YOUR ULTIMATE FINANCIAL PRINTING PARTNER

ANNUAL REPORT 2011年報

iOne Financial Press Limited

iOne Regional RFP

iOne Holdings Limited
卓智控股有限公司*

(incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)
Stock code 股份代號：982
* for identification purpose only 僅供識別

商界展關懷
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香港社會服務聯會頒發

YOUR ULTIMATE FINANCIAL PRINTING PARTNER

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Corporate Information

BOARD OF DIRECTORS

Executive directors

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

Independent non-executive directors

Mr. Yip Tai Him
Mr. Lung Hung Cheuk
Mr. Ng Chi Ming

AUDIT COMMITTEE

Mr. Yip Tai Him (Chairman)
Mr. Lung Hung Cheuk
Mr. Ng Chi Ming

REMUNERATION COMMITTEE

Mr. Lung Hung Cheuk (Chairman)
Mr. Ng Chi Ming
Mr. Yip Tai Him

NOMINATION COMMITTEE

Mr. Ng Chi Ming (Chairman)
Mr. Yip Tai Him
Mr. Lung Hung Cheuk

SOLICITORS

Iu, Lai & Li

AUDITOR

BDO Limited

COMPANY SECRETARY

Mr. Lee Wing Yin FCCA, CPA
Mr. Ira Stuart OUTERBRIDGE III*
(* assistant secretary)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 1204-6, 12th Floor Wheelock House
20 Pedder Street
Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong) Limited

BERMUDA RESIDENT REPRESENTATIVES

Mr. John Charles Ross COLLIS

AUTHORISED REPRESENTATIVES

Mr. Lee Wing Yin
Mr. Lau Wai Shu

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

982

WEBSITE ADDRESS

www.ioneholdings.com

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual results of iOne Holdings Limited ("iOne" or the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2011.

2011 was a difficult year. The worldwide financial markets were volatile due to unstable global economic recovery and severe European sovereign debt crisis. Moreover, given the downgrade of the US sovereign rating and fears of the possible double-dip recession in the global economy, the investor confidence declined. As such, both aggregate number and aggregate amount of Initial Public Offer (the "IPO") fundraising in Hong Kong were down by approximately 11% and approximately 42% respectively from 2010.

PERFORMANCE

During the year ended 31 December 2011, the Group recorded a consolidated turnover of approximately HK$165.6 million (2010: approximately HK$215.8 million). The decrease in the Group's turnover during the year was mainly due to decrease in printing revenue as a result of poor stock market sentiment. Net profit after tax for the year ended 31 December 2011 was approximately HK$38.9 million (2010: approximately HK$59.8 million), representing a net profit margin of about 23.5%, compared with 27.7% for the previous year ended 31 December 2010. The decrease was mainly attributable to reduction in revenue and market competition for the financial year under review. Given the deteriorated external economic environment and volatile financial market and increasing market competitiveness, the management considers the final result of 2011 is fairly satisfactory.

REVIEW

During the year under review, Hong Kong has undergone a moderate economic growth amid turbulent global economy, lingering European debt concern and persistent credit crunch in China. As compared with 2010, the growth in gross domestic product and total exports in Hong Kong slowed down. The inflationary pressure was reflected by the strong retail sales and rising consumer prices. As far as the property market bubble was concerned, the Hong Kong government has deterred the speculation by pursuing the measures of additional stamp duty on properties resold within a short period and raising the down payment for investment and luxury properties. The investor confidence waned and the Hang Seng Stock Index dipped about 20% over the year. The Group's final result for the year 2011 has underperformed last year by approximately HK$20.9 million, about 34.9%.

MARKET RECOGNITION

iOne is the only financial printer listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since July 2008. The Group that has gained better market recognition possesses a well proven track record to be one of the leaders in the niche financial printing industry. Occupying more than 20,000 square feet, our well equipped accounting servicing centre in Hong Kong is one of the largest professional account servicing centres throughout the Asia Pacific Region. iOne provides innovative one-stop solutions in the areas of concept creation, production, printing, editorial services, proofreading, typesetting and translation. With over a decade of experience, we have served more than 1,000 clients ranging from investment banks to law firms to major corporations, in the areas of initial public offerings, financial reports, announcements, circulars, corporate brochures and newsletters. Being well-recognized for our integrity, creativity and quality, our experienced professionals offer clients impeccable accuracy, exceptional quality financial printing solutions at the most reasonable cost to meet our clients' unique corporate goals.

To date, the Group has been awarded over 346 awards among which there included total 63 Gold awards, 78 Silver awards, 89 Bronze awards and 107 Honors awards for its creative achievements, namely the ARC Awards, the Astrid Awards, the Galaxy Awards and the Mercury Awards. Attributing to the annual report designs for New World Department Store China Limited Annual Report 2010, the Group won Grand Awards of Best of Cover Design in the 25th International ARC Awards Competition in 2011. With the highest percentage of award-winning among its fellow entrants, we have proven its unquestionable market leading position with its stunning achievements and global recognition.

OUTLOOK

Looking forward to 2012, the Group still holds a cautiously optimistic view of its business prospect. Hong Kong continues to play an important role of providing a business platform and linkage between overseas companies and mainland China. Nowadays, Hong Kong is the largest foreign investment sources in China while China simultaneously also acts as the leading investor in Hong Kong. By the end of 2011, an approximately 640 mainland companies were listed in the Stock Exchange occupying more than half of total market capitalization. Apart from the close economic relationship with China, Hong Kong also has advantages from huge foreign exchange reserves; stable banking system; strong legal system; free trade port; low taxation rate and low interest rate environment. Hence we anticipate that its economic outlook remains positive. As soon as the external economic environment stabilizes, the investors will return to the market to bolster up the IPO fundraising activities. However, the global economic recovery is still vulnerable to many uncertainties such as, ongoing European debt concerns; politics issues of US presidential election 2012; and China's credit squeeze and possible economic slowdown.

Meanwhile, the Group will continue to strengthen its competitiveness by constantly upgrading and improving its hardware, technical know-how and global distribution network. We are also reviewing the plan to establish a production and translation hub in mainland China in order to strengthen our operation capacities. With an aim to expanding its clientele network, the Group maintains its representative office in Beijing to enhance its business liaisons, market promotion and research in the mainland China. We continue to explore the business network across the border by forging strategic alliance with overseas financial printing company. The Group trusts that this will offer us opportunities to develop the regional business relationships and enhance our global presence. Given our flexible, proactive and cautious business strategy, the Group is confident to enhance returns in the future.

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

Lee Wing Yin
Chairman

Hong Kong, 30 March 2012

Management Discussion and Analysis

2011 Global Recognition

IONE OUTSTANDING ACHIEVEMENTS DEFINING THE STANDARD OF EXCELLENCE IN ANNUAL REPORTS

Boasting its incredible creativity and impeccable project execution capability, the Group's design team has been awarded various international awards in 2011, which secured our unrivalled market leading position with its relentless creativity and commendable achievements in the financial printing industry. The Group has been awarded over 346 awards* for the past 7 years, among which there included total 63 Gold awards, 78 Silver awards, 89 Bronze awards and 107 Honors awards for its creative achievements, namely the ARC awards, the Astrid Awards, the Galaxy Awards and the Mercury Awards. Attributing to the annual report designs for New World Department Store China Limited Annual Report 2010, the Group won Grand Awards of Best of Cover Design in the 25th International ARC Awards Competition in 2011. With such great international recognition, we are highly motivated and ready to power iOne into an even brighter future.

* *Out of the 346 international awards, 9 of which are the most prestigious international awards, including "Best of Hong Kong Grand Award" twice, "Best of Cover Design Grand Award" twice, "Best of Design Grand Award", "Best of Annual Reports – Eastern Hemisphere Grand Award" twice and the exceptional awards of "Titanium Achievement Award" and "Platinum Achievement Award" for its Greatest Percentage of Wins, setting record as the most outstanding financial printer in Hong Kong history in terms of design awards.*

BUSINESS REVIEW

Due to fragile global economy, volatile financial market and China's tightening credit policy, the market confidence was adversely impacted in 2011 leading to both decreases in the aggregate number and amount of new listing in Hong Kong. The group's turnover was reduced by 23.3% as compared with previous year ended 31 December 2010, mainly due to downturn in stock market.

FINANCIAL REVIEW

During the year under review, the Group recorded a turnover of approximately HK$165.6 million for the year ended 31 December 2011 (2010: approximately HK$215.8 million), representing a decrease of about 23.3% compared with the previous financial year. The Group's profit before income tax expenses decreased by 36.4% to approximately HK$45.7 million (2010: approximately HK$71.9 million). The profit before income tax expenses dropped mainly due to decrease in revenue.

The profit attributable to shareholders of the Company was approximately HK$38.9 million (2010: approximately HK$59.8 million), representing a decrease of approximately 34.9% when compared with the previous financial year. Basic earnings per share for the year was approximately HK0.42 cent (2010: HK0.65 cent).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, the Group's cash and bank balances amounted to approximately HK$178.4 million (2010: approximately HK$176 million) with no borrowings (2010: Nil). The Group has current assets of approximately HK$221.5 million (2010: approximately HK$251.9 million) and total current liabilities of approximately HK$30.7 million (2010: approximately HK$50.5 million). The Group's current ratio, defined as total current assets over total current liabilities, was 7.2 (2010: 5). The rise in liquidity was mainly attributable to the cash inflow generated from its operating activities.

Total equity of the Group as at 31 December 2011 stood at approximately HK$236.8 million (2010: approximately HK$216 million). The increase was mainly driven by the net profit after tax for the year. The Group's gearing ratio, being total liabilities over total assets was 11.5% (2010: 19%), representing a decrease in total liabilities resulting from both decreases in trade payables and tax provision.

CAPITAL STRUCTURE

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

EXPOSURE TO FLUCTUATION IN INTEREST RATES

The Group had interest-bearing financial assets at various interest rates which comprised various terms of bank deposits and corporate bonds with a maximum term of five years. The Group currently has no interest rate hedging policy.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

For the year ended 31 December 2011, the Group conducted its business transactions principally in Hong Kong dollars. Most of the Group's bank, cash balances and corporate bonds are mainly denominated in Hong Kong dollars and Renminbi. As Renminbi was relatively stable and under appreciation pressure, the Group did not adopt any foreign exchange derivatives for hedging purpose as at 31 December 2011.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2011, the Group held available-for-sale investments measured at fair value of approximately HK$32.5 million, after recognition of a fair value loss of approximately HK$8 million. During the year under review, the dividend income and interest income earned on these investments were HK$0.5 million and HK$0.4 million respectively. The Group intended to hold these investments for a long-term purpose.

Management Discussion and Analysis

SIGNIFICANT ACQUISITIONS AND DISPOSALS OF INVESTMENTS

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

EMPLOYEES

As at 31 December 2011, the Group had a total of about 150 employees (2010: approximately 152). Staff cost of the Group for the financial year was approximately HK$50.8 million (2010: approximately HK$53.8 million), which comprised salaries, commissions, bonuses, other allowances and contributions to retirement benefits scheme. The Group operates a defined contribution scheme under the Mandatory Provident Fund Schemes Ordinance and medical insurance for all employees. Basically, the Group structured remuneration packages of employees in reference to general market practice, employees' duties and responsibilities and the Group's financial performance.

PLEDGE OF ASSETS

As at 31 December 2011, the Group had no pledge of assets.

CONTINGENT LIABILITIES

As at 31 December 2011, the Group did not have any contingent liabilities.

CAPITAL EXPENDITURE

For the year ended 31 December 2011, capital expenditure for property, plant and equipment of the Group amounted to approximately HK$0.9 million (2010: approximately HK$0.5 million).

CAPITAL COMMITMENTS

As at 31 December 2011, the Group did not have any capital commitments.

BUSINESS PLAN

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

In light of the economic uncertainty and market instability, the Group will take a prudent approach to its expansion plan. It will continue to seek opportunities for strategic alliance with regional partners for new market and business development. To provide a practical and board platform in strengthening the business ties to the mainland China, we maintain the representative office in Beijing as a liaison point in the mainland China. The Group will review its feasibility study on expansion plans, including the establishment of a backup production and translation hub in mainland China for the benefits of lower production costs and economic growth in mainland China. Furthermore, the Group will continue to refine its office facilities, to streamline work procedure and to upgrade the software and equipment with an aim to enhancing its competitiveness in the sector.

Aimed at maximizing profit and return for the Group and our shareholders, the Group will strive to stay focused on enhancing the competitiveness of its core business and on exploring new business opportunities.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Lee Wing Yin

Mr. Lee, aged 42, has been appointed as an executive director and the Chairman of the Company since September 2009 and March 2010 respectively. He is responsible for provision of advice for overall management, strategic development and supervision of the Group. Mr. Lee is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. He has over eleven years of working experience in auditing and business advisory services and had worked for international accounting firms for six years. Mr. Lee is currently an executive director, an authorized representative, the chief executive officer, the company secretary, and the compliance officer of Richfield Group Holdings Limited (stock code: 183), a company listed on the Main Board of the Stock Exchange. He also held various senior financial management positions in various local companies. Mr. Lee is a director of Profit Allied Limited, a company incorporated in the British Virgin Islands with limited liability which is beneficiary and wholly owned by Mr. Pong Wai San, Wilson ("Mr. Pong"), being the substantial shareholder of the Company.

Mr. Lau Wai Shu

Mr. Lau, aged 51, has been appointed as an executive director and the managing director of the Company since September 2009 and March 2010 respectively. He is responsible for the Group' overall management, corporate development and strategic planning. Mr. Lau holds a bachelor's degree in Applied Science (civil engineering) from the University of Ottawa, Ontario, Canada and a master of business administration degree from the University of Bradford, the United Kingdom. Mr. Lau had worked for various companies with over 20 years of experience in management and marketing. Mr. Lau was an executive director of Midland IC&I Limited (stock code: 459) and resigned in June 2007. He was appointed as executive director of the Global Energy Resources International Group Limited (stock code: 8192), a company listed on the Growth Enterprises Market ("GEM") of the Stock Exchange, in September 2007 and resigned in August 2008. He was also an executive director, an authorized representative, the chairman and the compliance officer of FlexSystem Holdings Limited (stock code: 8050) during the period from May 2011 to February 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yip Tai Him

Mr. Yip Tai Him, aged 41, has been appointed as an independent non-executive director of the Company since April 2009. He is a practising accountant in Hong Kong and an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Yip has about 18 years of experience in accounting, auditing and financial management. He is currently an independent non-executive director of the following listed companies in Hong Kong, namely, Wing Lee Holdings Limited (stock code: 876), China Communication Telecom Services Company Limited (stock code: 8206), Vinco Financial Group Limited (stock code: 8340), KH Investment Holdings Limited (stock code: 8172) and GCL-Poly Energy Holdings Limited (stock code: 3800). He was also an independent non-executive director of Global Energy Resources International Group Limited (stock code: 8192) and FlexSystem Holdings Limited (stock code: 8050) during the period from March 2008 to January 2010 and May 2011 to February 2012 respectively.

Biographical Details of Directors and Senior Management

Mr. Ng Chi Ming
Mr. Ng Chi Ming, aged 68, has been appointed as an independent non-executive director of the Company since September 2009. He is an Election Committee Member for the HKSAR Chief Executive. Mr. Ng is also an independent non-executive director of Build King Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0240). Mr. Ng has over 30 years of experience in the banking industry. Mr. Ng served as the chief executive officer of the former First Pacific Bank in Hong Kong. He was also an executive director and the chief executive officer of ENM Holdings Limited (stock code: 0128) during the period from March 2001 to June 2009.

Mr. Lung Hung Cheuk
Mr. Lung Hung Cheuk, aged 65, has been appointed as an independent non-executive director of the Company since September 2009. Mr. Lung is a retired chief superintendent of the Hong Kong Police Force (the "Hong Kong Police"). He joined the Hong Kong Police in 1966 as a Probationary Inspector at the age of 19. He was promoted to the rank of chief inspector in 1980, superintendent in 1986, senior superintendent in 1993 and chief superintendent in 1997. He had served in various police posts, namely Special Branch, Police Tactical Unit, Police Public Relations Bureau and in a number of police divisions at management level. Prior to his retirement in April 2002, he was the commander of Sham Shui Po Police District. Mr. Lung was also the secretary and the chairman of the Superintendents' Association (the "SPA") of the Hong Kong Police from 1993 to 2001. The membership of the SPA comprises the top management of the Hong Kong Police from superintendents up to and including the commissioner of the Hong Kong Police. He was awarded the Police Meritorious Service Medal by the Chief Executive of Hong Kong in 2000. Mr. Lung currently acts as an independent non-executive director of Richfield Group Holdings Limited (stock code: 183). He was an independent non-executive director of Global Energy Resources International Group Limited (stock code: 8192) and FlexSystem Holdings Limited (stock code: 8050) during the period from September 2007 to January 2010 and May 2011 to February 2012 respectively.

SENIOR MANAGEMENT

Mr. Ho Ming Fai, aged 52, is the group financial controller of the Company. Mr. Ho possesses more than 28 years of working experience in accounting, investment and treasury. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in January 2008.

Report of the Directors

The directors of the Company are pleased to present their annual report and the audited financial statements of the Company for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2011 are set out in the consolidated statement of comprehensive income on page 25 of this report. The Board recommends the payment of a final dividend of HK0.11 cent each per ordinary share, totaling HK$10,120,000 for the year ended 31 December 2011 (2010: HK0.11 cent).

CLOSURE OF REGISTER OF MEMBERS

The registers of the Company will be closed from Tuesday, 29 May 2012 to Thursday, 31 May 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 28 May 2012.

The registers of the Company will also be closed from Wednesday, 6 June 2012 to Monday, 11 June 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend for the year ended 31 December 2011, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the aforesaid branch share registrar for registration not later than 4:30 p.m. on Tuesday, 5 June 2012.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

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

DISTRIBUTABLE RESERVE

The Company's distributable reserve was HK$63,895,000 at 31 December 2011 (2010: HK$69,843,000).

Report of the Directors

5 YEAR SUMMARY

A summary of the Group's result for each of the five years ended 31 December 2011 and the Group's assets and liabilities as at 31 December 2007, 2008, 2009, 2010 and 2011 is set out on page 60 of this report.

PRE-EMPTIVE RIGHTS

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

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Lee Wing Yin (executive director)
(Chairman)
Lau Wai Shu (executive director)
(managing director)

Independent non-executive Directors:

Yip Tai Him
Ng Chi Ming
Lung Hung Cheuk

In accordance with the Bye-laws of the Company, Mr. Lee Wing Yin and Mr. Yip Tai Him will retire at the forthcoming annual general meeting by rotation, and, being eligible, offer themselves for re-election. All other remaining Directors continue in office.

Mr. Lee Wing Yin, chairman and executive Director, has renewed the service agreement with the Company during the year of 2011. The term of appointment shall be for an initial term of one year commencing on 18 September 2011 and shall be renewable for a further period of twenty-four months on 17 September 2012. His emolument was adjusted from HK$8,000 per month to HK$9,000 per month with effect 1 January 2012 plus discretionary bonus, which is determined by his roles, experience and responsibilities in the Company.

Mr. Lau Wai Shu, managing Director and executive Director, has renewed the service agreement with the Company during the year of 2011. The term of appointment shall be for an initial term of one year commencing on 18 September 2011 and shall be renewable for a further period of twenty-four months on 17 September 2012. His emolument was adjusted from HK$62,000 per month to HK$75,000 per month with effect 1 January 2012 plus discretionary bonus, which is determined by his roles, experience and responsibilities in the Company.

Each of the independent non-executive Directors, namely Mr. Lung Hung Cheuk and Mr. Ng Chi Ming, has renewed the letters of appointment with the Company for a further term of one year commencing on 18 September 2011. The letter of appointment of the independent non-executive Director, Mr. Yip Tai Him, has been renewed for a further term of one year commencing on 8 April 2011.

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

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the directors and the senior management of the Company are set out on page 9 to 10 of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2011, the interests and short positions of the directors and chief executives and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as 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") set out in Appendix 10 to the Listing Rules were as follows:

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

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

Save as disclosed above, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors or Listed Companies contained in the Listing Rules.

Report of the Directors

INTEREST OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2011, so far as is known to any director or chief executive of the Company, the following persons or corporations (other than a director or chief executive of the Company) who had interests and short positions 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 as otherwise notified to the Company 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 shares capital of the Company (%)
Mr. Pong	Beneficial ownership	6,880,000,000	74.78
Tung Ching Yee, Helena (Note 1)	Interest of Spouse	6,880,000,000	74.78
Profit Allied Limited (Note 2)	Controlled corporation	5,712,000,000	62.09
Richfield Group Holdings Limited (Note 3)	Controlled corporation	400,000,000	4.35
Virtue Partner Group Limited (Note 4)	Controlled corporation	400,000,000	4.35

Notes:

1. Ms. Tung Ching Yee, Helena is the spouse of Mr. Pong who beneficially owns 74.78% of the Company.

2. Profit Allied Limited is beneficially owned as to 100% by Mr. Pong. Therefore, it is deemed to be interested in the shares of which Mr. Pong is deemed to be interested in for the purpose of the SFO.

3. Richfield Group Holdings Limited is beneficially owned as to about 44.01% by Mr. Pong.

4. Richfield Group Holdings Limited is held as to about 31.99% by Virtue Partner Group Limited which is 100% wholly owned by Mr. Pong.

Save as disclosed above, the register required to be kept under section 336 of the SFO shows that as at 31 December 2011, the Company had not been notified of any other person who had an interest or short position in the shares and underlying shares of the Company.

SHARE OPTIONS

Pursuant to the resolution passed by the Shareholders on 25 June 2008, the Company approved and conditionally adopted a share option scheme whereby selected classes of the participants may be granted options to subscribe for shares at the discretion of the Board. No options were granted under the share option scheme for the year ended 31 December 2011.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES

At no time during the year was the Company, or any of its holding company, fellow subsidiaries and subsidiaries a party to any arrangement to enable the directors of the Company or their respective spouses or children under 18 years of age, to acquire benefits by means of the acquisition of shares in the Company.

MAJOR CUSTOMERS AND SUBCONTRACTORS

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

Sales

– the largest customer	10.7%
– five largest customers	33.7%

Cost of services provided

– the largest subcontractor	13.7%
– five largest subcontractors	41.7%

Save as disclosed under the heading "Continuing Connected Transactions" below, none of the directors, their associates, or any shareholders (which to the knowledge of the directors own more than 5% of the Company's issued share capital) had any interest in any of the five largest customers and subcontractors of the Group.

CONTINUING CONNECTED TRANSACTIONS

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

The annual cap for transactions with Flexwood are set about HK$1.6 million and HK$1.3 million for the year ended 31 December 2011 and year ending 31 December 2012 respectively, in accordance with the Company's announcement dated 15 October 2010.

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

Report of the Directors

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

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year under review.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE

Report on the Company's corporate governance are set out on pages 18 to 22 of this report.

CODE OF CORPORATE GOVERNANCE

The Company complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the "Code") during the year under review.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

MANAGEMENT CONTRACTS

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

REMUNERATION POLICY

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

DONATIONS

During the year, the Group made charitable donation amounting to HK$1,068,000.

AUDIT COMMITTEE

The Group established an audit committee which consists of three independent non-executive directors, namely Mr. Yip Tai Him, Ng Chi Ming and Lung Hung Cheuk. Mr. Yip Tai Him is the Chairman of the audit committee. The primary duties of the audit committee are to review the financial reporting and the effectiveness of internal control system of the Group. The audit committee has reviewed the Group's final report for the year ended 31 December 2011.

AUDITOR

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

On behalf of the Board

Lee Wing Yin
Chairman

Hong Kong, 30 March 2012

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Group believes that high standard of corporate governance and ethics are critical to its continuous success and long-term growth. In order to enhance the shareholders' value in the long run, the Group is committed to managing business with focuses on transparency, independence and accountability and developing its ethical corporate cultures.

The Company complied with the Code during the year under review. We will periodically review and improve our corporate governance practice to ensure that the interests of shareholders are properly safeguarded and promoted.

BOARD OF DIRECTORS

The Board members for the year ended 31 December 2011 were:

Executive Director

Lee Wing Yin
Lau Wai Shu

Independent non-executive Director

Yip Tai Him
Ng Chi Ming
Lung Hung Cheuk

The Board currently is composed of 5 directors, including the Chairman and the managing director who are executive directors, and 3 independent non-executive directors.

The Board meets periodically to review the strategic policies, significant business transactions and business performance of the Group and to approve the release of interim and annual results for the Group. The Board will also investigate and resolve different events as and when warranted by particular circumstances. The Board approval is required for any matters likely to have a material impact on the business operation and/or financial positions of the Group as well as matters other than in the ordinary course of business.

All directors have provided access to the senior management of the Group and the company secretary. Management information is provided to enable them to participate at the meetings or as and when requested. The company secretary provides secretarial support to the Board and ensures adherence to Board procedures and the relevant rules and regulations which are applicable to the Company.

CHAIRMAN AND EXECUTIVE DIRECTOR

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

All the independent non-executive directors have academic background, appropriate professional qualification, management experiences, accounting or related financial management expertise. The Company will review regularly to ensure that the Board has a balance of skills, expertise and experience to manage the business of the Group. Pursuant to the requirement of the Listing Rules, one of the independent non-executive directors is a Certified Public Accountant who chairs the Audit Committee.

The independent non-executive directors of the Company are Mr. Yip Tai Him, Mr. Ng Chi Ming and Mr. Lung Hung Cheuk with the fixed term of appointment for one year. Biographical details of the independent non-executive directors are set out on pages 9 to 10 of this Annual Report.

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

MEETING

Regular Board meeting shall be held at least four times a year. Special meetings of the Board will be convened whenever necessary. The Board convened a total of four meetings for the year ended 31 December 2011.

Details of the attendance of the meetings of the Board were as follows:

Members	**Attendance**
Lee Wing Yin	4/4
Lau Wai Shu	4/4
Yip Tai Him	4/4
Lung Hung Cheuk	4/4
Ng Chi Ming	3/4

DELEGATION

Based on the Company's organisation structure and operation procedures, the Board has established the line of responsibility and reporting. Duties and responsibilities in respect of daily operation, administration, financial and risk management control are delegated to the senior management. The senior management is empowered to assume their responsibility of day-to-day management under the leadership of the managing director.

Three Committees which are Audit Committee, Remuneration Committee and Nomination Committee have been established with defined terms of references. The terms of references clearly specify the duties and responsibilities for all the Committees. All the Committees will make their recommendation to the Board for approval before any necessary action is taken.

Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The Group established an Audit Committee on 25 June 2008 in compliance with Rules 3.21 and 3.23 of the Listing Rules. The Audit Committee consists of three independent non-executive directors, namely Mr. Yip Tai Him, Mr. Lung Hung Cheuk and Mr. Ng Chi Ming. Mr. Yip Tai Him is the Chairman of the Audit Committee.

Meeting shall be held not less than 2 times a year. A representative of the external auditor shall normally attending meetings. The External auditor may request a meeting if they consider necessary. The Board delegates the Audit Committee to investigate any activities within its terms of reference and obtain independent legal or professional advice as and when required. The primary duties of the Audit Committee are to review and supervise the financial reporting system and the internal control procedure; to review and recommend to the Board the appointment, remuneration, independence and objectivity of external auditor; and to review and monitor the selection process of subcontractors for printing services.

Details of the attendance of the meeting of the Audit Committee were as follows:

Member	**Attendance**
Yip Tai Him	2/2
Lung Hung Cheuk	2/2
Ng Chi Ming	1/2

No director is involved in selecting and deciding the Group's subcontractors for printing services in which the respective directors or his associates have interest. The Group believes that an adequate and effective internal control system is fundamental to safeguard the assets of the Group as well as the long-term interest of the shareholders.

The Audit Committee had reviewed and recommended the Company's interim results announcement and interim report for the six months ended 30 June 2011 and the annual results announcement and annual report for the year ended 31 December 2011 to the Board for approval. The Audit Committee also reviewed and concluded with satisfaction to the effectiveness of internal control system of the Group.

REMUNERATION COMMITTEE

The Group established a Remuneration Committee in compliance with Appendix 14 of the Listing Rules. The Remuneration Committee consists of the three independent non-executive directors, namely Mr. Lung Hung Cheuk, Mr. Ng Chi Ming and Mr. Yip Tai Him. Mr. Lung Hung Cheuk is the Chairman of the Remuneration Committee. The primary function of the Remuneration Committee is to make recommendation to the Board on the remuneration of the directors and the senior management of the Group and determine on behalf of the Board specific remuneration packages and conditions of employment for the directors and the senior management of the Group. No director is involved in deciding his own remuneration. The remuneration of directors and senior management is determined by having regards to individual performance and the Group's financial results.

For the year ended 31 December 2011, the Remuneration Committee held a meeting to approve the terms of executive directors' service contract, review the remuneration policies of the Group and make recommendations to the Board.

Details of the attendance of the meeting of the Remuneration Committee were as follows:

Member	**Attendance**
Lung Hung Cheuk	1/1
Yip Tai Him	1/1
Ng Chi Ming	1/1

NOMINATION COMMITTEE

The Group established a Nomination Committee which consists of the three independent non-executive directors, namely Mr. Ng Chi Ming, Mr. Yip Tai Him and Mr. Lung Hung Cheuk. Mr. Ng Chi Ming is the Chairman of the Nomination Committee. The primary function of the Nomination Committee is to make recommendation to the Board regarding candidates to fill vacancies on the Board and the senior management of the Group.

Details of the attendance of the meeting of the Nomination Committee were as follows:

Member	**Attendance**
Ng Chi Ming	1/1
Yip Tai Him	1/1
Lung Hung Cheuk	1/1

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

Corporate Governance Report

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

The Nomination Committee recommended that Mr. Lee Wing Yin and Mr. Yip Tai Him who retire at the forthcoming annual general meeting are eligible to offer themselves for re-election.

AUDITOR'S REMUNERATION

BDO Limited is the auditor of the Company. The audit fee of the Group for the year ended 31 December 2011 was approximately HK$513,000. The non-audit service fees for tax related services and other review services for the year ended 31 December 2011 was about HK$61,000.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES

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

INTERNAL CONTROL SYSTEM

The Board is responsible for establishing, maintaining and reviewing the system of internal control of the Group. In order to safeguard shareholders' interest and the Group's assets, the Audit Committee is authorised to review regularly the effectiveness and adequacy of control procedures for financial, operational and compliance and risk management functions. For the financial year ended 31 December 2011, the Audit Committee concluded satisfaction to the effectiveness of the Company's internal control system after review.

INVESTORS RELATIONS

The Company endeavored to promote the relationships and communication with its investors. The Company realises that the transparency and timely disclosure of corporate information is essential for enhancing investors' understanding of the Group's financial position and performance.

The Company's annual general meeting provides a channel of direct communication between the Board and the shareholders. An annual general meeting circular of proposed resolution is delivered to all the shareholders not less than 21 days prior to the meeting. Any comments and questions from shareholders are welcome by the Board in the Annual General Meeting.

All the financial information and other disclosures, including interim result, final result, announcement, circular and other notice of the Company are available on our Company's website at www.ioneholdings.com and the Stock Exchange's website at www.hkex.com.hk.

Independent Auditor's Report

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

We have audited the consolidated financial statements of iOne Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 59, which comprise the consolidated and company statements of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Hong Kong, 30 March 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Turnover	6	**165,621**	215,826
Cost of services provided		**(78,959)**	(93,983)
Gross profit		**86,662**	121,843
Other income and gains	8	**4,526**	734
Selling and distribution expenses		**(16,055)**	(19,131)
Administrative expenses		**(29,442)**	(31,566)
Profit before income tax expense	9	**45,691**	71,880
Income tax expense	12	**(6,795)**	(12,073)
Profit for the year		**38,896**	59,807
Other comprehensive income			
Net fair value loss on available-for-sale investments		**(7,971)**	–
Total comprehensive income for the year attributable to owners of the Company		**30,925**	59,807
Earnings per share			
– Basic	14	**HK0.42 cent**	HK0.65 cent

Consolidated Statement of Financial Position

As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	15	**3,656**	5,046
Available-for-sale investments	17	**42,382**	9,896
		46,038	14,942
Current assets			
Work in progress		**1,163**	3,059
Trade receivables	18	**29,823**	64,843
Other receivables, deposits and prepayments		**6,669**	6,339
Amounts due from related companies	19	**198**	1,632
Income tax recoverable		**5,324**	33
Cash and bank balances	20	**178,363**	175,971
		221,540	251,877
Current liabilities			
Trade payables	21	**8,648**	20,344
Other payables and accruals		**21,064**	23,498
Amount due to a related company	22	**367**	–
Deferred income	24	**611**	–
Income tax payable		**–**	6,696
		30,690	50,538
Net current assets		**190,850**	201,339
Total assets less current liabilities		**236,888**	216,281
Non-current liabilities			
Deferred tax liabilities	25	**107**	305
Net assets		**236,781**	215,976
Capital and reserves			
Share capital	26	**2,300**	2,300
Reserves		**234,481**	213,676
Total equity		**236,781**	215,976

On behalf of the Board

Lee Wing Yin
Chairman

Lau Wai Shu
Director

Statement of Financial Position

As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	15	**381**	438
Investments in subsidiaries	16	**69,902**	69,902
Available-for-sale investments	17	**42,382**	9,896
		112,665	80,236
Current assets			
Other receivables, deposits and prepayments		**1,411**	961
Amounts due from subsidiaries	23	**51**	9
Income tax recoverable		**–**	33
Cash and bank balances	20	**159,637**	136,510
		161,099	137,513
Current liabilities			
Other payables and accruals		**889**	740
Amounts due to subsidiaries	23	**105,293**	35,508
		106,182	36,248
Net current assets		**54,917**	101,265
Net assets		**167,582**	181,501
Capital and reserves			
Share capital	26	**2,300**	2,300
Reserves	28	**165,282**	179,201
Total equity		**167,582**	181,501

On behalf of the Board

Lee Wing Yin
Chairman

Lau Wai Shu
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	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 2010	2,300	39,914	4,451	–	119,624	166,289
Profit and total comprehensive income	–	–	–	–	59,807	59,807
Dividend approved in respect of previous year	–	–	–	–	(10,120)	(10,120)
At 31 December 2010 and 1 January 2011	2,300	39,914	4,451	–	169,311	215,976
Profit for the year	–	–	–	–	38,896	38,896
Other comprehensive income	–	–	–	(7,971)	–	(7,971)
Total comprehensive income	–	–	–	(7,971)	38,896	30,925
Dividend approved in respect of previous year	–	–	–	–	(10,120)	(10,120)
At 31 December 2011	**2,300**	**39,914**	**4,451**	**(7,971)**	**198,087**	**236,781**

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 2011

	2011 HK$'000	2010 HK$'000
Cash flows from operating activities		
Profit before income tax expense	**45,691**	71,880
Adjustments for:		
Interest income	**(2,313)**	(548)
Dividend income	**(519)**	–
Gain on disposal of financial asset at fair value through profit or loss	**(20)**	–
Depreciation of property, plant and equipment	**2,225**	2,229
Loss on disposal of property, plant and equipment	**49**	16
Written-off of bad debt	**92**	–
Proceed from disposal of financial asset at fair value through profit or loss	**2,750**	–
Acquisition of financial asset at fair value through profit or loss	**(2,730)**	–
Operating profit before working capital changes	**45,225**	73,577
Decrease/(increase) in work in progress	**1,896**	(1,627)
Decrease in trade receivables	**34,928**	6,435
Increase in other receivables, deposits and prepayments	**(330)**	(233)
Decrease/(increase) in amounts due from related companies	**1,434**	(1,609)
Decrease in trade payables	**(11,696)**	(1,018)
(Decrease)/increase in other payables and accruals	**(2,434)**	2,404
Increase in amount due to a related company	**367**	–
Increase/(decrease) in deferred income	**611**	(604)
Cash generated from operations	**70,001**	77,325
Hong Kong Profits Tax paid	**(18,980)**	(10,954)
Net cash generated from operating activities	**51,021**	66,371
Cash flows from investing activities		
Interest received	**2,313**	548
Dividend received	**519**	–
Purchase of property, plant and equipment	**(884)**	(507)
Proceeds from disposal of property, plant and equipment	**–**	34
Decrease in pledged bank deposit	**–**	150
Increase in fixed deposits with original maturities of over three months	**(50,840)**	(23,600)
Acquisition of available-for-sale investments	**(40,457)**	(9,896)
Net cash used in investing activities	**(89,349)**	(33,271)
Net cash used in financing activities		
Dividends paid to owners of the Company	**(10,120)**	(10,120)
Net (decrease)/increase in cash and cash equivalents	**(48,448)**	22,980
Cash and cash equivalents at beginning of the year	**152,371**	129,391
Cash and cash equivalents at end of the year (note 20)	**103,923**	152,371

Notes to the Financial Statements

31 December 2011

1. GENERAL

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

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

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

(a) Adoption of new/revised HKFRSs – effective 1 January 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of these new/revised standards and interpretations has no material impact on the Group's financial statements.

As part of the Improvements to HKFRSs issued in 2010, HKFRS 7 has been amended to enhance the interaction between quantitative and qualitative disclosures. If the carrying amount of a financial asset best represents the maximum exposure to credit risk, the standard does not require a positive statement to this effect in the financial statements. This amended disclosure requirement has been applied retrospectively. The carrying amount of the Group's bank balances, trade and other receivables, and amounts due from related companies represents the Group's maximum exposure to credit risk in respect of these financial assets as at 31 December 2011 and 2010. The prior year financial statements included a positive statement to this effect which is removed in the 2011 financial statements following the amendments. The adoption of the amendments has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition. The adoption of HKAS 24 (Revised) has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

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

(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 HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[2]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKAS 27 (2011)	Separate Financial Statements[3]
Amendments to HKAS 32 and HKFRS 7	Offsetting Financial Assets and Financial Liabilities[4]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[5]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 July 2012
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 January 2013 and 2014, as appropriate
5 Effective for annual periods beginning on or after 1 January 2015

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

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

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.

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

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

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

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

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

HKAS 27 has been amended that what remains in HKAS 27 (2011) is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

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

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

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realization and settlement". The amendments to HKFRS 7 require entitles to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

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

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Subsidiaries

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

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases

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

The Group as lessee

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

(e) Financial instruments

(i) Financial assets

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

Financial assets at fair value through profit or loss

These assets 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

These 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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(ii) Impairment loss on financial assets

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

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

For loans and receivables

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(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.

(f) Work in progress

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

(g) Revenue recognition

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

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

(h) Income taxes

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Income taxes (Continued)

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 recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all 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 expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

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

(i) Foreign currency

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

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

(j) Employee benefits

Defined contribution retirement plan

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

Termination benefits

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

(k) Impairment of 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Provisions and contingent liabilities

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

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

(m) Related parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

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

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

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

The directors review 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 judgement. In making this judgement, the directors evaluate, 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.

6. TURNOVER

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

	2011 **HK$'000**	2010 HK$'000
Financial printing services:		
– Printing and translation	**149,418**	190,815
– Advertising	**16,203**	25,011
	165,621	215,826

7. SEGMENT INFORMATION

The chief operating decision-maker of the Group has been identified as the executive directors of the Company. The executive directors regularly review revenue and operating result derived from provision of financial printing services on an aggregate basis and consider them as one single operating segment.

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

Revenue from one customer of the Group amounted to HK$17,755,000, which represent 10% or more of the Group's revenue for the year ended 31 December 2011. None of the Group's customers had individually accounted for over 10% of the Group's revenue for the year ended 31 December 2010.

8. OTHER INCOME AND GAINS

	2011 HK$'000	2010 HK$'000
Interest income:		
– bank deposits	**1,640**	548
– past due trade receivables	**312**	–
– corporate bonds	**361**	–
	2,313	548
Dividend income	**519**	–
Exchange gains, net	**1,651**	153
Gain on disposal of financial asset at fair value through profit or loss	**20**	–
Others	**23**	33
	4,526	734

9. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense has been arrived at after charging/(crediting):

	2011 HK$'000	2010 HK$'000
Depreciation of property, plant and equipment (note 15)	**2,225**	2,229
Auditor's remuneration	**513**	470
Loss on disposal of property, plant and equipment	**49**	16
Operating lease rentals for rented office premises and equipment	**13,199**	12,407
Staff costs (note 10)	**50,842**	53,838
Written-off/(recovery) of bad debt	**92**	(218)

10. STAFF COSTS

	2011 HK$'000	2010 HK$'000
Staff costs (including directors) comprise:		
Salaries, commissions, bonuses and other allowances	**49,492**	52,693
Retirement benefits scheme contributions	**1,350**	1,145
	50,842	53,838

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:

	2011 HK$'000	2010 HK$'000
Fees	**150**	150
Salaries, commissions and other allowances	**840**	1,014
Bonuses (note)	**210**	275
Retirement benefits scheme contributions	**17**	17
	1,217	1,456

The emoluments of each of the directors during the years ended 31 December 2011 and 2010 are as follows:

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

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

(a) Directors' emoluments (Continued)

	Fees HK$'000	Salaries, commissions and other allowances HK$'000	Bonuses HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2010					
Executive directors					
Lau Wai Shu	–	706	178	12	896
Lee Wing Yin	–	60	15	3	78
Chiu Hok Yu (resigned on 1 March 2010)	–	248	82	2	332
Independent non-executive directors					
Lung Hung Cheuk	50	–	–	–	50
Ng Chi Ming	50	–	–	–	50
Yip Tai Him	50	–	–	–	50
	150	1,014	275	17	1,456

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 (2010: one) was director of the Company whose emoluments are included in note 11(a) above. The emoluments of the remaining four (2010: four) employees were as follows:

	2011 HK$'000	2010 HK$'000
Salaries, commissions and other allowances	**9,527**	11,980
Bonuses (note)	**1,409**	6,273
Retirement benefits scheme contributions	**48**	48
	10,984	18,301

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

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

(b) Five highest-paid employees (Continued)

Their emoluments were within the following bands:

	2011 No. of employees	2010 No. of employees
HK$		
500,001–1,000,000	**1**	–
1,000,001–1,500,000	**1**	–
1,500,001–2,000,000	**–**	3
2,000,001–2,500,000	**1**	–
6,500,001–7,000,000	**1**	–
12,500,001–13,000,000	**–**	1

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

12. INCOME TAX EXPENSE

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

	2011 HK$'000	2010 HK$'000
Current tax – Hong Kong Profits Tax		
– provision for the year	**6,988**	12,306
– under/(over) provision in respect of prior years	**5**	(36)
	6,993	12,270
Deferred tax (note 25)	**(198)**	(197)
Income tax expense	**6,795**	12,073

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the year.

12. INCOME TAX EXPENSE (Continued)

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:

	2011 HK$'000	2010 HK$'000
Profit before income tax expense	**45,691**	71,880
Tax calculated at the Hong Kong Profits Tax rate of 16.5% (2010: 16.5%)	**7,539**	11,860
Tax effect of income not subject to tax	**(725)**	(126)
Tax effect of expenses not deductible for tax purpose	**32**	207
Under/(over) provision in respect of prior years	**5**	(36)
Tax effect of tax losses not recognised	**–**	100
Utilisation of tax losses previously not recognised	**(42)**	–
Others	**(14)**	68
Income tax expense	**6,795**	12,073

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company includes a loss of HK$1,759,000 (2010: loss of HK$5,338,000) 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:

	2011 HK$'000	2010 HK$'000
Loss which has been dealt with in the Company's financial statements	**(1,759)**	(5,338)
Management fee from subsidiaries	**5,977**	5,123
Financial printing and advertising charges to subsidiaries	**(125)**	(122)
Service fee and software rental charges from subsidiaries	**79**	337
The Company's profit for the year (note 28)	**4,172**	–

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$38,896,000 (2010: HK$59,807,000) and 9,200,000,000 (2010: 9,200,000,000) shares in issue during the year.

Diluted earnings per share is not presented as there are no potential dilutive ordinary shares outstanding during the years ended 31 December 2010 and 2011.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Cost				
At 1 January 2010	5,598	6,547	1,541	13,686
Additions	105	391	11	507
Disposals	–	(326)	–	(326)
At 31 December 2010 and 1 January 2011	5,703	6,612	1,552	13,867
Additions	14	854	16	884
Disposals	–	(176)	–	(176)
At 31 December 2011	5,717	7,290	1,568	14,575
Accumulated depreciation				
At 1 January 2010	2,560	3,326	982	6,868
Provided for the year (note 9)	934	1,077	218	2,229
Eliminated on disposals	–	(276)	–	(276)
At 31 December 2010 and 1 January 2011	3,494	4,127	1,200	8,821
Provided for the year (note 9)	943	1,099	183	2,225
Eliminated on disposals	–	(127)	–	(127)
At 31 December 2011	4,437	5,099	1,383	10,919
Net book value				
At 31 December 2011	1,280	2,191	185	3,656
At 31 December 2010	2,209	2,485	352	5,046

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Cost				
At 1 January 2010	267	70	108	445
Additions	–	190	–	190
At 31 December 2010 and 1 January 2011	267	260	108	635
Additions	–	81	–	81
At 31 December 2011	267	341	108	716
Accumulated depreciation				
At 1 January 2010	54	12	21	87
Provided for the year	53	35	22	110
At 31 December 2010 and 1 January 2011	107	47	43	197
Provided for the year	53	63	22	138
At 31 December 2011	160	110	65	335
Net book value				
At 31 December 2011	107	231	43	381
At 31 December 2010	160	213	65	438

16. INVESTMENTS IN SUBSIDIARIES

	2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	**69,902**	69,902

16. INVESTMENTS IN SUBSIDIARIES (Continued)

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

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

None of the subsidiaries of the Company had issued any debt securities at 31 December 2011.

17. AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company 2011 HK$'000	2010 HK$'000
Listed equity investments:		
– in Hong Kong	**13,099**	–
– outside Hong Kong	**7,093**	–
	20,192	–
Listed corporate bonds:		
– in Hong Kong	**6,012**	–
– outside Hong Kong	**3,457**	–
	9,469	–
Unlisted corporate bond	**2,825**	–
Unlisted equity investment	**9,896**	9,896
	42,382	9,896

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

	Group and Company 2011 HK$'000	2010 HK$'000
At 1 January	**9,896**	–
Additions	**40,457**	9,896
Net fair value loss on available-for-sale investments	**(7,971)**	–
At 31 December	**42,382**	9,896

Listed equity securities, listed and unlisted corporate bonds with carrying amounts of HK$20,192,000 (2010: nil), HK$9,469,000 (2010: nil) and HK$2,825,000 (2010: nil) respectively are measured at fair value. The fair values have been determined based on their quoted prices at the reporting date.

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

18. TRADE RECEIVABLES

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

	Group	
	2011	2010
	HK$'000	HK$'000
0–90 days	**21,250**	49,232
91–180 days	**6,847**	9,592
181–270 days	**870**	4,177
271–365 days	**420**	1,657
Over 365 days	**436**	185
	29,823	64,843

The ageing analysis of trade receivables which are past due but not impaired is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
1–90 days past due	**17,369**	27,681
91–180 days past due	**2,380**	4,387
181–270 days past due	**795**	4,679
271–365 days past due	**19**	443
Over 365 days past due	**438**	134
	21,001	37,324

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

19. AMOUNTS DUE FROM RELATED COMPANIES

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

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

20. CASH AND BANK BALANCES

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and on hand	**36,203**	52,371	**17,477**	12,910
Fixed deposits with original maturities of three months or less	**67,720**	100,000	**67,720**	100,000
Fixed deposits with original maturities of over three months	**74,440**	23,600	**74,440**	23,600
Cash and bank balances in the statement of financial position	**178,363**	175,971	**159,637**	136,510
Less: Fixed deposits with original maturities of over three months	**(74,440)**	(23,600)		
Cash and cash equivalents in the consolidated statement of cash flows	**103,923**	152,371		

At 31 December 2011, the fixed deposits with original maturities of three months or less carried fixed interest on prevailing market rates of 1.3% to 2.1% (2010: 1%) per annum.

At 31 December 2011, the fixed deposits with original maturities of over three months carried fixed interest on prevailing market rates of 1.3% to 2% (2010: 1.5%) per annum.

21. TRADE PAYABLES

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

	Group	
	2011	2010
	HK$'000	HK$'000
0–90 days	**6,380**	14,216
91–180 days	**1,542**	4,471
181–365 days	**297**	1,645
Over 365 days	**429**	12
	8,648	20,344

22. AMOUNT DUE TO A RELATED COMPANY

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

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

23. AMOUNTS DUE FROM/TO SUBSIDIARIES

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

24. DEFERRED INCOME

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

25. DEFERRED TAX

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

	Group Accelerated tax depreciation HK$'000
At 1 January 2010	502
Credit to profit or loss (note 12)	(197)
At 31 December 2010 and 1 January 2011	305
Credit to profit or loss (note 12)	(198)
At 31 December 2011	107

No deferred tax asset has been recognised in respect of the unused tax losses of HK$470,000 (2010: HK$607,000) because of the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

26. SHARE CAPITAL

(a) Authorised and issued share capital

	2011	2010
	HK$'000	HK$'000
Authorised:		
12,000,000,000 (2010: 12,000,000,000) ordinary shares of HK$0.00025 each (2010: HK$0.00025 each)	**3,000**	3,000
Issued and fully paid:		
9,200,000,000 (2010: 9,200,000,000) ordinary shares of HK$0.00025 each (2010: HK$0.00025 each)	**2,300**	2,300

All the shares which were issued by the Company during the year rank pari passu with each other in all respects.

(b) Capital risk management

The Group manages 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 2011, no external debts were raised by the Group.

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

27. SHARE OPTION SCHEME

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

27. SHARE OPTION SCHEME (Continued)

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 2011.

28. RESERVES

Company

	Share premium HK$'000	Contributed surplus HK$'000	Available-for-sale investments reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2010	39,756	69,602	–	79,963	189,321
Profit and total comprehensive income (note 13)	–	–	–	–	–
Dividend approved in respect of previous year	–	–	–	(10,120)	(10,120)
At 31 December 2010 and 1 January 2011	39,756	69,602	–	69,843	179,201
Profit for the year (note 13)	–	–	–	4,172	4,172
Other comprehensive income	–	–	(7,971)	–	(7,971)
Total comprehensive income	–	–	(7,971)	4,172	(3,799)
Dividend approved in respect of previous year	–	–	–	(10,120)	(10,120)
At 31 December 2011	39,756	69,602	(7,971)	63,895	165,282

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

29. DIVIDEND

	Company 2011 HK$'000	2010 HK$'000
Final, proposed – HK$0.0011 (2010: HK$0.0011) per share	**10,120**	10,120

At a meeting held on 30 March 2012, the directors of the Company recommended a final dividend of HK$0.0011 per share.

The proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 December 2011.

30. OPERATING LEASES

As lessee

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

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

	Group 2011 HK$'000	2010 HK$'000
Not later than one year	**12,919**	12,172
Later than one year and not later than five years	**12,676**	22,167
	25,595	34,339

31. RELATED PARTY TRANSACTIONS

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

	2011 HK$'000	2010 HK$'000
Rental expenses to a related company (note a)	**1,632**	1,273
Rental deposit to a related company (note a)	**457**	457
Printing income from related companies (note a)	**614**	544
Translation fee to a related company (note b)	**367**	–

31. RELATED PARTY TRANSACTIONS (Continued)

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:

	2011 HK$'000	2010 HK$'000
Short-term benefits	**7,748**	14,228
Post-employment benefits	**29**	29
	7,777	14,257

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

32. FINANCIAL RISK MANAGEMENT

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

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

(a) Credit risk

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

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

(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.

32. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk

Excess cash of the Group is placed in bank deposits which are subject to changes in market interest rate. The Group has no significant interest-bearing liabilities and the Group's income and operating cash flows are substantially independent of changes in market interest rate.

(d) Currency risk

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

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

	Assets	
	2011	2010
	HK$'000	HK$'000
US$	**4,186**	394
SGD	**7,265**	–
RMB	**48,577**	23,630

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	
	2011	2010
	HK$'000	HK$'000
RMB to HK$:		
Appreciates by 2% (2010: 4%)	**972**	945
Depreciates by 2% (2010: 4%)	**(972)**	(945)
SGD to HK$:		
Appreciates by 5%	**363**	–
Depreciates by 5%	**(363)**	–

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, as HK$ is pegged to US$, management does not expect any significant movements in the US$/HK$ exchange rate. The analysis is performed on the same basis for 2010.

32. FINANCIAL RISK MANAGEMENT (Continued)

(e) Price risk

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

Sensitivity analysis

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

(f) Fair value of financial instruments

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

(g) Fair value measurements

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

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

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

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

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

There have been no significant transfers between levels 1 and 2 in the reporting period. There were no financial instruments carried at fair value at 31 December 2010.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2012.

Five Year Summary

	Year ended 31 December				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**165,621**	215,826	241,477	235,110	370,064
Profit before income tax expense	**45,691**	71,880	65,182	46,578	109,617
Income tax expense	**(6,795)**	(12,073)	(10,980)	(7,611)	(20,171)
Profit for the year	**38,896**	59,807	54,202	38,967	89,446

	As at 31 December				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**267,578**	266,819	215,231	152,678	193,342
Total liabilities	**(30,797)**	(50,843)	(48,942)	(40,591)	(156,136)
Total equity	**236,781**	215,976	166,289	112,087	37,206

Notes:

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

2. The results for the year ended 31 December 2007 and assets and liabilities of the Group as at 31 December 2007 have been prepared on a combined basis to indicate the results of the Group as if the Group structure, at the time when the Company's shares were listed on the Stock Exchange had been in existence throughout the years concerned. The figures for the year ended 31 December 2007 have been extracted from the Company's prospectus dated 30 June 2008.