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Corporate Information

Board of Directors

Executive directors

Mr. Li Guangning (*Chairman*)

Mr. Xie Wei (*Chief Executive Officer*)

Ms. Zhong Ming (*Chief Financial Officer*)

Non-executive director

Ms. Zhang Kuihong

Independent non-executive directors

Dr. Chen Jieping

Dr. Sun Mingchun

Mr. Tse Yung Hoi

Audit Committee

Dr. Chen Jieping (*Chairman*)

Dr. Sun Mingchun

Mr. Tse Yung Hoi

Remuneration Committee

Dr. Sun Mingchun (*Chairman*)

Dr. Chen Jieping

Mr. Tse Yung Hoi

Mr. Xie Wei

Ms. Zhong Ming

Nomination Committee

Mr. Tse Yung Hoi (*Chairman*)

Dr. Chen Jieping

Dr. Sun Mingchun

Legal Adviser

Mayer Brown JSM

Auditor

PricewaterhouseCoopers

Joint Company Secretaries

Ms. Li Yanmei

Ms. Lee Mei Yi

Head Office and Principal Place of Business in Hong Kong

Room 3605, 36/F

Cheung Kong Center

2 Queen's Road Central

Central, Hong Kong

Registered Office

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Bermuda Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

Principal Bankers

Standard Chartered Bank (Hong Kong) Limited

Hang Seng Bank Limited

Bermuda Resident Representative

Codan Services Limited

Authorised Representatives

Mr. Xie Wei

Ms. Li Yanmei

Place of Listing

The Stock Exchange of Hong Kong Limited

Stock Code

982

Website Address

www.ioneholdings.com

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	Note	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited and restated)
Continuing operations			
Revenue	6	91,054	81,076
Cost of sales	8	(47,617)	(42,949)
Gross profit		43,437	38,127
Other losses, net	7	(54)	(135)
Selling and distribution expenses	8	(6,652)	(6,915)
Administrative expenses	8	(25,058)	(18,318)
Operating profit		11,673	12,759
Finance income		155	98
Financial expenses		(126)	–
Financial income, net		29	98
Profit before income tax		11,702	12,857
Income tax expense	9	(2,975)	(2,683)
Profit for the period from continuing operations		8,727	10,174
Discontinued operation			
(Loss)/profit for the period from discontinued operation	10	(118)	285
Total comprehensive income for the period attributable to owners of the Company		8,609	10,459
Total comprehensive income attributable to owners of the Company arising from:			
Continuing operations		8,727	10,174
Discontinued operation		(118)	285
		8,609	10,459
Earnings per share from continuing and discontinued operations attributable to owners of the Company (HK cents)	11	0.09	0.11
Basic and diluted earnings per share			
From continuing operations	11	0.09	0.11
From discontinued operation	11	–	–
		0.09	0.11

Interim Condensed Consolidated Statement of Financial Position

At 30 June 2016

	Note	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	4,320	5,220
Investment property		–	6,030
Goodwill	13	10,628	–
Available-for-sale investment	14	7,788	7,788
Deposits and other receivable		4,599	1,486
		<u>27,335</u>	<u>20,524</u>
Current assets			
Amounts due from customers on services contracts		5,138	5,923
Trade receivables	15	48,097	48,081
Other receivables, deposits and prepayments		1,806	7,515
Pledged deposit with bank		25,000	–
Cash and cash equivalents		128,872	57,632
		<u>208,913</u>	<u>119,151</u>
Assets of disposal group classified as held-for-sale	10(b) & 22	5,052	–
		<u>213,965</u>	<u>119,151</u>
Total assets		<u>241,300</u>	<u>139,675</u>
Equity			
Share capital		2,300	2,300
Reserves		97,542	88,933
Total equity		<u>99,842</u>	<u>91,233</u>
Non-current liabilities			
Other payable		1,000	1,000
Deferred tax liabilities		290	292
		<u>1,290</u>	<u>1,292</u>
Current liabilities			
Trade payables	16	14,281	16,047
Other payables and accruals	17	31,756	29,918
Income tax payable		3,479	1,185
Borrowings	18	88,608	–
		<u>138,124</u>	<u>47,150</u>
Liabilities of disposal group classified as held-for-sale	10(b) & 22	2,044	–
		<u>140,168</u>	<u>47,150</u>
Total liabilities		<u>141,458</u>	<u>48,442</u>
Total equity and liabilities		<u>241,300</u>	<u>139,675</u>

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Available- for-sale investment reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2016 (Audited)	2,300	39,914	4,451	150	44,418	91,233
Profit for the period	–	–	–	–	8,609	8,609
Total comprehensive income for the period	–	–	–	–	8,609	8,609
At 30 June 2016 (Unaudited)	2,300	39,914	4,451	150	53,027	99,842
At 1 January 2015 (Audited)	2,300	39,914	4,451	–	31,288	77,953
Profit for the period	–	–	–	–	10,459	10,459
Total comprehensive income for the period	–	–	–	–	10,459	10,459
At 30 June 2015 (Unaudited)	2,300	39,914	4,451	–	41,747	88,412

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

		Six months ended 30 June	
	Note	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited and restated)
Cash flows from operating activities			
Continuing operations		11,595	13,964
Income tax paid		(806)	–
Discontinued operation	10	(175)	316
		<hr/>	<hr/>
Net cash generated from operating activities		10,614	14,280
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from investing activities			
Continuing operations			
– Interest received		155	98
– Purchases of property, plant and equipment		(34)	(1,072)
– Proceeds from disposal of a subsidiary	10	6,330	–
– Acquisition of a subsidiary, net of cash acquired	21(b)	(6,266)	–
Discontinued operation	10	–	–
		<hr/>	<hr/>
Net cash generated from/(used in) investing activities		185	(974)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from financing activities			
Continuing operations			
– Inception of borrowings		88,608	–
– Pledged deposit with bank		(25,000)	–
Discontinued operation	10	–	–
		<hr/>	<hr/>
Net cash generated from financing activities		63,608	–
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net increase in cash and cash equivalents		74,407	13,306
Cash and cash equivalents at beginning of the period		57,632	29,713
		<hr/>	<hr/>
Cash and cash equivalents at end of the period		132,039	43,019
		<hr/>	<hr/>
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		128,872	43,019
Cash and cash equivalents included in disposal group held-for-sale	10(b)	3,167	–
		<hr/>	<hr/>
		132,039	43,019
		<hr/>	<hr/>

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2016

1. General Information of the Group

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

The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in the provision of financial printing services and property investments in Hong Kong.

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

This interim condensed consolidated financial information is presented in Hong Kong dollars ("HK\$") unless otherwise stated.

This interim condensed consolidated financial information is unaudited and has been reviewed by the audit committee of the Company (the "Audit Committee"). This interim condensed consolidated financial information was approved for issue by the board of directors of the Company (the "Board") on 22 August 2016.

2. Basis of Preparation

This interim condensed consolidated financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. Accounting Policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

3. Accounting Policies *(continued)*

(a) *Effect of adopting new and amended standards*

The following new and amended standards are mandatory to the Group for accounting periods beginning on or after 1 January 2016.

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

The adoption of the above new and amended standards does not have any significant impact on the interim condensed consolidated financial information.

(b) *New and amended standards that are not yet effective and have not been early adopted by the Group*

Standards	Subject of amendment	Effective for annual periods beginning on or after
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendments to HKAS 7	Statement of cash flows	1 January 2017
Amendments to HKAS 12	Income taxes	1 January 2017
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted in.

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

4. Estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

5. Financial Risk Management and Financial Instruments

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

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

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities. Management assessed this has no material impact to the liquidity risk.

5.3 Fair value estimation

The Group's financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

As at 30 June 2016, the available-for-sale investment classified as non-current assets of HK\$7,788,000 (31 December 2015: HK\$7,788,000) of the Group were measured at fair value under level 3.

There were no transfer of financial assets in the fair value hierarchy classifications during the period.

6. Revenue and Segment Information

The Group is principally engaged in the following:

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

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

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

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

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

Segment liabilities mainly exclude income tax payable, deferred tax liabilities, and other liabilities that are managed on a central basis.

None of the Group’s customers had individually accounted for over 10% of the Group’s revenue for the periods ended 30 June 2016 and 2015, respectively.

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

	Continuing operations Financial printing services and investments holding		Discontinued operation Property investment		Total	
	30 June 2016 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Unaudited)	30 June 2016 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Unaudited)	30 June 2016 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Unaudited)
Revenue from external customers	91,054	81,076	–	108	91,054	81,184
Segment results	14,229	15,740	1,660	301	15,889	16,041
Unallocated other operating income					–	21
Unallocated expenses					(4,305)	(2,904)
Income tax expenses					(2,975)	(2,699)
Profit for the period					8,609	10,459

6. Revenue and Segment Information *(continued)*

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Segment assets	142,267	67,459	-	6,032	142,267	73,491
Unallocated assets					99,033	66,184
Total assets					241,300	139,675
Segment liabilities	44,346	43,470	-	58	44,346	43,528
Unallocated liabilities					97,112	4,914
Total liabilities					141,458	48,442

	30 June 2016 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Unaudited)	30 June 2016 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Unaudited)	30 June 2016 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Unaudited)
Other segment information:						
Additions to non-current assets	34	1,072	-	-	34	1,072
Depreciation (Note 8)	913	818	-	-	913	818
Loss on disposal of subsidiary (Notes 7 & 10)	(12)	-	-	-	(12)	-
Fair value gain on investment property	-	-	-	200	-	200

7. Other Losses, Net

	Six months ended 30 June 2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited and restated)
Continuing operations		
Other losses, net:		
Loss on disposal of subsidiary	(12)	-
Net foreign exchange loss	(43)	(136)
Others	1	1
	(54)	(135)

8. Expenses by Nature

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

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited and restated)
Continuing operations		
Service costs	23,944	21,199
Employee benefit expenses (including directors' emoluments)	36,046	33,078
Depreciation of property, plant and equipment	913	818
Legal and professional fees	1,619	506
Operating leases in respect of:		
– rental of office premises	7,642	6,631
– office equipment	378	510
Provision for impairment of trade receivables	2,765	–
Others	6,020	5,440
	<u>79,327</u>	<u>68,182</u>

9. Income Tax Expense

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

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited and restated)
Continuing operations		
Current income tax		
– Hong Kong profits tax	2,975	2,683

10. Discontinued Operation and Disposal Group

(a) Discontinued Operation

On 10 March 2016, Rapid Swift Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to sell both the entire equity interest in its wholly-owned subsidiary, Wealth Porter Limited ("Wealth Porter") and the shareholder's loan due to Rapid Swift Limited by Wealth Porter of approximately HK\$4.6 million at a total consideration of approximately HK\$6.3 million. Upon completion of the disposal on 5 April 2016, the Group recorded an unaudited loss of approximately HK\$12,000.

In light of the current Hong Kong property market condition and anticipated future trend, the Company decided to realise the value of the property situated at Office No.2, 3rd Floor, Conwell House, Nos. 34, 36 and 38 Stanley Street, Central, Hong Kong, the major asset held by Wealth Porter, with an aim of better utilising the Group's resources. The directors of the Company (the "Directors") were of the view that the terms of the agreement were fair and reasonable and in the interest of the Company and the shareholders as a whole.

The results of the discontinued operation for the period are presented below:

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	–	108
Cost of sales	–	–
Gross profit	–	108
Other income and other gains, net	1	210
Selling and distribution expenses	–	–
Administrative expenses	(119)	(16)
(Loss)/profit before income tax expense from discontinued operation	(118)	302
Income tax expense	–	(17)
(Loss)/profit for the period from discontinued operation attributable to owners of the Company	(118)	285

10. Discontinued Operation and Disposal Group *(continued)*

(a) *Discontinued Operation (continued)*

The loss on disposal is as follows:

	HK\$'000 (Unaudited)
Cash consideration received	6,330
Net assets disposed of	(6,212)
Transaction costs	(130)
Loss on disposal	(12)

Cash flows are detailed as follows:

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Operating cash flows	(175)	316
Investing cash flows	–	–
Financing cash flows	–	–
Total cash flows	(175)	316

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

10. Discontinued Operation and Disposal Group *(continued)*

(b) Disposal Group

The management decided to dispose Richroad Group Limited as disclosed in detail under Note 22. The major classes of assets and liabilities of Richroad Group Limited in the disposal group are as follows:

	30 June 2016 HK\$'000 (Unaudited)
Assets classified as held-for-sale:	
– Property, plant and equipment	391
– Other receivables, deposits and prepayment	1,494
– Cash and cash equivalents	3,167
	<hr/>
Total assets of the disposal group	5,052
	<hr/>
Liabilities classified as held-for-sale:	
– Trade payables	24
– Other payables and accruals	1,842
– Deferred tax liabilities	2
– Income tax payable	176
	<hr/>
Total liabilities of the disposal group	2,044
	<hr/>
Total net assets of the disposal group	3,008
	<hr/>

12. Dividend

The Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

13. Property, Plant and Equipment and Intangible Assets

The Group has property, plant and equipment (including asset-held-for-sale) with an aggregate cost of approximately HK\$15,339,000 (31 December 2015: HK\$5,220,000).

The goodwill is a result of business combination as outlined in note 21.

14. Available-for-sale Investment

The Group acquired 3% equity interest in Johnson Cleaning Services Company Limited ("Johnson Cleaning") in 2015 and accounted for this equity investment as available-for-sale investment and measured it at fair value.

Available-for-sale investment includes the following:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Unlisted equity investment – in Hong Kong	7,788	7,788

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

Valuation of available-for-sale investment

The fair value of the unlisted equity investment that is not traded in an active market was determined by an independent qualified valuer, AVISTA Valuation Advisory Limited on 31 December 2015.

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

Due to the stable operation of Johnson Cleaning, according to the management, there is no material fluctuation of its valuation as at 30 June 2016 when it was compared to the valuation performed on 31 December 2015.

15. Trade Receivables

The Group's sales are mainly made on credit terms of 90 days. The ageing analysis of trade receivables based on invoice date at the end of reporting period is as follows:

	30 June 2016 <i>HK\$'000</i> (Unaudited)	31 December 2015 <i>HK\$'000</i> (Audited)
0–90 days	46,795	43,014
91–180 days	4,758	13,457
181–270 days	4,204	5,274
271–365 days	9,311	408
Over 365 days	2,830	2,964
	<u>67,898</u>	<u>65,117</u>
Less: provision for impairment of receivables	<u>(19,801)</u>	<u>(17,036)</u>
Trade receivables, net	<u>48,097</u>	<u>48,081</u>

16. Trade Payables

The average credit period from the Group's trade creditors is of 30 to 60 days. The ageing analysis of trade payables based on invoice date at the end of reporting period is as follows:

	30 June 2016 <i>HK\$'000</i> (Unaudited)	31 December 2015 <i>HK\$'000</i> (Audited)
0–90 days	12,665	15,272
91–180 days	147	159
181–365 days	867	7
Over 365 days	626	609
	<u>14,305</u>	<u>16,047</u>
Less: trade payables of disposal group classified as held-for-sale	<u>24</u>	<u>–</u>
	<u>14,281</u>	<u>16,047</u>

17. Other Payables and Accruals

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Consideration payable from acquisition of 3% equity interest in Johnson Cleaning Services Company Limited	2,000	2,000
Consideration payable (<i>Note 21(b)</i>)	4,653	–
Other payables and accruals (<i>Note</i>)	21,242	21,890
Deposit received from customers	6,692	7,028
Amount due to immediate holding Company	11	–
	<u>34,598</u>	<u>30,918</u>
Less: non-current portion of consideration payable	(1,000)	(1,000)
	<u>33,598</u>	<u>29,918</u>
Less: other payables and accruals of disposal group classified as held-for-sale	(1,842)	–
	<u>31,756</u>	<u>29,918</u>

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

18. Borrowings

The borrowings consist of a three-month loan from bank of HK\$50,000,000 (31 December 2015: Nil) and a twelve-month loan from a shareholder of HK\$38,608,000 (31 December 2015: Nil).

The loan from bank is denominated in HK\$ with floating rate at two-week HIBOR plus 3.9% and secured by pledged deposit of HK\$25,000,000. As at 11 August 2016, HK\$40,000,000 of the bank loan has already been repaid.

The loan from a shareholder is unsecured with interest bearing at the rate of 5% per annum and repayable on demand.

19. Operating Leases

As lessees

The Group leases a number of office premises and office equipments under operating leases. The leases generally run for a 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:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Not later than one year	16,720	15,549
Later than one year but not later than five years	34,531	1,832
	<u>51,251</u>	<u>17,381</u>

20. Related Party Transactions

In addition to the transactions and balances disclosed elsewhere in this interim condensed consolidated financial information, the Group had the following transactions with related parties during the period:

(a) Compensation of key management personnel

The remuneration of the Directors and other members of key management during the period are as follows:

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Short-term benefits	1,260	7,830
Post-employment benefits	–	35
	<u>1,260</u>	<u>7,865</u>

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

20. Related Party Transactions *(continued)*

(b) Balance with related party

The Company had the following amount due to the immediate holding company, which was included in borrowings in the interim condensed consolidated statement of financial position as at 30 June 2016 and 31 December 2015, respectively:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Hong Kong Huafa Investment Holdings Limited	38,608	–

The balance is unsecured with interest bearing at the rate of 5% per annum and repayable on demand.

21. Business Combination

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

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

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

21. Business Combination *(continued)*

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

	HK\$'000 (Unaudited)
Cash flow in relation to the acquisition, net of cash acquired	
– cash consideration (<i>Note</i>)	10,000
– cash and cash equivalents in subsidiary acquired	(3,734)
Cash outflow on acquisition	6,266

Note: The total consideration is HK\$14,653,000, of which HK\$10,000,000 has already been paid in cash on or before 30 June 2016. The balance of HK\$4,653,000 is due six months after completion.

(c) *Acquired receivables*

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

(d) *Revenue and profit contribution*

Had the completion of acquisition been taken place on 1 January 2016, the consolidated revenue and consolidated profit for the period ended would have been HK\$91,655,000 and HK\$7,382,000, respectively.

22. Event occurred after the date of statement of financial position

As disclosed in the Company's announcement dated 18 August 2016, the Company is in negotiation with a potential buyer (a third party independent from the Company and its connected parties) in relation to a proposed disposal of the entire interests in Richroad Group Limited (with the provision of translation services as the principal activity of its subsidiary) held by a wholly-owned subsidiary of the Company (the "Proposed Disposal"). The purpose of the Proposed Disposal was to improve the utilization efficiency of the Group's assets. The Company has not entered into any legally-binding formal agreement in relation to the Proposed Disposal up till the date of this interim report. In the event that the Proposed Disposal is implemented, it may constitute a discloseable transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), and the Company will issue an announcement in relation to the Proposed Disposal according to the Listing Rules as and when appropriate.

Management Discussion and Analysis

Business Review

As compared to the corresponding period in 2015, the total number of Initial Public Offering ("IPO") in Hong Kong stock market dropped by approximately 27.5% from 51 to 40, with a decrease of approximately 66.4% in terms of total funds raised. Despite the declining IPO activities and rigorous competition in the market, the Group's overall revenue from continuing operations increased by 12.3% for the six months' period ended 30 June 2016 from the corresponding period in 2015.

In view of the current market condition of the property market in Hong Kong and its trend, and for better utilisation of the Group's resources, as disclosed in the announcement of the Company dated 10 March 2016, Rapid Swift Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to sell both the entire equity interest in its wholly-owned subsidiary, Wealth Porter, and the shareholder's loan due to Rapid Swift Limited by Wealth Porter, at a total consideration of HK\$6,330,000. Wealth Porter held an investment property located at Office No. 2, 3rd Floor, Conwell House, Nos. 34, 36 and 38 Stanley Street, Central, Hong Kong. The disposal was completed on 5 April 2016.

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

Financial Review

For the six months ended 30 June 2016, the Group recorded a revenue from continuing operations of approximately HK\$91,054,000 (six months ended 30 June 2015: approximately HK\$81,076,000), representing an increase of approximately 12.3% as compared with the corresponding period in 2015. The Group's profit before income tax from continuing operations decreased by 9% to approximately HK\$11,702,000 (six months ended 30 June 2015: approximately HK\$12,857,000).

For the six months ended 30 June 2016, total comprehensive income attributable to owners of the Company was approximately HK\$8,609,000 (six months ended 30 June 2015: approximately HK\$10,459,000), representing a decrease of approximately 17.7% as compared with the corresponding period in 2015. Basic and diluted earnings per share was approximately HK0.09 cent (six months ended 30 June 2015: HK0.11 cent).

Management Discussion and Analysis *(continued)*

Financial Review *(continued)*

The decrease in total comprehensive income for the period attributable to owners of the Company was mainly attributable to the increase in administrative expenses particularly: (i) a provision for impairment of trade receivables in the amount of HK\$2,765,000 has been made for customers facing liquidation and cessation of listing plan; and (ii) an increase of HK\$1,011,000 in rental expense compared to the corresponding period in 2015, which is due to (a) new lease agreement concluded in June 2015 for an office space in Central bringing additional rental expense compared to corresponding period in 2015 and (b) overall increase in rental expense after renewal of lease agreements for warehouse in Hong Kong and China.

The Group's net profit from continuing operations for the six months ended 30 June 2016 decreased by approximately 14.2% as compared to that for the corresponding period in 2015.

Liquidity and Financial Resources

As at 30 June 2016, the Group's cash and cash equivalents amounted to approximately HK\$128,872,000 (31 December 2015: approximately HK\$57,632,000) with approximately HK\$88,608,000 borrowings (31 December 2015: Nil). The Group has total current assets of approximately HK\$213,965,000 (31 December 2015: approximately HK\$119,151,000) and total current liabilities of approximately HK\$140,168,000 (31 December 2015: approximately HK\$47,150,000). The Group's current ratio, defined as total current assets over total current liabilities, was 1.5 (31 December 2015: 2.5).

Total equity of the Group as at 30 June 2016 amounted to approximately HK\$99,842,000 (31 December 2015: approximately HK\$91,233,000). The Group's gearing ratio, being total liabilities over total assets, was 58.6% (31 December 2015: 34.7%).

Borrowings

The borrowings of the Company consist of a three-month loan from bank of HK \$50,000,000 (31 December 2015: Nil) and a twelve-month loan from a shareholder of HK\$38,608,000 (31 December 2015: Nil).

The loan from bank is denominated in HK\$ with floating rate at two week HIBOR plus 3.9% and secured by pledged deposit of HK\$25,000,000. As at 11 August 2016, HK\$40,000,000 of the bank loan has already been repaid.

The loan from a shareholder is unsecured with interest bearing at the rate of 5% per annum and repayable on demand.

Management Discussion and Analysis *(continued)*

Pledge of Assets

As at 30 June 2016, the Group's bank borrowings is secured by pledged deposit of HK\$25,000,000 (31 December 2015: Nil).

Capital Structure

Save as disclosed above, the Group's capital structure remained unchanged during the six months ended 30 June 2016.

Contingent Liabilities

As at 30 June 2016, the Group did not have any material contingent liabilities.

Business Plan

Financial Printing Service

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

Property Investment

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

Licensed Regulated Activities

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

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

Management Discussion and Analysis *(continued)*

Employees

As at 30 June 2016, the Group had a total of about 188 employees (31 December 2015: approximately 185). The staff costs of the Group from continuing operations for the six months ended 30 June 2016 were approximately HK\$36,046,000 (six months ended 30 June 2015: approximately HK\$33,078,000), which comprised salaries, commissions, bonuses, other allowances and contributions to the retirement benefit scheme. The Group operates a defined contribution scheme under the Mandatory Provident Fund Schemes Ordinance and provides medical insurance to all employees. In general, the Group structured its employee remuneration packages with reference to general market practice, employees' duties and responsibilities and the Group's financial performance. The Group provides training courses and training programmes to equip staff with the necessary skills, techniques and knowledge in order to enhance their productivity and administrative efficiency.

Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2016.

Interest Rate Risk

The Group had interest-bearing cash and bank balances calculated by variable interest rates and short-term bank loan with floating rate. As there was no significant financial risk arising from changes in interest rates, the Group had no interest rate hedging policies in place.

Foreign Exchange Risk

The Group conducted its business transactions principally in HK\$. As at 30 June 2016, most of the Group's cash and bank deposits balances were mainly denominated in HK\$ and United States dollars ("US\$"). As HK\$ is pegged to US\$, the Group's foreign exchange risk exposure is minimal. As such, the Group did not adopt any foreign exchange derivatives for hedging purpose as at 30 June 2016.

Credit Risk

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

Other Information

Share Option Scheme

Pursuant to the resolution passed by the shareholders of the Company on 25 June 2008, the Company approved and adopted a share option scheme whereby selected classes of participants may be granted options to subscribe for shares at the discretion of the Board. No options were granted under the share option scheme during the six months ended 30 June 2016.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2016.

Audit Committee

The Group has established the Audit Committee consisting of three independent non-executive Directors, namely Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi. Dr. Chen Jieping is the chairman of the Audit Committee. The primary duty of the Audit Committee is to review and monitor the financial reporting process and effectiveness of the internal control and risk management systems of the Group. The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2016 and this interim report.

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

As at 30 June 2016, none of the Directors or the chief executive of the Company or their close associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have been taken under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules.

Other Information *(continued)*

Interest of Substantial Shareholders

As far as was known to the Directors, as at 30 June 2016, the interests or short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

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

Name of Substantial Shareholders	Capacity/Nature of interest	Number of shares held	Approximate percentage of interested shares to the issued share capital of the Company (%)
Zhuhai Huafa Group Co., Ltd. ("Zhuhai Huafa") <i>(Note 1)</i>	Interest in controlled corporations	3,707,600,000	40.30
Cai Guang <i>(Note 2)</i>	Interest in controlled corporations	1,337,753,600	14.54
Guangdong Constar Group Investment Co. Limited <i>(Note 2)</i>	Interest in controlled corporations	483,846,400	5.30
Hong Kong Hop Chong Investment Limited <i>(Note 2)</i>	Interest in controlled corporations	483,846,400	5.30

Other Information *(continued)*

Interest of Substantial Shareholders *(continued)*

Notes:

1. Zhuhai Huafa holds 100% of the issued share capital of Hong Kong Huafa Investment Holdings Limited, which in turn holds 100% of the issued share capital of Huajin Investment Company Limited ("Huajin"). Since Huajin holds 3,707,600,000 shares of the Company, Zhuhai Huafa is deemed to be interested in 3,707,600,000 shares of the Company by virtue of its shareholding in Huajin.
2. Mr. Cai Guang holds 100% of the issued share capital of Guangdong Constar Group Investment Co. Limited (incorporated in the British Virgin Islands) ("Constar"), which holds 426,953,600 shares of the Company.

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

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

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

Save as disclosed above, as at 30 June 2016, no person had any interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or otherwise notified to the Company and the Stock Exchange.

Outlook

Going forward, the Group is still cautiously optimistic about its business prospects. In the short run, unfavorable factors, such as concerns over slow recovery of economy of Europe, and China's probable economic hard landing, etc., will continue to pose a threat to the global financial market. Hong Kong stock market might continue to be volatile, which may adversely affect IPO fund-raising activities. From a medium to long run, IPO fund-raising activities are expected to resume gradually as soon as the investors' confidence is rejuvenated on the back of stabilization of external economic environment. Hence, the Group expects that newly listed state-owned enterprises and privately-owned companies in China, together with local and foreign enterprises, will sustain the growth of the Hong Kong IPO market and will in turn benefit the Group.

Other Information *(continued)*

Corporate Governance

During the six months ended 30 June 2016, the Company has, in the opinion of the Directors, complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries, all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2016.

Environmental, Social And Governance ("ESG") Reporting

To prepare for the ESG report in compliance with the Stock Exchange's requirements, the Company has already engaged an ESG consultant, namely RSM Consulting (Hong Kong) Limited, to assist its preparation which include scope identification, materiality analysis, data collection and report content development. The preparation has commenced in the second half of 2016.

Appreciation

The Company would like to express its sincere gratitude to its clients and shareholders for their continuous and valuable support. The Company would also like to take this opportunity to thank the Board, the Group's management team and staff for their dedication and hard work.

By order of the Board
iOne Holdings Limited
Li Guangning
Executive Director and Chairman

Hong Kong, 22 August 2016