iOne Holdings Limited

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

www.ione.com.hk

INTERIM REPORT 2017

The art of ANNUAL report

iOne Financial Press Limited

Contents

Corporate Information

Board of Directors

Executive directors

Mr. Li Guangning *(Chairman)*
Mr. Xie Wei *(Chief Executive Officer)*
Ms. Zhong Ming *(Chief Financial Officer)*
(resigned with effect from 12 July 2017)
Mr. Wu Jiang *(Chief Financial Officer)*
(appointed with effect from 12 July 2017)

Non-executive director

Ms. Zhang Kuihong

Independent non-executive directors

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

Audit Committee

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

Remuneration Committee

Dr. Sun Mingchun *(Chairman)*
Dr. Chen Jieping
Mr. Tse Yung Hoi
Mr. Xie Wei
Ms. Zhong Ming
(resigned with effect from 12 July 2017)
Mr. Wu Jiang
(appointed with effect from 12 July 2017)

Nomination Committee

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

Legal Adviser

Mayer Brown JSM

Auditor

PricewaterhouseCoopers

Company Secretary

Ms. Li Yanmei
Ms. Lee Mei Yi
(resigned as the joint company secretary with effect from 21 July 2017)

Head Office and Principal Place of Business in Hong Kong

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

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Bermuda Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

Principal Bankers

Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank Limited

Bermuda Resident Representative

Conyers Corporate Services (Bermuda) Limited

Authorised Representatives

Mr. Xie Wei
Ms. Li Yanmei

Place of Listing

The Stock Exchange of Hong Kong Limited

Stock Code

982

Website Address

www.ioneholdings.com

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

	Note	Six months ended 30 June 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Continuing operations			
Revenue	6	77,430	91,054
Cost of sales	8	(49,745)	(47,617)
Gross profit		27,685	43,437
Other income and other gains/(losses), net	7	3,249	(54)
Selling and distribution expenses	8	(5,140)	(6,652)
Administrative expenses	8	(24,455)	(25,058)
Operating profit		1,339	11,673
Finance income		70	155
Financial expenses		(809)	(126)
Financial (expenses)/income, net		(739)	29
Profit before income tax		600	11,702
Income tax expense	9	(495)	(2,975)
Profit for the period from continuing operations		105	8,727
Discontinued operation			
Loss for the period from discontinued operation	10	–	(118)
Total comprehensive income for the period attributable to owners of the Company		105	8,609
Total comprehensive income attributable to owners of the Company arising from:			
Continuing operations		105	8,727
Discontinued operation		–	(118)
		105	8,609
Earnings per share from continuing and discontinued operations attributable to owners of the Company (HK cents)	11	0.001	0.09
Basic and diluted earnings per share			
From continuing operations	11	0.001	0.09
From discontinued operation	11	–	–
		0.001	0.09

Interim Condensed Consolidated Statement of Financial Position

At 30 June 2017

	Note	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	2,943	3,546
Goodwill	14	10,628	10,628
Available-for-sale investment	15	8,500	8,500
Deposits and other receivable		4,365	3,757
		26,436	26,431
Current assets			
Amounts due from customers on services contracts		5,326	5,022
Trade receivables	16	60,787	31,746
Other receivables, deposits and prepayments		14,385	6,955
Amount due from a related party	20	–	2,160
Income tax recoverable		409	905
Cash and cash equivalents		70,735	89,404
		151,642	136,192
Total assets		178,078	162,623
Equity			
Share capital		2,300	2,300
Reserves		92,940	92,835
Total equity		95,240	95,135
Non-current liabilities			
Deferred tax liabilities		135	135
		135	135
Current liabilities			
Trade payables	17	18,552	10,242
Other payables and accruals	18	26,196	32,612
Amount due to major controlling shareholder	20	742	731
Loan from major controlling shareholder	20	37,213	23,768
		82,703	67,353
Total liabilities		82,838	67,488
Total equity and liabilities		178,078	162,623

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to owners of the Company					
	Share capital *HK$'000*	Share premium *HK$'000*	Special reserve *HK$'000*	Available-for-sale investment reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1 January 2017 (Audited)	2,300	39,914	4,451	862	47,608	95,135
Profit for the period	–	–	–	–	105	105
Total comprehensive income for the period	–	–	–	–	105	105
At 30 June 2017 (Unaudited)	2,300	39,914	4,451	862	47,713	95,240
At 1 January 2016 (Audited)	2,300	39,914	4,451	150	44,418	91,233
Profit for the period	–	–	–	–	8,609	8,609
Total comprehensive income for the period	–	–	–	–	8,609	8,609
At 30 June 2016 (Unaudited)	2,300	39,914	4,451	150	53,027	99,842

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Note	Six months ended 30 June 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Cash flows from operating activities			
Continuing operations		(31,626)	11,595
Income tax paid		–	(806)
Discontinued operation	10	–	(175)
Net cash (used in)/generated from operating activities		(31,626)	10,614
Cash flows from investing activities			
– Dividend received		450	–
– Interest received		70	155
– Purchases of property, plant and equipment		(210)	(34)
– Proceeds from disposal of a subsidiary	10	–	6,330
– Acquisition of a subsidiary, net of cash acquired		–	(6,266)
Net cash generated from investing activities		310	185
Cash flows from financing activities			
– Interest paid		(798)	–
– Inception of borrowings		13,445	88,608
– Pledged deposit with bank		–	(25,000)
Net cash generated from financing activities		12,647	63,608
Net (decrease)/increase in cash and cash equivalents		(18,669)	74,407
Cash and cash equivalents at beginning of the period		89,404	57,632
Cash and cash equivalents at end of the period		70,735	132,039

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2017

1. General Information of the Group

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

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

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

This interim condensed consolidated financial information is unaudited and has been reviewed by the audit committee of the Company (the "Audit Committee"). This interim condensed consolidated financial information was approved for issue by the board of directors of the Company (the "Board" or the "Directors") on 31 August 2017.

2. Basis of Preparation

This interim condensed consolidated financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. Accounting Policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements.

3. Accounting Policies *(continued)*

(a) Effect of adopting amendments to existing standards

The following amendments to existing standards are mandatory to the Group for accounting periods beginning on or after 1 January 2017:

Standards	Subject of amendment
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements Project to HKFRS 12	Annual Improvements to HKFRSs 2014-2016 Cycle

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

(b) New standards, amendments to existing standards and interpretation that are effective for annual periods beginning on or after 1 January 2018 and have not been early adopted by the Group

Standards	Subject of amendment	Effective for annual periods beginning on or after
Annual Improvements to HKFRS 1 and HKAS 28	Annual Improvements to HKFRSs 2014-2016 Cycle	1 January 2018
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9 (note (i))	Financial Instruments	1 January 2018
HKFRS 15 (note (ii))	Revenue from Contracts with Customers	1 January 2018
Amendments to HKFRS 15 (note (ii))	Clarification to HKFRS 15	1 January 2018
Amendments to HKAS 40	Transfers of Investment Properties	1 January 2018
HK(IFIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 16 (note (iii))	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint venture	To be determined

3. Accounting Policies *(continued)*

(b) New standards, amendments to existing standards and interpretation that are effective for annual periods beginning on or after 1 January 2018 and have not been early adopted by the Group (continued)

A number of new standards and amendments to standards and interpretation are effective for annual periods beginning after 1 January 2018 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

(i) HKFRS 9, "Financial instruments"

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reason:

A fair value through other comprehensive income election is available for the equity instruments which are currently classified as available-for-sale.

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

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. However, at this stage the Group does not expect to identify any new hedge relationships. It would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of HKFRS 9. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to contract assets under HKFRS 15 Revenue from Contracts with Customers, loan commitments and certain financial guarantee contracts. The Group does not adopt this new standard from 1 January 2017.

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

3. Accounting Policies *(continued)*

(b) New standards, amendments to existing standards and interpretation that are effective for annual periods beginning on or after 1 January 2018 and have not been early adopted by the Group (continued)

(ii) HKFRS 15 Revenue from contracts with customers

The Hong Kong Institute of Certified Public Accountants has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018. The Group will adopt the new standard from 1 January 2018.

Management has identified the following area that are likely to be affected:

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

The Group does not adopt this new standard from 1 January 2017.

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

(iii) HKFRS 16, "Leases"

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

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$38,768,000 (Note 19). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

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

The standard is mandatory for first interim periods with annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4. Estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

5. Financial Risk Management and Financial Instruments

5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

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

5.2 Liquidity risk

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

5.3 Fair value estimation

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

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

As at 30 June 2017, the available-for-sale investment classified as non-current assets of HK$8,500,000 (31 December 2016: HK$8,500,000) of the Group were measured at fair value under level 3.

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

6. Revenue and Segment Information

During the six months ended 30 June 2016, the Group disposed of its wholly-owned subsidiary, Wealth Porter Limited ("Wealth Porter"), which represents the whole segment of property investment. The disposed company is regarded as discontinued operation.

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

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

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

- Financial printing services and investments holding – provision of financial printing and investments holding; and
- Financial advisory services – provision of financial advisory services.

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

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

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

None of the Group's customers had individually accounted for over 10% of the Group's revenue for the six months ended 30 June 2017 and 2016, respectively.

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

	Continuing operations					
	Financial printing services and investments holding		Financial advisory services		Total	
	30 June 2017 HK$'000 (Unaudited)	30 June 2016 HK$'000 (Unaudited)	30 June 2017 HK$'000 (Unaudited)	30 June 2016 HK$'000 (Unaudited)	30 June 2017 HK$'000 (Unaudited)	30 June 2016 HK$'000 (Unaudited)
Revenue from external customers	72,361	91,054	5,069	–	77,430	91,054
Segment results	3,131	16,007	289	–	3,420	16,007
Unallocated expenses					(2,820)	(4,305)
Income tax expenses					(495)	(2,975)
Profit for the period from continuing operations					105	8,727

6. Revenue and Segment Information *(continued)*

	Continuing operations					
	Financial printing services and investments holding		Financial advisory services		Total	
	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Segment assets	85,794	51,660	11,082	11,195	96,876	62,855
Unallocated assets					81,202	99,768
Total assets					178,078	162,623
Segment liabilities	42,207	35,101	221	174	42,428	35,275
Unallocated liabilities					40,410	32,213
Total liabilities					82,838	67,488

	Continuing operations					
	Financial printing services and investments holding		Financial advisory services		Total	
	30 June 2017 HK$'000 (Unaudited)	30 June 2016 HK$'000 (Unaudited)	30 June 2017 HK$'000 (Unaudited)	30 June 2016 HK$'000 (Unaudited)	30 June 2017 HK$'000 (Unaudited)	30 June 2016 HK$'000 (Unaudited)
Other segment information:						
Additions to non-current assets	142	34	68	–	210	34
Depreciation (Note 8)	785	913	25	–	810	913

7. Other Income and Other Gains/(Losses), Net

	Six months ended 30 June	
	2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Other income:		
Dividend income	450	–
Other gains/(losses), net:		
Loss on disposal of subsidiary	–	(12)
Net foreign exchange gain/(loss)	4	(43)
Others	2,795	1
	2,799	(54)
Other income and other gains/(losses), net	3,249	(54)

8. Expenses by Nature

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

	Six months ended 30 June 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Service costs	23,437	23,944
Employee benefit expenses (including directors' emoluments)	35,020	36,046
Depreciation of property, plant and equipment	810	913
Legal and professional fees	1,503	1,619
Operating leases in respect of:		
– rental of office premises	7,944	7,642
– office equipment	363	378
Provision for impairment of trade receivables	1,023	2,765
Others	9,240	6,020
	79,340	79,327

9. Income Tax Expense

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

	Six months ended 30 June 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Current income tax		
– Hong Kong profits tax	495	2,975

10. Discontinued Operation

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

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

	Six months ended 30 June 2016 *HK$'000* (Unaudited)
Revenue	–
Cost of sales	–
Gross profit	–
Other income and other gains, net	1
Administrative expenses	(119)
Loss before income tax expense	(118)
Income tax expense	–
Loss for the period	(118)

10. Discontinued Operation *(continued)*

The loss on disposal is as follows:

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

Cash flows are detailed as follows:

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

The interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows distinguish the discontinued operation from continuing operations for the six months ended 30 June 2016.

11. Earnings Per Share

The calculation of basic earnings per share is based on the profit for the period arising from continuing operations and loss for the period arising from discontinued operation attributable to owners of the Company of approximately HK$105,000 and HK$Nil, respectively (30 June 2016: profit of HK$8,727,000 and loss of HK$118,000, respectively) and the weighted average number of ordinary shares in issue during the period of 9,200,000,000 (30 June 2016: 9,200,000,000).

	Six months ended 30 June	
	2017 *HK$'000* (Unaudited)	2016 *HK$'000* (Unaudited)
Earnings		
Profit attributable to owners of the Company arising from continuing operations	105	8,727
Loss attributable to owners of the Company arising from discontinued operation	–	(118)
Total	105	8,609
Shares		
Weighted average number of ordinary shares in issue	9,200,000,000	9,200,000,000

	Six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Basic and diluted earnings per share (HK cents)		
From continuing operations	0.001	0.09
From discontinued operation	–	–
Total	0.001	0.09

Diluted earnings per share from continuing operations equals to basic earnings per share from continuing operations, and diluted earnings per share from discontinued operation equals to basic earnings per share from discontinued operation as there were no potential dilutive ordinary shares outstanding for the six months ended 30 June 2017 and 2016, respectively.

12. Dividend

The Directors did not propose the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

13. Property, Plant and Equipment

The Group has property, plant and equipment with an aggregate cost of approximately HK$2,943,000 (31 December 2016: HK$3,546,000).

14. Goodwill

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

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

	30 June 2017 *HK$'000* (Unaudited)	31 December 2016 *HK$'000* (Audited)
Financial advisory services	10,628	10,628

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

15. Available-for-sale Investment

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

Available-for-sale investment includes the following:

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Unlisted equity investment – in Hong Kong	8,500	8,500

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

Valuation of available-for-sale investment

The fair value of the unlisted equity investment that is not traded in an active market was determined by an independent qualified valuer, APAC Asset Valuation and Consulting Limited on 31 December 2016.

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

Due to the stable operation of Johnson Cleaning, according to the management, there is no material fluctuation of its valuation as at 30 June 2017 when it was compared to the valuation performed on 31 December 2016.

16. Trade Receivables

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

	30 June 2017 *HK$'000* (Unaudited)	31 December 2016 *HK$'000* (Audited)
0–90 days	51,747	21,712
91–180 days	8,136	6,799
181–270 days	1,037	5,177
271–365 days	649	57
Over 365 days	8,653	8,354
	70,222	42,099
Less: provision for impairment of receivables	(9,435)	(10,353)
Trade receivables, net	60,787	31,746

17. Trade Payables

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

	30 June 2017 *HK$'000* (Unaudited)	31 December 2016 *HK$'000* (Audited)
0–90 days	16,891	8,382
91–180 days	915	1,099
181–365 days	30	–
Over 365 days	716	761
	18,552	10,242

18. Other Payables and Accruals

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Consideration payable from acquisition of available-for-sale investment	1,000	1,000
Consideration payable for acquisition of a subsidiary	–	4,653
Other payables and accruals	18,255	19,883
Deposit received from customers	6,941	7,076
	26,196	32,612

19. Operating Leases

As lessees

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

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

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Not later than one year	16,184	16,230
Later than one year but not later than five years	22,584	30,268
	38,768	46,498

20. Related Party Transactions

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

(a) Significant related party transactions

	Six months ended 30 June	
	2017 *HK$'000* (Unaudited)	2016 *HK$'000* (Unaudited)
Interest expense paid to a major controlling shareholder – Hong Kong Huafa Investment Holdings Limited ("Hong Kong Huafa")	809	126

(b) Balance with related party

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

	30 June 2017 *HK$'000* (Unaudited)	31 December 2016 *HK$'000* (Audited)
Amount due from a related party *(Note i)* – Success Wealth Enterprises Limited, a subsidiary of Hong Kong Huafa	–	2,160
Amount due to major controlling shareholder *(Note i)* – Hong Kong Huafa	(742)	(731)
Loan from major controlling shareholder *(Note ii)* – Hong Kong Huafa	(37,213)	(23,768)

Notes:

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

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

20. Related Party Transactions *(continued)*

(c) Compensation of key management personnel

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term benefits	9,182	9,548
Post-employment benefits	–	–
	9,182	9,548

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

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

(i) As disclosed in the Company's announcement dated 25 July 2017, Highly Ventures Limited, an indirect wholly-owned subsidiary of the Company, and Greater Treasure Limited, had formed an entity owned as to 30% by Highly Ventures Limited and as to 70% by Greater Treasure Limited to engage mainly in the business in the development of children's online educational content and related products in the People's Republic of China (the "PRC").

(ii) As disclosed in the Company's announcement dated 27 July 2017, the Company had acquired the US$382,903,000 3.876% tier 2 subordinated notes due 26 July 2027 ("Subordinated Notes") issued by Chong Hing Bank Limited, a Hong Kong incorporated licensed bank listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in the principal amount of US$2,000,000 at a total consideration of US$2,013,861 (approximately HK$15,708,000).

(iii) As disclosed in the Company's announcements dated 11 August 2017, 16 August 2017 and 25 August 2017 (the "Announcements"), in accordance with the terms and conditions of the subscription agreement (the "Subscription Agreement") between the Company and IDG Light Solutions Limited (the "Subscriber"), the Company has successfully allotted and issued 860,920,000 new shares of the Company (the "Subscription Shares") to the Subscriber at the subscription price of HK$0.151 per Subscription Share (the "Subscription"). The net proceeds from the Subscription are estimated to be approximately HK$129 million. Please refer to the Announcements for more details.

Management Discussion and Analysis

Business Review

Facing rigorous competition in the market, the Group's overall revenue from continuing operations decreased by 15% for the six months ended 30 June 2017 from that of the corresponding period in 2016 which was mainly attributable to the decrease in revenue from the financial printing business.

Subsequent to the acquisition of the entire equity interest in WAG Worldsec Corporate Finance Limited ("WAG") in June 2016, the Group has been deploying resources in the expansion of its financial advisory business. In the first half of 2017, WAG has been focusing on the sponsor work for a number of Initial Public Offering ("IPO") projects as well as financial advisory and compliance advisory work for various companies listed on the Stock Exchange. The Group's revenue contributed by WAG's operation amounted to approximately HK$5,069,000 for the six months ended 30 June 2017 (2016: Nil).

Financial Review

For the six months ended 30 June 2017, the Group recorded a revenue from continuing operations of approximately HK$77,430,000 (six months ended 30 June 2016: approximately HK$91,054,000), representing a decrease of approximately 15% as compared with the corresponding period in 2016. The Group's profit before income tax from continuing operations decreased by 94.9% to approximately HK$600,000 (six months ended 30 June 2016: approximately HK$11,702,000).

For the six months ended 30 June 2017, total comprehensive income attributable to owners of the Company was approximately HK$105,000 (six months ended 30 June 2016: approximately HK$8,609,000), representing a decrease of approximately 98.8% as compared with the corresponding period in 2016. Basic and diluted earnings per share was approximately HK0.001 cent (six months ended 30 June 2016: HK0.09 cent).

Management Discussion and Analysis *(continued)*

Financial Review *(continued)*

The decrease in total comprehensive income for the period attributable to owners of the Company was mainly attributable to the decrease in revenue from the financial printing business, but cost of sales increased slightly compared with the corresponding period in 2016 causing the overall gross profit margin to drop from 48% to 36%.

The Group's net profit from continuing operations for the six months ended 30 June 2017 decreased by approximately 98.8% as compared to that of the corresponding period in 2016.

Liquidity and Financial Resources

As at 30 June 2017, the Group's cash and cash equivalents amounted to approximately HK$70,735,000 (31 December 2016: approximately HK$89,404,000) with approximately HK$37,213,000 loan from major controlling shareholder (31 December 2016: HK$23,768,000). The Group has total current assets of approximately HK$151,642,000 (31 December 2016: approximately HK$136,192,000) and total current liabilities of approximately HK$82,703,000 (31 December 2016: approximately HK$67,353,000). The Group's current ratio, being total current assets over total current liabilities, was 1.83 (31 December 2016: 2.02).

Total equity of the Group as at 30 June 2017 amounted to approximately HK$95,240,000 (31 December 2016: approximately HK$95,135,000). The Group's gearing ratio, being total liabilities over total assets, was 46.5% (31 December 2016: 41.5%).

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

Pledge of Assets

As at 30 June 2017, the Group had no pledge of assets.

Capital Structure

Save as disclosed above, the Group's capital structure remained unchanged during the six months ended 30 June 2017.

Management Discussion and Analysis *(continued)*

Contingent Liabilities

As at 30 June 2017, the Group did not have any material contingent liabilities.

Business Plan

Financial Printing Service

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

Licensed Regulated Activities

The Group is also engaged in the provision of financial advisory services through its wholly-owned subsidiary, WAG, a licensed corporation to carry out in Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO"). The Company believes that WAG will provide a strong foothold for the Company to extend its business presence in the financial service industry in Hong Kong. WAG has contributed a revenue of approximately HK$5,069,000 to the Group for the six months ended 30 June 2017.

During the first half of 2017, WAG actively rendered IPO engagements included one being vetted by regulators and others were in preparation for submission of listing application. WAG also acted as financial advisers and compliance advisers to a number of listed companies during the period.

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

Employees

As at 30 June 2017, the Group had a total of about 139 employees (31 December 2016: approximately 146). The staff costs of the Group from continuing operations for the six months ended 30 June 2017 were approximately HK$35,020,000 (six months ended 30 June 2016: approximately HK$36,046,000), which comprised salaries, commissions, bonuses, other allowances and contributions to the retirement benefit scheme. The Group operates a defined contribution scheme under the Mandatory Provident Fund Schemes Ordinance and provides medical insurance to all employees. In general, the Group structured its employee remuneration packages with reference to general market practice, employees' duties and responsibilities and the Group's financial performance. The Group provides training courses and training programmes to equip staff with the necessary skills, techniques and knowledge in order to enhance their productivity and administrative efficiency.

Management Discussion and Analysis *(continued)*

Interim Dividend

The Board did not propose the payment of any interim dividend for the six months ended 30 June 2017.

Interest Rate Risk

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

Foreign Exchange Risk

The Group conducted its business transactions principally in HK$. As at 30 June 2017, most of the Group's cash and bank deposits balances were mainly denominated in HK$ and United States dollars ("US$"). As HK$ is pegged to US$, the Group's foreign exchange risk exposure is minimal. As such, the Group did not adopt any foreign exchange derivatives for hedging purpose as at 30 June 2017.

Credit Risk

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

Liquidity Risk

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

Operation Risk

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

Other Information

Share Option Scheme

Pursuant to the resolution passed by the shareholders of the Company on 25 June 2008, the Company approved and adopted a share option scheme whereby selected classes of participants may be granted options to subscribe for shares at the discretion of the Board. No options were granted under the share option scheme during the six months ended 30 June 2017.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2017.

Audit Committee

The Group has established the Audit Committee consisting of three independent non-executive Directors, namely Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi. Dr. Chen Jieping is the chairman of the Audit Committee. The primary duty of the Audit Committee is to review and monitor the financial reporting process and effectiveness of the internal control and risk management systems of the Group. The Audit Committee has reviewed the Group's unaudited interim results and interim report for the six months ended 30 June 2017.

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

As at 30 June 2017, none of the Directors or the chief executive of the Company or their close associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have been taken under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

Other Information *(continued)*

Interest of Substantial Shareholders

As far as was known to the Directors, as at 30 June 2017, the interests or short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

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

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

Other Information *(continued)*

Interest of Substantial Shareholders *(continued)*

Notes:

1. Zhuhai Huafa holds 100% of the issued share capital of Hong Kong Huafa Investment Holdings Limited, which in turn holds 100% of the issued share capital of Huajin Investment Company Limited ("Huajin"). Since Huajin holds 3,707,600,000 shares of the Company, Zhuhai Huafa is deemed to be interested in 3,707,600,000 shares of the Company by virtue of its shareholding in Huajin.

2. Mr. Cai Guang holds 85% of the issued share capital of Guangdong Constar Group Investment Co. Limited (incorporated in the British Virgin Islands) ("Constar"), which holds 426,953,600 shares of the Company.

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

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

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

Save as disclosed above, as at 30 June 2017, no person had any interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or otherwise notified to the Company and the Stock Exchange.

Other Information *(continued)*

Effect of the Subscription after 30 June 2017

Long position in ordinary shares of HK$0.00025 each of the Company subsequent to the completion of the Subscription on 25 August 2017

Name of Substantial Shareholders	Capacity/Nature of interest	Number of shares held	Approximate percentage of interested shares to the issued share capital of the Company (%)
Zhuhai Huafa *(Note 1)*	Interest in controlled corporations	3,710,750,000	36.88
Ho Chi Sing *(Note 2)*	Interest in controlled corporations	860,920,000	8.56
IDG Light Solutions Limited *(Note 2)*	Beneficial owner	860,920,000	8.56

Other Information *(continued)*

Effect of the Subscription after 30 June 2017 *(continued)*

Notes:

1. Zhuhai Huafa holds 100% of the issued share capital of Hong Kong Huafa Investment Holdings Limited, which in turn holds 100% of the issued share capital of Huajin. Since Huajin holds 3,710,750,000 shares of the Company, Zhuhai Huafa is deemed to be interested in 3,710,750,000 shares of the Company by virtue of its shareholding in Huajin.

2. Mr. Ho Chi Sing directly holds 100% of the issued share capital of IDG Light Solutions Limited (incorporated in the British Virgin Islands), which holds 860,920,000 shares of the Company.

   Therefore, Mr. Ho Chi Sing is deemed to be interested in a total of 860,920,000 shares of the Company by virtue of his shareholding in IDG Light Solutions Limited.

Outlook

Going forward, the Group is still cautiously optimistic about its business prospects. With the increasing number of new listing applicants in Hong Kong, the Group believes that it will benefit the expansion of the Group's financial advisory business as well as the financial printing business.

Other Information *(continued)*

Outlook *(continued)*

As stated in the Company's announcement dated 29 March 2017 and the Company's circular dated 27 April 2017 in relation to the acquisition of Huajin Financial (International) Holdings Limited ("Huajin International"), in the event of the completion of acquisition of Huajin International, the Company will, through Huajin International, further expand its financial services business such as securities underwriting and consultancy, securities and futures brokerage and equity research businesses as well as money lending business. The Directors consider that the business of Huajin International will be complementary to the existing sponsorship and financial advisory services of the Group and will provide comprehensive one-stop financial services to the Group's customers. The Group will improve its comprehensive ability in financial services in order to provide high-quality financial solutions for customers.

Corporate Governance

During the six months ended 30 June 2017, the Company has, in the opinion of the Directors, complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries, all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2017.

Environmental, Social And Governance ("ESG") Reporting

To prepare for the ESG report in compliance with the Stock Exchange's requirements, the Company has already engaged an ESG consultant, namely RSM Consulting (Hong Kong) Limited, to assist its preparation which include scope identification, materiality analysis, data collection and report content development. The preparation has commenced in the second half of 2017.

Other Information *(continued)*

Change of Director's Information

Mr. Tse Yung Hoi has been appointed as an independent non-executive director of BOCOM International Holdings Company Limited, a company listed on the Stock Exchange (stock code: 03329) on 19 May 2017.

Change of Composition of the Board and Remuneration Committee

As disclosed in the Company's announcement dated 12 July 2017, Ms. Zhong Ming resigned as an Executive Director and Chief Financial Officer and a member of the Remuneration Committee of the Company with effect from 12 July 2017.

Mr. Wu Jiang has been appointed as an Executive Director, Chief Financial Officer and a member of the Remuneration Committee of the Company with effect from 12 July 2017.

Appreciation

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

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

Hong Kong, 31 August 2017