Date.

All of iOne Shares currently in issue rank pari passu in all respects with each other, including all rights in respect of dividends, voting and interest in capital. iOne Shares are listed and traded on the Stock Exchange and none of the securities of iOne are listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

As at the Latest Practicable Date, there were no outstanding warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into iOne Shares and iOne has not entered into any agreement for the issue of any iOne Shares or any warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into iOne Shares.

#### **iOne Shares issued since the end of last financial year of iOne**

No iOne Shares had been issued or repurchased since 31 December 2013, being the end of the last financial year of the Company.

## APPENDIX IV GENERAL INFORMATION IN RELATION TO IONE

Neither iOne nor any of its subsidiaries has made any repurchase of iOne Shares since the last financial year ended 31 December 2013.

There was no re-organisation of the capital of iOne during the two financial years preceding the date of the First Announcement.

### 3. MARKET PRICES

- (a) During the Relevant Period, the highest closing price of iOne Shares as quoted on the Stock Exchange was HK\$0.46 per iOne Share on 16 May 2014 and the lowest closing price of iOne Shares as quoted on the Stock Exchange was HK\$0.045 per iOne Share on 10 September 2013, 17 October 2013 and 23 October 2013.
- (b) The table below sets out the closing prices of iOne Shares as quoted on the Stock Exchange on: (i) the Latest Practicable Date; (ii) the Last Trading Date; and (iii) the last business day of each of the calendar months during the Relevant Period:

Date	Closing price per iOne Share (HK\$)
30 September 2013	0.046
31 October 2013	0.05
29 November 2013	0.068
31 December 2013	0.088
30 January 2014	0.068
28 February 2014	0.064
31 March 2014	0.216
Last Trading Day (7 April 2014)	0.211
30 May 2014	0.39
Latest Practicable Date	0.375

### 4. INTERESTS

#### Interests discloseable under Schedule II to the Takeovers Code

In this section, references to “shareholdings” mean (i) in the case of shareholdings in iOne, any iOne Shares or any convertible securities, warrants, options or derivatives in respect of any iOne Shares or (ii) in the case of shareholdings in Huajin, any equity share capital of Huajin or any convertible securities, warrants, options or derivatives in respect of the shares of Huajin, as the case may be.

As at the Latest Practicable Date, Mr. Lee Wing Yin and Mr. Lau Wai Shu (both being Executive Directors of iOne) had beneficial interests in 640,000 and 2,000,000 iOne Shares. They indicated that they have no intention to accept the Offer in respect of their iOne Shares.

As at the Latest Practicable Date:

- (a) iOne did not have any interest in any shareholdings in Huajin;
- (b) save for the interests of Mr. Lee Wing Yin and Mr. Lau Wai Shu as disclosed above, no iOne Directors had any interest in any shareholdings in iOne;
- (c) no iOne Director had any interest in any shareholdings in Huajin;
- (d) no subsidiary of iOne, nor any pension fund of iOne or any of its subsidiaries, nor any adviser to iOne as specified in class (2) of the definition of “associate” under the Takeovers Code owned or controlled any shareholdings in iOne;
- (e) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, including any arrangement involving rights over shares, any indemnity agreement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities (as defined in Note 4 to Rule 22) which may be an inducement to deal or refrain from dealing, between any person and iOne or any person who is an associate of iOne by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (f) no shareholdings in iOne were managed on a discretionary basis by fund managers connected with iOne; and
- (g) none of iOne nor any of iOne Directors had borrowed or lent any shareholdings in iOne (as defined under Note 4 to Rule 22 of the Takeovers Code) .

## **5. DEALING IN SECURITIES**

### **Dealings in iOne Shares discloseable under Schedule II to the Takeovers Code**

- (a) During the Relevant Period, iOne did not deal for value in any shareholdings in Huajin.
- (b) During the Relevant Period, no iOne Director dealt for value in any shareholdings of iOne.
- (c) During the Relevant Period, no iOne Director dealt for value in any shareholdings in Huajin.
- (d) During the Offer Period and ending on the Latest Practicable Date, no subsidiary of iOne, nor any pension fund of iOne or any of its subsidiaries, nor any adviser to iOne as specified in class (2) of the definition of “associate” under the Takeovers Code dealt for value in any shareholdings in iOne.

- (e) During the Offer Period and ending on the Latest Practicable Date, no fund managers managing funds on a discretionary basis (other than exempt fund managers) which are connected with iOne dealt for value in any shareholdings in iOne.

## **6. ARRANGEMENTS AFFECTING DIRECTORS**

As at the Latest Practicable Date,

- (a) no benefit will be given to any iOne Directors as compensation for loss of office or otherwise in connection with the Offer;
- (b) there was no agreement or arrangement between any iOne Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) there was no material contract entered into by the Offeror in which any iOne Director has a material personal interest.

## **7. DIRECTORS' SERVICE CONTRACTS**

Mr. Lee Wing Yin ("Mr. Lee"), Chairman and an Executive Director of iOne, is appointed under his service agreement dated 18 September 2011 made with iOne. Mr. Lee's current appointment with iOne under the said agreement is due to expire on 17 September 2014. His emolument has been adjusted from HK\$9,000 per month to HK\$9,700 per month effective from 1 January 2014 plus discretionary bonus, which was determined by his roles, experience and responsibilities in the Company. The discretionary bonus of Mr. Lee has been considered and approved based on recommendations of the remuneration committee ("Remuneration Committee") of iOne Board. Mr. Lee also entered into a service agreement dated 31 December 2013 with iOne's main operating subsidiary, iOne Financial Press Limited ("iOne Financial") for a fixed term of 36 months from 1 January 2014 to 31 December 2016. During the three-year term of the said agreement, Mr. Lee would be entitled to a monthly salary of HK\$380,000 and a yearly management bonus of 10% of the audited net profit after tax of iOne Financial. The bonus to Mr. Lee is payable within one month after the audited accounts of iOne Financial for the relevant financial year are issued.

Mr. Lau Wai Shu ("Mr. Lau"), Managing Director and an Executive Director iOne, is appointed under his service agreement dated 18 September 2011 made with iOne. Mr. Lau's current appointment with iOne under the said agreement is due to expire on 17 September 2014. Mr. Lau's emolument under the service agreement has been adjusted from HK\$78,000 per month to HK\$82,000 per month with effect from 1 January 2014 plus discretionary bonus, which is determined by his roles, experience and responsibilities in the Company. The discretionary bonus of Mr. Lau has been considered and approved based on recommendations of the Remuneration Committee of iOne Board. Mr. Lau has also entered into a service agreement dated 31 December 2013 with iOne Financial for a fixed term of 36 months from 1 January 2014 to 31 December 2016. Mr. Lau is entitled to a

one-off signing bonus of HK\$4,000,000 upon execution of the said service agreement after considering his past performance. During the three-year term of the said agreement, Mr Lau is entitled to a monthly salary of HK\$600,000 and a yearly management bonus of 10% on the audited net profit after tax of iOne Financial. The bonus to Mr Lau is payable within one month after the audited accounts of iOne Financial for the relevant financial year are issued.

Save as disclosed above, as at the Latest Practicable Date, there was no service contract with the Company or any of its subsidiaries or associated companies in force for iOne Directors (i) which (including both continuous and fixed term contracts) has been entered into or amended within 6 months before the date on which the Offer Period commenced; (ii) which is a continuous contract with a notice period of 12 months or more; or (iii) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

## **8. LITIGATION**

As at the Latest Practicable Date, no member of iOne Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to iOne Directors to be pending or threatened by or against any member of iOne Group.

## **9. MATERIAL CONTRACTS**

iOne Group did not enter into any contract which are or may be material (other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) within the two years immediately preceding the date on which the Offer Period commenced.

## **10. EXPERT AND CONSENT**

The following are the qualifications of the expert who has given opinion or advice which are contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Optima Capital Limited	Optima Capital Limited (a licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities), being the independent financial adviser to the Independent Board Committee in respect of the Offer

Optima Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its advice, letter and recommendation and the references to its name and logo in the form and context in which they respectively appear.

**11. MISCELLANEOUS**

- (a) The registered office of iOne is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal place of business of iOne in Hong Kong is at Units 1204-6, 12th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong.
- (c) iOne Board comprises two executive iOne Directors, namely Mr. Lee Wing Yin and Mr. Lau Wai Shu and three independent non-executive directors, namely Mr. Ng Chi Ming, Mr. Lung Hung Cheuk and Mr. Yip Tai Him.
- (d) The company secretary of iOne is Mr. Lee Wing Yin. He is a fellow member of Hong Kong Institute of Certified Public Accountants.
- (e) The Hong Kong share registrar is Tricor Investor Services Limited, being the share registrar of iOne and the receiving agent for receiving and processing the acceptance of the Offer, located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) The Offer is not a securities exchange offer.
- (g) The Offer does not involve issue of any unlisted securities.
- (h) This Composite Document is prepared in both English and Chinese. In the event of inconsistency, the English texts shall prevail.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection on the websites of the SFC ([www.sfc.hk](http://www.sfc.hk)) and the Company ([www.ioneholdings.com](http://www.ioneholdings.com)) during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and bye-laws of iOne;
- (b) the annual reports of iOne for the two years ended 31 December 2012 and 31 December 2013;
- (c) the letter from the Board, the letter from the Independent Board Committee and the letter from Optima Capital, the texts of which are set out in this Composite Document;
- (d) the written consent from Optima Capital referred to in the section headed "Experts and consents" in this appendix;

**APPENDIX IV GENERAL INFORMATION IN RELATION TO IONE**

- (e) (i) two (2) service agreements dated 18 September 2011 and 31 December 2013 entered into between Mr. Lee Wing Yin (Chairman and Executive Director of iOne) and each of iOne and iOne Financial Press Limited respectively; and (ii) two (2) service agreements dated 18 September 2011 and 31 December 2013 entered into between Mr. Lau Wai Shu (Managing Director of iOne) and each of iOne and iOne Financial Press Limited respectively, as referred to in the section headed "Directors' service contracts" in this appendix.