BRILLIANT CIRCLE HOLDINGS INTERNATIONAL LIMITED
貴聯控股國際有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1008

2012 INTERIM REPORT

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Tsoi Tak *(Chairman)*
Mr. Cai Xiao Ming, David *(Chief Executive Officer)*
Mr. Tang Jian Xin
Mr. Qin Song
Mr. Kiong Chung Yin, Yttox

Non-executive Director

Mr. Sean Xing He

Independent Non-executive Directors

Mr. Lam Ying Hung, Andy
Mr. Lui Tin Nang
Mr. Siu Man Ho, Simon

COMPANY SECRETARY

Mr. Yau Chung Hang, FCCA, CPA

AUDIT COMMITTEE

Mr. Lui Tin Nang
(chairman of the audit committee)
Mr. Lam Ying Hung, Andy
Mr. Siu Man Ho, Simon
Mr. Sean Xing He

REMUNERATION COMMITTEE

Mr. Lam Ying Hung, Andy
(chairman of the remuneration committee)
Mr. Siu Man Ho, Simon
Mr. Lui Tin Nang
Mr. Kiong Chung Yin, Yttox
Mr. Sean Xing He

NOMINATION COMMITTEE

Mr. Siu Man Ho, Simon
(chairman of the nomination committee)
Mr. Lam Ying Hung, Andy
Mr. Lui Tin Nang
Mr. Tang Jian Xin
Mr. Sean Xing He

AUTHORISED REPRESENTATIVES

Mr. Kiong Chung Yin, Yttox
Mr. Yau Chung Hang

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfiled Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th Floor, No. 111
Leighton Road
Causeway Bay
Hong Kong

CORPORATE WEBSITE

www.bcghk.cn

STOCK CODE

1008

LISTING DATE

30 March 2009

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Brilliant Circle Holdings International Limited (the "Company") and its subsidiaries (together the "Group"), I present the interim results for the six months ended 30 June 2012 (the "Period under Review").

During the Period under Review, the Company achieved a turnover of approximately HK$692.6 million with profits attributable to owners amounting to approximately HK$191.9 million and the basic earnings per share being approximately HK26 cents. The Board did not recommend the payment of an interim dividend for the Period under Review.

The Company's strategy, which began implementation in the first half of 2011, has already begun to show its strength in the Period under Review. As one of the leaders in industry consolidation, we have announced two acquisitions in the past twelve months. Meanwhile, our organic business has benefited from the strength of our relationships with our customers. Our margins have held steady as we navigate the industry's tendered pricing initiatives.

We are optimistic that our leading market position, the quality of our services, and our strong customer relationships will help us battle industry headwinds successfully.

BUSINESS REVIEW

Cigarette Package Printing

The Directors are pleased with the performance of the cigarette package printing business during the Period under Review. Moves by the State Tobacco Monopolies Association ("STMA") to overhaul the package design policies resulted in a decline in revenue for the first half of 2012, though it is expected to recover through the second half of 2012. Despite the drop in the revenue, the average selling price for the cigarette package printing business had increased since more orders for new products with higher sales value were received during the Period under Review. These new orders were won due to our strong research and development capabilities. In addition, the Group's associated company, Changde Goldroc Rotogravure Printing Co., Ltd. (CD Goldroc), achieved a remarkable growth in both revenue and net profit. Further, a generally positive trend among the Group's sales volume can be foreseen, contrary to the broadly reported slow down in Chinese consumer spending.

Provision of Printing Services

Results from last year's cost cutting and restructuring efforts at CT Printing Limited ("CTPL") have so far been encouraging. The profits were improving and the trend shows that our efforts are bearing fruit. The Directors expect operations at CTPL will continue to improve, and the mix of products offered will be further diversified over the course of the year.

Manufacturing of Laminated Papers

The laminated paper business experienced a seasonal slowdown in the Period under Review. This slowdown is anticipated to equalize over the course of the year, in line with the industry trends as with the cigarette package printing business.

Fund Raising Activities

During the Period under Review, the Company completed a HK$300 million syndicated loan with a three-year tenor. The syndication was very successful, reflecting the strength of our business and the confidence shared by our financing partners. The loan was dedicated to finance the acquisition of Giant Sino Investments Limited (together with its subsidiaries, the "Giant Group") as announced by the Company dated 17 April 2012.

Capital structure and funding needs will continue to be evaluated going forward. The Group's current gearing ratio remains healthy, given the strong cash generation capability of our business.

CHAIRMAN'S STATEMENT

Prospects

The consolidation of the cigarette packages printing industry has continued throughout the Period under Review. As a nexus of consolidation in the industry, the Group's acquisition of the Giant Group has been completed in July 2012. This has strengthened the Group's market position to be one of the leaders in cigarette package printing in China. The Directors will continue to look for any opportunities for strategic acquisitions in the cigarette package printing space in the months and years to come.

Tsoi Tak
Chairman
22 August 2012

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

During the Period under Review, the revenue of the Group was approximately HK$692.6 million, which represents a decrease of approximately HK$41.8 million or 5.7% when compared with the same period in 2011 (six months ended 30 June 2011: HK$734.3 million).

Cigarette Packages Printing Services

Revenue for cigarette packages printing services were approximately HK$571.8 million (six months ended 30 June 2011: HK$592.2 million) which represents a decrease of approximately HK$20.4 million or 3.4% when compared to the same period in 2011. Such decrease was mainly due to the reduction in sales volume because a new policy has been imposed by STMA from 1 April 2012 onwards that the health warning labels on the cigarette packages must be larger and easier to read. The new policy induced most of the Group's customers to hold back their orders until all of their old inventories were utilized. Consequently, the sales volume of the Group decreased by approximately 8.0% to approximately 783,000 master cases when compared to the same period in 2011. Despite the strong price competition in the tendering system, the average selling price was further increased as a result of new product orders with a higher sales value. Therefore, the impact in reduction in sales volume was partly offset by the increases attributable to new, higher value sales.

Provision of Printing Services

As the economy in Europe has still not recovered yet, the Group changed the sales strategy to focus on those more reputable customers with a higher profit margin. As a result, revenue from provision of printing services decreased by approximately HK$18.9 million or 14.8% to approximately HK$109.2 million (six months ended 30 June 2011: HK$128.1 million) when compared to the same period in 2011.

Manufacturing of Laminated Papers

Revenue from manufacturing of laminated papers during the Period under Review was approximately HK$11.5 million (six months ended 30 June 2011: HK$14.0 million) which represents a decrease of approximately HK$2.5 million or 17.8% when compared to the same period in 2011. This decline in sales was mainly resulting from the reduction in sales orders received.

GROSS PROFIT

During the Period under Review, gross profit decreased slightly by approximately HK$19.5 million, or 9.0% to approximately HK$196.6 million as compared with the same period in 2011. The decrease was primarily due to the decline in revenue.

OTHER INCOME

Other income mainly represents interest income, income from sales of scrap materials and other miscellaneous income. During the Period under Review, such income decreased by approximately HK$1.7 million as compared with the same period in 2011.

OTHER GAINS AND LOSSES

Other gains and losses mainly represent net foreign exchange gains and gain on disposal of property, plant and equipment. During the Period under Review, such income increased by approximately HK$2.4 million, which was mainly caused by the increase in exchange gain.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses during the Period under Review decreased by approximately HK$0.6 million or 3.2% to approximately HK$19.2 million (six months ended 30 June 2011: HK$19.8 million). No significant fluctuation was recorded when compared with the same period in 2011.

ADMINISTRATIVE EXPENSES

Administrative expenses during the Period under Review amounted to approximately HK$47.3 million, which represents an increase of approximately HK$13.0 million or 37.8% as compared with the same period in 2011. The increase was mainly attributable to the increase in donation, rental charge for the Shenzhen office and salary and bonus paid.

OTHER EXPENSES

The other expenses amounted to approximately HK$11.4 million (six months ended 30 June 2011: HK$2.0 million) mainly represent the legal and professional fees paid and research and development costs. Such expenses were higher by approximately HK$9.4 million primarily due to the acquisition of the Giant Group during the Period under Review.

FINANCE COSTS

Finance cost increased by approximately HK$5.5 million during the Period under Review, which was mainly attributable to the interest paid to the promissory note, which had not been issued in the same period in 2011, together with the increase in interest paid to the bank borrowings during the Period under Review.

SHARE OF PROFIT OF AN ASSOCIATE

Share of profit of an associate during the Period under Review amounted to approximately HK$100.0 million (six months ended 30 June 2011: HK$70.3 million), which represents an increase of approximately HK$30.0 million or 42.2%. During the Period under Review, the revenue and profit for the period of the associated company, CD Goldroc, were approximately HK$1,026.0 million (six months ended 30 June 2011: HK$794.2 million) and HK$285.9 million (six months ended 30 June 2011: HK$188.5 million) respectively.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

During the Period under Review, profit attributable to the owners of the Company was approximately HK$191.9 million, representing an increase of approximately HK$7.6 million when compared with the same period in 2011. Such growth was mainly due to both the decrease of profit attributable to the non-controlling interests to approximately HK$2.4 million (six months ended 30 June 2011: HK$16.6 million) and the increase of share of profit of an associate.

The decrease in the profit attributable to the non-controlling interests is the consequence of the acquisition of the remaining 47.36% equity interest in Bengbu Jinhuangshan Rotogravure Printing Co., Ltd, which was completed on 15 July 2011.

SEGMENT INFORMATION

During the Period under Review, the earnings from the cigarette packages printing services, provision of other printing services and manufacturing of laminated papers were approximately HK$166.6 million (six months ended 30 June 2011: HK$184.8 million), HK$13.5 million (six months ended 30 June 2011: HK$12.7 million) and HK$1.4 million (six months ended 30 June 2011: HK$2.8 million) respectively. Earnings from the cigarette packages printing services accounted for approximately 91.8% of the total segment earnings before unallocated items. The earnings from cigarette packages printing services and manufacturing of laminated papers decreased by approximately 9.9% and 23.9% respectively, while the earnings from provision of other printing services increased by approximately 1.0%.

MANAGEMENT
DISCUSSION AND ANALYSIS

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers. As at 30 June 2012, the Group had net current assets of approximately HK$473.3 million (as at 31 December 2011: HK$347.0 million), while the Group's cash and cash equivalents amounted to approximately HK$527.6 million (as at 31 December 2011: HK$353.7 million).

As at 30 June 2012, the interest-bearing bank loans of the Group amounted to approximately HK$300.3 million (as at 31 December 2011: HK$245.1 million) and HK$290.0 million (as at 31 December 2011: Nil), which were repayable within and after one year respectively. The interest-bearing obligations under finance leases amounted to approximately HK$2.2 million (as at 31 December 2011: HK$6.5 million) and were repayable within one year. The interest-bearing promissory note amounted to approximately HK$151.3 million (as at 31 December 2011: HK$346.1 million) was repayable after one year. Carrying amounts of trade and bills receivables, property, plant and equipment and bank deposits pledged for securing these credit facilities amounted to approximately HK$40.8 million, HK$166.7 million and HK$24.8 million respectively.

As at 30 June 2012, the Group's gearing ratio represented by the amount of interest-bearing borrowings divided by shareholders equity was approximately 36.9% (as at 31 December 2011: 30.0%). The increase in the gearing ratio was mainly attributable to the increase in bank borrowings during the Period under Review. As at 30 June 2012, capital commitment of the Group for purchase of property, plant and equipment amounted to approximately HK$51.9 million (as at 31 December 2011: HK$12.6 million).

MATERIAL ACQUISITIONS AND DISPOSALS

During the Period under Review, the Group has entered into the sale and purchase agreement (the "Agreement") to acquire 60% of equity interest in the Giant Group at a cash consideration of HK$720.0 million (the "Acquisition"). The cash consideration comprises: (i) deposit of HK$67,720,000 which has been paid as at 30 June 2012, (ii) initial purchase price of HK$292,280,000 and (iii) deferred consideration of HK$360,000,000 (subject to downward adjustment in respect of the guaranteed profit as described in the Agreement), which is required to be paid within five business days of the date of receipt of the audited financial statements of the Giant Group for the twelve-month period ended after the date of completion of the Acquisition. The Giant Group is principally engaged in the printing of cigarette packages in the PRC. The management is of the view that the Acquisition is in line with the development strategy of the Group and enables the Group to consolidate the profits of Giant Group and benefit from its financial performance. Completion of the Acquisition took place on 3 July 2012 and details of the Acquisition are set out in the announcement of the Company dated 17 April 2012 and the circular of the Company dated 25 May 2012 respectively.

There was no material disposal made by the Group during the Period under Review.

CONTINGENT LIABILITIES

As at 30 June 2012, the Group did not have significant contingent liabilities (as at 31 December 2011: Nil).

CAPITAL STRUCTURE

During the Period under Review, the Group's operation was mainly financed by funds generated from its operation and borrowings. As at 30 June 2012, the borrowings were mainly denominated in Hong Kong dollars, Renminbi and United States dollars ("US dollars"), while the cash and cash equivalents held by the Group were mainly denominated in Hong Kong dollars and Renminbi. The Group's turnover is mainly denominated in Renminbi, US dollars, Pounds Sterling, Euros and Hong Kong dollars, while its costs and expenses are mainly denominated in US dollars, Hong Kong dollars and Renminbi. As the Board considers that the risk exposure to foreign exchange rate fluctuations is not significant, the Group does not have a formal hedging policy and has not entered into any material foreign currency exchange contracts or derivative transactions to hedge against its currency risks.

HUMAN RESOURCES

As at 30 June 2012, the Group had 32 and 1,312 full-time staff based in Hong Kong and the PRC respectively. The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Group operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries. The Group also made contributions to provident funds, elderly insurance, medical insurance, unemployment insurance and work-related injury insurance in accordance with appropriate laws and regulations in the PRC, The Group has also adopted a share option scheme to provide incentive or reward to eligible high-calibre employees and attract human resources that are valuable to the Group.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Period under Review (six months ended 30 June 2011: HK5.19 cents per share).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARE UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2012, the following Directors or the chief executives of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) (i) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

(i) The Company

Name of Director	Capacity	Number of shares held	Position	Approximate percentage of issued share capital
Mr. Tsoi Tak	Interest of controlled corporation (note 1)	135,000,000	Long	18.4%
	Beneficial owner	239,016,000	Long	32.6%
		374,016,000		51.0%
Mr. Cai Xiao Ming, David	Interest of controlled corporation (note 2)	45,000,000	Long	6.1%
Mr. Qin Song	Beneficial owner	158,000	Long	0.02%

Notes:

1. These shares are held by Profitcharm Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Tsoi Tak. By virtue of the SFO, Mr. Tsoi Tak is deemed to be interested in the entire 135,000,000 shares held by Profitcharm Limited. 30,000,000 shares were deposited with Ares BCH Holdings L.P. pursuant to the escrow agreement entered into among Mr. Tsoi Tak, Profitcharm Limited and Ares BCH Holdings L.P. dated 14 April 2011.

2. These shares are held by Sinorise International Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Cai Xiao Ming, David. By virtue of the SFO, Mr. Cai Xiao Ming, David, is deemed to be interested in the entire 45,000,000 shares held by Sinorise International Limited.

(ii) Associated corporation

Name of associated corporation	Name of registered owner	Capacity	Position	Number of shares in the associated corporation	Approximate percentage of shareholding in the associated corporation
Profitcharm Limited	Mr. Tsoi Tak	Beneficial owner	Long	200 shares of US$1.00 each	100%

OTHER INFORMATION

PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

So far as is known to the Directors and chief executives of the Company, as at 30 June 2012, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have, interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity	Number of shares held	Position	Approximate percentage of issued share capital
Profitcharm Limited (note 1)	Beneficial owner	135,000,000	Long	18.4%
Sinorise International Limited (note 2)	Beneficial owner	45,000,000	Long	6.1%
Ares BCH Holdings L.P.	Beneficial owner	120,074,160	Long	16.4%
ACOF Asia Management L.P.	Interest of controlled corporation	120,074,160	Long	16.4%
Ares Management (Cayman) Ltd.	Interest of controlled corporation	120,074,160	Long	16.4%
Partners Group Holding AG	Beneficial owner	50,961,240	Long	7.0%
Atlantis Capital Holdings Limited	Interest of controlled corporation	42,825,000	Long	5.9%
Liu Yang	Interest of controlled corporation	42,825,000	Long	5.9%

Notes:

1. Profitcharm Limited is a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Tsoi Tak. 30,000,000 shares were deposited with Ares BCH Holdings L.P. pursuant to the escrow agreement entered into among Mr. Tsoi Tak, Profitcharm Limited and Ares BCH Holdings L.P. dated 14 April 2011.

2. Sinorise International Limited is a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Cai Xiao Ming, David.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has redeemed, purchased or sold any of the Company's shares during the Period under Review.

CORPORATE GOVERNANCE

The Company had met the relevant code provisions set out in the Code on Corporate Governance Code based on the principles set out in Appendix 14 to the Listing Rules during the Period under Review except for the provision E.1.2 of the Code on Corporate Governance Code in that the chairman of the Board was absent from the annual general meeting of the Company held on 30 May 2012 due to business matters.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Directors confirmed that during the Period under Review, all Directors have complied with the required standard set out in the Model Code.

OTHER INFORMATION

SHARE OPTION SCHEME

On 4 March 2009, the shareholders of the Company had approved and adopted a share option scheme (the "Share Option Scheme"). Key terms of the Share Option Scheme are summarized below:

(i) The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest.

(ii) Qualifying participants of the Share Option Scheme include any employee, executive and non–executive directors, customer or supplier of goods or services to any member of the Group, consultant, adviser, manager, officer or entity that provide research, development or other technological support to the Group or its member(s).

(iii) The total number of shares in respect of which options may be granted under the Share Option Scheme is 20,000,000 shares, being 10% of the total number of shares in issue as at 30 March 2009, the listing date on the Stock Exchange.

(iv) The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of shares in issue from time to time.

(v) Unless approved by shareholders in general meeting, the total number of shares issued and to be issued upon exercise of all options granted to any eligible participant under the Share Option Scheme in the 12 month period up to and including such further grant must not exceed 1% of the total number of shares in issue.

(vi) The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted.

(vii) A non-refundable consideration of HK$1 is payable on acceptance of the offer of grant of an option. An offer of grant of an option may be accepted by an eligible person within the date as specified in the offer letter issued by the Company, being a date not later than 21 business days from the date offer is made.

(viii) An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period (which may not expire later than 10 years from the date of the grant) to be notified by the Board at its sole discretion. There is no performance target that has to be achieved before the exercise of any option.

(ix) The subscription price must be at least the higher of (1) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant; (2) the average of the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the immediately preceding five trading days; and (3) the nominal value of a Company's share.

(x) The Board is entitled at any time within 10 years between 4 March 2009 and 3 March 2019 to offer the grant of an option to any qualifying participants.

Up to the date of this report, no option under the Share Option Scheme has yet been granted by the Board.

OTHER INFORMATION

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

On 28 June 2012, the Company and a syndicate of lending banks entered into a 3-year term loan facility agreement in respect of a loan facility provided to the Company in the amount of up to HK$300 million (the "Facility"). The Facility is unsecured and interest bearing with any outstanding amounts to be repaid in full on the date falling 36 months from the date of the facility agreement. The Facility will be used for a specific acquisition of the Company, the fees and expenses in relation to such acquisition as well as financing the general corporate purposes of the Company.

In the facility agreement, it will be an event of default under the Facility if the Company's controlling shareholder, Mr. Tsoi Tak, and another shareholder of the Company, Mr. Cai Xiao Ming, David, who is also a director of the Company (the "Relevant Shareholders") together hold less than 35% of the total issued shares of the Company or they cease to control the casting of more than 50% of the voting rights in a general meeting of the Company. As at the date of this report, the Relevant Shareholders beneficially own in aggregate approximately 57.2% of the total issued shares of the Company.

As it will be an event of default under the Facility if the above specific requirement in relation to the level of beneficial interest of the Relevant Shareholders in the Company is breached, in such a case the lending banks have a right to declare the Facility be cancelled and/or declare all outstanding amounts together with interest accrued and all other sums payable by the Company be immediately due and payable and/or declare all outstanding amounts be payable on demand.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the Period under Review with the Directors. In addition, the interim financial information of the Group for the Period under Review have also been reviewed by the independent auditor of the Company, Deloitte Touche Tohmatsu. The audit committee comprises the three independent non-executive Directors and one non-executive Director.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF BRILLIANT CIRCLE HOLDINGS INTERNATIONAL LIMITED
(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Brilliant Circle Holdings International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 13 to 32 which comprises the condensed consolidated statement of financial position as of 30 June 2012, and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 August 2012

CONDENSED CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2012

	Notes	Six months ended 30 June 2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Revenue	4	**692,559**	734,328
Cost of sales		**(495,915)**	(518,211)
Gross profit		**196,644**	216,117
Other income		**5,622**	7,366
Other gains and losses		**10,592**	8,214
Selling and distribution expenses		**(19,177)**	(19,814)
Administrative expenses		**(47,322)**	(34,332)
Other expenses		**(11,438)**	(1,953)
Finance costs		**(16,908)**	(11,367)
Share of profit of an associate		**100,018**	70,339
Profit before taxation		**218,031**	234,570
Taxation	6	**(23,776)**	(33,693)
Profit for the period	7	**194,255**	200,877
Exchange differences arising on translation		**(31,744)**	20,388
Total comprehensive income for the period		**162,511**	221,265
Profit for the period attributable to:			
Owners of the Company		**191,859**	184,245
Non-controlling interests		**2,396**	16,632
		194,255	200,877
Total comprehensive income attributable to:			
Owners of the Company		**160,507**	202,421
Non-controlling interests		**2,004**	18,844
		162,511	221,265
		HK$	HK$
Earnings per share	9		
– Basic		**0.26**	0.27

The notes on pages 18 to 32 form an integral part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	10	**690,097**	711,307
Prepaid lease payments		**19,619**	20,195
Goodwill	11	**597,760**	602,896
Intangible assets	12	**64,174**	68,935
Interest in an associate	13	**566,075**	615,022
Deposit for property, plant and equipment		**21,267**	11,930
Deposit for acquisition of a subsidiary	20	**67,720**	–
		2,026,712	2,030,285
Current assets			
Inventories		**166,744**	188,155
Prepaid lease payments		**808**	815
Trade and bills receivables	14	**505,334**	560,434
Other receivables, prepayments and deposits		**31,204**	28,220
Tax recoverable		**–**	2,012
Pledged bank deposits		**24,850**	49,313
Bank balances and cash		**527,614**	353,743
		1,256,554	1,182,692
Current liabilities			
Trade and bills payables	15	**253,437**	233,328
Other payables and accruals		**84,480**	102,069
Amount due to a Controlling Shareholder		**114,012**	193,749
Amounts due to non-controlling interests		**15,200**	15,330
Bank borrowings	16	**300,301**	245,125
Obligations under finance leases		**2,161**	6,524
Income tax payable		**13,651**	39,559
		783,242	835,684
Net current assets		**473,312**	347,008
Total assets less current liabilities		**2,500,024**	2,377,293
Non-current liabilities			
Bank borrowings	16	**290,000**	–
Promissory note		**151,304**	346,140
Deferred tax liabilities		**50,573**	61,805
		491,877	407,945
Net assets		**2,008,147**	1,969,348
Capital and reserves			
Share capital	17	**7,325**	7,325
Share premium and reserves		**1,950,249**	1,906,753
Equity attributable to owners of the Company		**1,957,574**	1,914,078
Non-controlling interests		**50,573**	55,270
		2,008,147	1,969,348

The notes on pages 18 to 32 form an integral part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Statutory reserves HK$'000 (Note a)	Other reserves HK$'000 (Note b)	Dividend reserve HK$'000	Exchange reserve HK$'000	(Accumulated losses) retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2011	2,000	154,254	35,767	1,781,738	–	74,346	(86,406)	1,961,699	166,431	2,128,130
Profit for the period	–	–	–	–	–	–	184,245	184,245	16,632	200,877
Other comprehensive income for the period	–	–	–	–	–	18,176	–	18,176	2,212	20,388
Total comprehensive income for the period	–	–	–	–	–	18,176	184,245	202,421	18,844	221,265
Issue of shares in exchange of entire interest in Brilliant Circle Group Holdings Limited	4,800	4,262,400	–	(4,267,200)	–	–	–	–	–	–
Net proceeds from issue of shares upon placement	75	59,625	–	–	–	–	–	59,700	–	59,700
Deemed distribution to Controlling Shareholder (Note c)	–	–	–	–	–	–	(300,000)	(300,000)	–	(300,000)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(71,755)	(71,755)
Interim dividend for 2011	–	–	–	–	38,000	–	(38,000)	–	–	–
Transfer	–	–	11,341	–	–	–	(11,341)	–	–	–
At 30 June 2011 (unaudited)	6,875	4,476,279	47,108	(2,485,462)	38,000	92,522	(251,502)	1,923,820	113,520	2,037,340

CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Statutory reserves HK$'000 (Note a)	Other reserves HK$'000 (Note b)	Dividend reserve HK$'000	Exchange reserve HK$'000	(Accumulated losses) retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2012	7,325	4,761,903	57,883	(3,001,899)	117,011	147,833	(175,978)	1,914,078	55,270	1,969,348
Profit for the period	-	-	-	-	-	-	191,859	191,859	2,396	194,255
Other comprehensive expense for the period	-	-	-	-	-	(31,352)	-	(31,352)	(392)	(31,744)
Total comprehensive income (expense) for the period	-	-	-	-	-	(31,352)	191,859	160,507	2,004	162,511
Final dividend paid for 2011 (Note 8)	-	-	-	-	(117,011)	-	-	(117,011)	(6,701)	(123,712)
Transfer	-	-	18,963	-	-	-	(18,963)	-	-	-
At 30 June 2012 (unaudited)	7,325	4,761,903	76,846	(3,001,899)	-	116,481	(3,082)	1,957,574	50,573	2,008,147

Notes:

(a) As stipulated by the relevant laws and regulations for enterprises in the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to maintain statutory reserves. Appropriation to such reserve is made out of profit after taxation as reflected in the statutory financial statements of the PRC subsidiaries while the amounts and allocation basis are decided by its board of directors annually. The appropriation to statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the PRC subsidiaries' registered capital. The statutory reserves can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

(b) Other reserves comprised (i) the merger reserve of HK$79,000 which arose from the difference between the nominal value and premium of shares of subsidiaries acquired over the nominal value of the shares issued by the Company in exchange thereof; (ii) issue of 480,000,000 shares of the Company with fair value of HK$4,267,200,000 at 14 April 2011 to the Controlling Shareholder of the Company (defined in note 1) in exchange of its entire equity interests in Brilliant Circle Group Holdings Limited (formerly known as Brilliant Circle Holdings International Limited) (together with its subsidiaries, collectively referred to as "Brilliant Circle") which were acquired by that Controlling Shareholder (defined in note 1) at 10 September 2009 (the "Combination") using cash and certain listed shares held by him with fair value of HK$1,781,817,000 in aggregate; and (iii) an amount of HK$516,437,000 resulting from the acquisition of additional equity interests in Bengbu Jinhuangshan Rotogravure Printing Company Limited ("BB Jinhuangshan"), a non-wholly owned subsidiary of the Company in the second half of 2011.

(c) The amount of HK$300,000,000 represented the distribution paid to the Controlling Shareholder (defined in note 1) of Brilliant Circle prior to the Combination.

The notes on pages 18 to 32 form an integral part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
NET CASH FROM OPERATING ACTIVITIES	**167,916**	150,877
INVESTING ACTIVITIES:		
Interests received	**2,279**	1,278
Deposit paid for and purchases of property, plant and equipment	**(34,826)**	(6,649)
Dividend received from an associate	**143,922**	123,850
Settlement of consideration for disposal of partial interest in an associate	**–**	40,851
Proceeds from disposal of property, plant and equipment	**1,620**	809
Placement of pledged bank deposits	**(24,585)**	(4,264)
Withdrawal of pledged bank deposits	**48,411**	–
Deposit paid for acquisition of a subsidiary	**(67,720)**	–
NET CASH FROM INVESTING ACTIVITIES	**69,101**	155,875
FINANCING ACTIVITIES		
Net proceeds from issue of shares by placement	**–**	59,700
New bank loans raised	**468,291**	298,236
Prepayment for acquisition of remaining interest in a subsidiary	**–**	(50,000)
Repayment of bank borrowings	**(120,777)**	(379,125)
Repayment to the Controlling Shareholder	**(80,000)**	(47,405)
Distribution to the Controlling Shareholder	**–**	(93,540)
Repayment of promissory note	**(197,200)**	–
Dividends paid	**(117,011)**	–
Repayment of obligations under finance leases	**(4,363)**	(6,951)
Dividends paid to non-controlling interests	**(6,701)**	(50,489)
NET CASH USED IN FINANCING ACTIVITIES	**(57,761)**	(269,574)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**179,256**	37,178
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**353,743**	226,493
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(5,385)**	1,088
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	**527,614**	264,759

1. GENERAL

The Company was incorporated in the Cayman Islands on 11 November 2008 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate controlling party is Mr. Tsoi Tak (the "Controlling Shareholder"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is 18th Floor, No. 111, Leighton Road, Causeway Bay, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are engaged in provision of the printing of cigarette package, manufacturing of laminated papers, printing of packages and decoration matters, research and development on printing technology, wholesale, import and export of the packaging products and other related services.

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK$") and the Company's functional currency is Renminbi ("RMB") that mainly influences the operation of the Group's significant entities.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of these amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Revenue		
Printing of cigarette packages	**571,821**	592,200
Provision of printing services	**109,246**	128,141
Manufacturing of laminated papers	**11,492**	13,987
	692,559	734,328

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

The Group's operating and reportable segments currently are (i) provision of printing services (ii) printing of cigarette packages and (iii) manufacturing of laminated papers. The CODM considered the Group has three operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Segment revenue		Segment results	
	Six months ended 30 June		Six months ended 30 June	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue and segment results:				
Printing of cigarette packages	**571,821**	592,200	**166,575**	184,786
Provision of printing services	**109,246**	128,141	**13,497**	12,717
Manufacturing of laminated papers	**11,492**	13,987	**1,415**	2,804
	692,559	734,328	**181,487**	200,307
Unallocated income and gains			**16,214**	15,580
Unallocated expenses			**(62,780)**	(40,289)
Finance costs			**(16,908)**	(11,367)
Share of profit of an associate			**100,018**	70,339
Profit before taxation			**218,031**	234,570

5. SEGMENT INFORMATION *(continued)*

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

	Segment assets		Segment liabilities	
	30 June 2012 HK$'000 (Unaudited)	31 December 2011 HK$'000 (Audited)	**30 June 2012 HK$'000 (Unaudited)**	31 December 2011 HK$'000 (Audited)
Segment assets and liabilities:				
Printing of cigarette packages	**1,116,981**	1,190,975	**228,030**	213,761
Provision of printing services	**214,959**	222,556	**23,436**	17,746
Manufacturing of laminated papers	**20,203**	22,595	**1,971**	1,821
Total segment assets and liabilities	**1,352,143**	1,436,126	**253,437**	233,328
Unallocated	**1,931,123**	1,776,851	**1,021,682**	1,010,301
	3,283,266	3,212,977	**1,275,119**	1,243,629

Segment profit represents the profit earned by each segment without allocation of corporate management expenses, directors' emoluments, share of profit of an associate, finance costs, income tax expenses, unallocated income, gains and expenses. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment assets represent certain property, plant and equipment, trade and bills receivables and inventories which are directly attributable to the relevant operating and reportable segment. Segment liabilities represent trade and bills payables which are directly attributable to the relevant operating and reportable segment. These are the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

All of the segment revenue reported above is from external customers.

6. TAXATION

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**257**	–
The PRC Enterprise Income Tax ("EIT")	**20,098**	29,370
Withholding tax	**18,557**	7,401
Overprovision of EIT in prior periods	**(4,348)**	(5,022)
Deferred taxation	**(10,788)**	1,944
	23,776	33,693

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the six months ended 30 June 2012.

The PRC EIT is calculated at the applicable prevailing tax rates from 15% to 25% (2011:15% to 25%) in the PRC. Pursuant to the "Enterprise Income Tax Law for Foreign Investment Enterprises and Foreign Enterprises", some PRC subsidiaries, being a High-Tech Enterprise, were entitled to a reduced PRC EIT rate of 15% for the years from 2010 to 2012.

Upon the New Tax Law and Implementation Regulations, PRC withholding income tax is applicable to dividends payable to investors that are "non-PRC tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to non-PRC tax resident group entities shall be subject to the withholding income tax at 10% or a lower tax rate, as applicable. Under the relevant tax treaty, withholding tax rate on distribution to Hong Kong resident companies is 5%. Deferred taxation has been provided on undistributed earnings of all subsidiaries and an associate.

Deferred taxation is recognised in profit or loss in both periods on temporary differences in relation to accelerated tax depreciation and undistributed profits of subsidiaries, associate and intangible assets.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	**2,125**	1,137
Other staff costs		
Salaries and other benefits	**54,314**	50,534
Contributions to retirement benefits schemes	**2,879**	2,860
	59,318	54,531
Release of prepaid lease payments	**406**	395
Amortisation of intangible assets (included in cost of sales)	**4,020**	4,020
Depreciation of property, plant and equipment	**40,743**	39,214
Operating lease rentals in respect of rented premises	**6,149**	2,237
Research and development costs recognised as an expense (included in other expenses)	**350**	249
Legal and professional fee (included in other expenses)	**11,088**	1,704
Share of taxation of an associate	**18,599**	14,298
and after crediting to other income:		
Interest income	**(2,279)**	(1,278)
Processing fee income	**–**	(2,127)
Sales of scrap materials	**(1,880)**	(1,944)
Government grants (Note)	**–**	(1,240)
and after crediting to other gains and losses:		
Gain on disposal of property, plant and equipment	**(457)**	(470)
Net foreign exchange gain	**(10,135)**	(7,744)

Note: For the six months ended 30 June 2011, government grants were received from the government of the PRC mainly as incentives granted by local authority for encouragement of its business development. These grants were accounted for as financial support with no future related costs expected to be incurred nor related to any assets.

8. DIVIDENDS

During the current interim period, a final dividend of HK15.97 cents per share in respect of the year ended 31 December 2011 (2011: HK$nil cents per share in respect of the year ended 31 December 2010) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK$117,011,000 (2011: HK$nil).

The directors do not recommend the payment of an interim dividend.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings for the purpose of basic earnings per share	**191,859**	184,245

	Number of shares Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	'000	'000
Weighted average number of shares for the purpose of basic earnings per share	**732,500**	681,875

The weighted average number of shares for the purpose of basic earnings per share for the period ended 30 June 2011 had taken into account the issue of 480,000,000 new shares in exchange of the entire equity interest in Brilliant Circle Group Holdings limited ("Brilliant Circle") as if they had been issued upon combination on 10 September 2009.

No dilutive earnings per share is presented as the Group did not have any potential ordinary shares during both periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of approximately HK$1,163,000 (30 June 2011: HK$339,000) for cash proceeds of approximately HK$1,620,000 (30 June 2011: HK$809,000), resulting in a gain on disposal of approximately HK$457,000 (30 June 2011: HK$470,000).

In addition, during the current interim period, the Group spent approximately HK$25,489,000 (30 June 2011: HK$8,708,000) for the acquisition of property, plant and equipment to expand its operations which mainly included approximately HK$17,131,000 (30 June 2011: HK$3,364,000) in construction in progress.

11. GOODWILL

	30 June	31 December
	2012	2011
	(Unaudited)	(Audited)
	HK$'000	HK$'000
At beginning of the period/year	**602,896**	577,998
Exchange difference	**(5,136)**	24,898
At end of period/year	**597,760**	602,896

11. GOODWILL *(continued)*

For the purpose of impairment testing, goodwill has been allocated to cash generating units ("CGUs"), comprising three subsidiaries in printing of cigarette packages segment and one subsidiary in the manufacturing of laminated paper segment. During the period ended 30 June 2012, management of the Group determines that there are no impairments of any of its CGUs containing goodwill.

12. INTANGIBLE ASSETS

	Customer relationship HK$'000
COST	
At 1 January 2011	83,432
Exchange difference	3,593
At 31 December 2011	87,025
Exchange difference	(741)
At 30 June 2012	86,284
AMORTISATION	
At 1 January 2011	10,050
Provided for the year	8,040
At 31 December 2011	18,090
Provided for the period	4,020
At 30 June 2012	22,110
CARRYING VALUES	
At 30 June 2012	64,174
At 31 December 2011	68,935

Intangible assets represent customer relationship in Brilliant Circle acquired in a business combination during the year 2009. Brilliant Circle has long and close business relationship with the major customers. The acquisition of the customer base has allowed the Group to stabilise the revenue base from packaging and printing business. Amortisation is provided to write off the cost of the customer relationship using the straight-line method over the estimated life of the customer relationship of 10 years.

13. INTEREST IN AN ASSOCIATE

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Cost of investment, unlisted	**342,768**	345,164
Share of post-acquisition profits net of dividends received	**223,307**	269,858
	566,075	615,022

As at 30 June 2012 and 31 December 2011, the Group had interests in the following associate:

Name of entity	Percentage of registered capital directly held by the Group	Place of establishment/ operation	Registered capital	Principal activity
常德金鵬印務有限公司 (Changde Goldroc Rotogravure Printing Co., Ltd.)	35%	PRC	RMB163,052,000	Provision for cigarette printing package services

The financial information of the Group's associate is prepared using uniform accounting policies in conformity with the accounting policies adopted by the Group. The summarised financial information in respect of the Group's associate is set out below:

	30 June 2012 HK$'000	31 December 2011 HK$'000
Total assets	**1,874,144**	2,071,593
Total liabilities	**(290,893)**	(348,838)
Net assets	**1,583,251**	1,722,755
Group's share of net assets of the associate	**566,075**	615,022
Revenue	**1,026,033**	1,769,782
Profit for the period/year	**285,867**	446,926
Group's share of profits of the associate for the period/year	**100,018**	156,424

14. TRADE AND BILLS RECEIVABLES

The Group allows a credit period of 90 days to its trade customers. The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts presented based on the invoice date at the end of reporting period.

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
0-90 days	**440,824**	485,704
91-180 days	**45,300**	70,594
181-365 days	**16,946**	2,524
Over 365 days	**2,264**	1,612
	505,334	560,434

15. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables by age, presented based on the invoice date at the end of the reporting period.

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
0-30 days	**148,525**	159,618
31-90 days	**90,724**	62,244
91-180 days	**11,020**	11,329
181-365 days	**2,967**	12
Over 365 days	**201**	125
	253,437	233,328

16. BANK BORROWINGS

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Bank borrowings comprise:		
Secured	**251,421**	201,988
Unsecured	**338,880**	43,137
	590,301	245,125
Carrying amount repayable:		
Within one year	**300,301**	245,125
More than one year, but not more than five years	**290,000**	–
	590,301	245,125
Breakdown of the bank borrowings:		
Fixed-rate borrowings	**46,436**	–
Floating-rate borrowings	**543,865**	245,125
	590,301	245,125

At the end of reporting period, the ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Fixed-rate borrowings	**7.2%**	N/A
Floating-rate borrowings	**4.1% to 7.5%**	3.3% to 7.5%

17. SHARE CAPITAL

	Number of shares	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2011, 30 June 2011, 31 December 2011 and 30 June 2012	**1,000,000,000**	10,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 January 2011	**200,000,000**	2,000
Issued as consideration for combination of Brilliant Circle	**480,000,000**	4,800
Issued on placement	**7,500,000**	75
At 30 June 2011	**687,500,000**	6,875
Issued on placement	**45,000,000**	450
At 31 December 2011 and 30 June 2012	**732,500,000**	7,325

Note: Pursuant to the placement agreements dated 11 May 2011 and 15 July 2011, 7,500,000 shares and 45,000,000 shares of HK$0.01 each were placed to independent third parties at a price of HK$8.0 and HK$6.5 per share respectively. All shares issued during the period ranked pari passu with other shares in issue in all respects.

18. RELATED PARTY TRANSACTIONS

(a) Transactions with related company

During the period, a subsidiary of the Company had the following significant related party transaction with the non-controlling interests with significant influence over that subsidiary:

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Printing of cigarette packages	**23,795**	36,658

(b) Balances with related parties are disclosed in the condensed consolidated statement of financial position.

18. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Salaries, allowances and other short-term employee benefits	**4,266**	3,580
Contribution to retirement benefits schemes	**79**	66
	4,345	3,646

19. CAPITAL COMMITMENTS

At the end of reporting period, the Group had outstanding capital commitments as follows:

	30 June	31 December
	2012	2011
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**51,895**	12,563

20. EVENT AFTER THE END OF THE REPORTING PERIOD

Acquisition of a subsidiary

At 3 July 2012, the Company completed its acquisition of 60% equity interest in Giant Sino Investments Limited and its subsidiaries (collectively referred to as the "Giant Group") from an independent third party at a cash consideration of HK$720,000,000. The Giant Group is principally engaged in printing of cigarette packages and was acquired with the objective of expanding business in the PRC. Details of the acquisition are set out in the Group's circular dated 25 May 2012.

In accordance with the sale and purchase agreement (the "Agreement"), the cash consideration is comprised of: (i) deposit of HK$67,720,000 which has been paid as at 30 June 2012, (ii) initial purchase price of HK$292,280,000 and (iii) deferred consideration of HK$360,000,000 (subject to downward adjustment in respect of the guaranteed profit as described in the Agreement), which is required to be paid within five business days of the date of receipt of the audited financial statements of the Giant Group for the twelve-month period commencing from the completion date of the acquisition, with all interest accrued at 4% per annum (on the basis of a year of 365 days) from the completion date of the acquisition to the date of payment of remaining HK$360,000,000 (both dates inclusive).

20. EVENT AFTER THE END OF THE REPORTING PERIOD *(continued)*

Acquisition of a subsidiary *(continued)*

The seller has agreed to provide a profit guarantee to the Company in relation to the financial performance of Yangfeng Printing & Packaging Co., Ltd. ("Yangfeng"), a subsidiary of Giant Sino Investment Limited, for a period of 4 years from the completion date. The profit guarantee requires Yangfeng to meet a target profit after taxation in each of the first to fourth anniversary from the completion date. The target profit after taxation for the first anniversary is approximately HK$123,153,000 (equivalent to RMB100,000,000), which grows at a rate of 5% in each of the second to the fourth anniversary (the "Profit Guarantee Amount"). In the first anniversary from the completion date, if Yangfeng fails to meet the Profit Guarantee Amount, the remaining consideration of HK$360,000,000 should be reduced by the shortfall calculated in accordance with the formula stipulated in the Agreement (the "Shortfall"). The interest payable by the Company should be reduced by an amount calculated by reference to the Shortfall times interest rate of 4% per annum. If the Shortfall exceeds HK$360,000,000, the seller should pay to the Company an amount by which the Shortfall exceeds HK$360,000,000. If Yangfeng fails the Profit Guarantee Amount in each of the second to fourth anniversary from the completion date, the seller should pay the amount of the Shortfall to the Company in each of the relevant years.

In the opinion of the directors of the Company, the interest rate of 4% per annum on deferred consideration approximated the borrowing rate of the Company. In addition, the directors consider that it is virtually certain that the profit guarantee amount would be achieved and the fair value of the contingent consideration at the date of acquisition is thus considered as insignificant. Accordingly, the fair value of total consideration is approximately HK$720,000,000 at the date of acquisition.

During the six months ended 30 June 2012, the Group incurred acquisition-related costs amounting to HK$6,103,000 which have been recognised directly as expenses and grouped under the "other expenses" line item in the condensed consolidated statement of comprehensive income. No material acquisition-related costs were incurred subsequent to the end of the reporting period.

20. EVENT AFTER THE END OF THE REPORTING PERIOD *(continued)*

Acquisition of a subsidiary *(continued)*

Assets and liabilities to be recognised at the date of acquisition are as follows:

	HK$'000
Non-current assets	
Property, plant & equipment	56,725
Customer relationship	348,299
Current assets	
Inventories	23,535
Trade and bills receivable	154,188
Other receivable, prepayments and deposits	6,386
Bank balances and cash	58,096
Current liabilities	
Trade and bills payable	(88,560)
Other payables and accruals	(50,217)
Amount due to a shareholder (Note)	(70,322)
Income tax payable	(15,537)
Non-current liability	
Deferred tax liability	(87,075)
	335,518

Note: It represented the amount due to a shareholder which holds 40% equity interest in Giant Sino Investment Limited.

The receivables acquired (which principally comprised trade receivables) with a fair value of HK$124,212,000 at the date of the acquisition had gross contractual amounts of HK$124,212,000. It is assumed to be fully collected at the acquisition date.

The fair values of the assets and liabilities, and goodwill of the Giant Group have been determined on a provisional basis, awaiting the completion of the valuation of the intangible assets and other identifiable assets and liabilities.

Goodwill arising on acquisition (determined on a provisional basis)

	HK$'000
Fair value of identifiable assets and liabilities of the Giant Group	335,518
Non-controlling interests	(134,207)
	201,311
Goodwill arising on acquisition	518,689
Total consideration	720,000

20. EVENT AFTER THE END OF THE REPORTING PERIOD *(continued)*

Non-controlling interests

Non-controlling interests in the Giant Group are measured by reference to the proportionate share of fair value of identifiable assets and liabilities of the Giant Group at the date of acquisition.

Goodwill arising on acquisition of Giant Group allows the Group to extend its market presence in certain provinces in the PRC, enjoy the benefit of future tendering of the contract and enlarge the market share of cigarette packaging business in the PRC. The acquisition also included the assembled workforce and existing production base of Yangfeng to ensure the immediate production and profit and to secure the utilisation of the existing capacity of the Group, as being the major subcontractor of Yangfeng. These assets could not be separately recognised from goodwill because they are not capable of being separated from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow at the date of acquisition

	HK$'000
Consideration paid in cash in July 2012	292,280
Less: cash and cash equivalent balances acquired	(58,096)
	234,184