

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



Interim Report

2014

Contents

Corporate information	2
Chairman's statement	3–4
Management discussion and analysis	5–7
Other information	8–11
Report on review of interim financial information	12
Condensed consolidated statement of profit or loss and other comprehensive income	13
Condensed consolidated statement of financial position	14–15
Condensed consolidated statement of changes in equity	16
Condensed consolidated statement of cash flows	17
Notes to the condensed consolidated financial statements	18–36

Corporate information

BOARD OF DIRECTORS

Executive Directors

Mr. Tsoi Tak (*Chairman*)
Mr. Cai Xiao Ming, David (*Chief Executive Officer*)
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. Chung Tat Hung

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. Qin Song
Mr. Sean Xing He

AUTHORISED REPRESENTATIVES

Mr. Kiong Chung Yin, Yttox
Mr. Chung Tat Hung

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
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

Butterfield 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
Level 22, Hopewell Centre
183 Queen's Road East
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 of the Group for the six months ended 30 June 2014 (the "Period under Review").

BUSINESS REVIEW

During the Period under Review, the Company achieved a revenue of approximately HK\$871.5 million with profits attributable to owners of the Company amounting to approximately HK\$186.1 million and basic earnings per share of approximately HK\$0.13. During the Period under Review, the Group achieved Underlying Profit of approximately HK\$211.9 million, a drop of 12.0% over the same period last year. The Board did not recommend the payment of a dividend during the Period under Review.

Note: Underlying profit ("Underlying Profit") is calculated as profit for the period attributable to the owners of the Company excluding the professional fees and other one-time expenses related to business combination, amortization and depreciation charges arising from business valuation.

Cigarette Package Printing

It has been a challenging half year for cigarette packaging industry in China. The effect of recent austerity measures in the country slowed the uptrend of high tier market which in turn affected the Group's order in this category. Such problem showed signs of bottoming out in the second quarter and we are optimistic to foresee a compensating rebound in the second half of 2014 as the industry stock piled in early 2014 dwindles. Meanwhile, the Group has strategically expanded its post-press services which, in selected brands, can offer higher profitability and lower working capital commitment than those of all-in process combining pre-press, printing and post-press. Putting aside such subcontracting business, the average selling price of the cigarette package printing products under this segment experienced only a slight drop during the Period under Review even under the strong price pressure brought by the intensifying tendering system and such pressure has been fully mitigated by the Group's ongoing cost-cutting maneuver. The subcontracting business on the other hand had served to smooth out the production load due to short term fluctuation of existing clientele and increase the Group's stretch into new brands and new customers. The guaranteed net profits of our newly acquired cigarette package printing company, Yanfeng Printing & Packaging Co., Ltd., for the first two years in aggregate up to 30 June 2014 have been met.

Provision of Printing Services

This segment remained at the low ebb during the Period under Review when the overseas book printing market remained sluggish and progress has been slow in the newly experimented People's Republic of China ("PRC") market of premium rigid packaging boxes.

Manufacturing of Laminated Papers

The laminated papers manufacturing remained stable. Slight drop in this segment mainly due to orders postponed in May 2014 is expected to recover in the rest of 2014.

Fund Raising Activities

During the Period under Review, the Company had no significant funding activities.

Chairman's statement

PROSPECTS

Though the Group's result for Period under Review was comparatively not as good as the previous period due to the short term setback in the early months of 2014, we are confident that the worst time has passed as signs of rebound have already come into sight in the second quarter. Looking forward, while industry consolidation, intensification of tendering system and austerity measures are expected to remain in play posing threats to other competitors in the China cigarette package printing industry, the Group is in an established position to take these as opportunities for growth. In addition to its well developed business in Central and Southern China, the Technology Park under construction at Anhui is expected to join as the Group's stronghold in Eastern China in 2015. As the syndicated loans associated with the acquisitions in previous years has kept running down without refinancing, the Group is in a favorable position in preparation for any opportunities of new acquisition.

Tsoi Tak

Chairman

25 August 2014

Management discussion and analysis

REVENUE

During the Period under Review, the revenue of the Group was approximately HK\$871.5 million (six months ended 30 June 2013: HK\$951.9 million), which represents a decrease of approximately HK\$80.4 million or 8.4% as compared to the same period in 2013. The revenues of our three business segments, namely cigarette package printing business, provision of printing services and manufacturing of laminated papers were approximately HK\$762.2 million (six months ended 30 June 2013: HK\$808.8 million), HK\$86.0 million (six months ended 30 June 2013: HK\$116.9 million) and HK\$23.2 million (six months ended 30 June 2013: HK\$26.2 million) respectively.

The revenue from the cigarette package printing segment decreased by approximately 5.8% which was mainly due to short term decrease in high tier customer orders in the first quarter of 2014 brought by their stockpiling around the end of 2013. Such problem has bottomed out in the second quarter and the Group's management expected a strong recovery for the rest of 2014. On the other hand, the Group has boosted its provision of subcontracted post-press services during the Period under Review which had driven the average selling price down given the same product quantity involved.

The revenue of provision of printing services decreased by 26.4% to HK\$86.0 million as the Group has taken continual prudence in the overseas book printing market which showed no sign of recovery during the Period under Review.

In the laminated papers manufacturing segment, the machinery revamp by major customer had postponed product delivery for several weeks and led to drop in revenue by 11.3% to HK\$23.2 million during the Period under Review.

GROSS PROFIT

During the Period under Review, the gross profit decreased by approximately HK\$37.8 million, or 12.5% to HK\$265.6 million as compared to the same period in 2013. It was mainly attributable to short term decrease in high tier products mentioned above.

OTHER INCOME

Other income mainly represents interest income, income from sales of scrap materials, government grants and other miscellaneous income. Such income decreased by HK\$2.3 million or 25.1% mainly attributable to the decrease in government grant and processing fee income by HK\$1.5 million and HK\$1.3 million respectively during the Period under Review.

OTHER GAINS OR LOSSES

Other gains and losses mainly represented net foreign exchange gains, gain on disposal of property, plant and equipment and recognition of impairment loss of trade receivables. The loss of HK\$1.8 million (six month ended 30 June 2013: a gain of HK\$1.2 million) was mainly due to the impairment loss of HK\$2.5 million in trade receivable recognised during the Period under Review.

SELLING AND DISTRIBUTION EXPENSES

The selling and distribution expenses dropped approximately HK\$2.4 million or 10% which was consistent with the decrease in revenue.

Management discussion and analysis

ADMINISTRATIVE EXPENSES AND OTHER EXPENSES

During the Period under Review, administrative expenses and other expenses amounted to HK\$66.5 million, representing an increase of approximately HK\$18.0 million or 37.0% when compared to same period in 2013. Such increase was mainly attributable to the increase in director remuneration, staff welfare and entertainment expenses, by approximately HK\$6.0 million, HK\$4.7 million, HK\$4.2 million respectively.

FINANCE COSTS

Finance costs decreased by approximately HK\$30.8 million as the promissory note and amount due to non-controlling interests have been fully settled in 2013 and no more interests (six months ended 30 June 2013: HK\$29.5 million and HK\$7.1 million respectively) were incurred during the Period under Review. Such decrease were partially offset by the increase of the interest payment and the services fee amortization related to syndicated loan raised in the second half of 2013 by approximately HK\$5.8 million.

SHARE OF PROFIT OF AN ASSOCIATE

Share of profit of an associate decreased by approximately HK\$7.0 million to HK\$86.4 million during the Period under Review. Revenue and net profit of Changde Goldroc Rotogravure Printing Co., Limited were approximately HK\$1,044.6 million (six months ended 30 June 2013: HK\$988.6 million) and HK\$281.5 million (six months ended 30 June 2013: HK\$266.6 million) respectively.

TAXATION

The effective tax rate of the Group rose from 10.3% to 17.5% during the Period under Review. It was mainly due to the absence of the one-off tax refund associated with the successful application of preferential profit tax rate granted to one of the Group's subsidiaries in 2013.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to the owners of the Company was HK\$186.1 million, a decrease of HK\$34.6 million as compared with the same period in 2013. The decrease in turnover and gross profit contributed to the decrease in profit attribute to the owners of the Company.

SEGMENT INFORMATION

During the Period under Review, the revenue from the printing of cigarette packages, manufacturing of laminated papers and provision of other printing services were approximately HK\$762.2 million (six months ended 30 June 2013: HK\$808.8 million), HK\$23.2 million (six months ended 30 June 2013: HK\$26.2 million) and HK\$86.0 million (six months ended 30 June 2013: HK\$116.9 million) respectively. Earnings from the printing of cigarette packages accounted for approximately 100.0% of the total segment earnings before unallocated items. The earnings from cigarette packages printing services, provision of other printing services and manufacturing of laminated papers decreased by approximately 7.0%, 167.4% and 24.7% respectively.

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated resources and banking facilities. As at 30 June 2014, the Group had net current assets of HK\$247.6 million (as at 31 December 2013: HK\$316.3 million) while the Group's cash and cash equivalents amounted to HK\$352.5 million (as at 31 December 2013: HK\$414.8 million).

Management discussion and analysis

As at 30 June 2014, interest-bearing bank borrowings of the Group repayable within and after one year amounted to HK\$718.1 million (as at 31 December 2013: HK\$717.4 million) and HK\$196.9 million (as at 31 December 2013: HK\$384.2 million) respectively. Carrying amounts of property, plant and equipment and bank deposits pledged for securing these credit facilities amounted to approximately HK\$214.4 million and HK\$4.6 million respectively.

As at 30 June 2014, the Group's gearing ratio, represented by the amount of interest-bearing borrowings divided by shareholders equity was 32.3% (as at 31 December 2013: 38.0%). The decrease in the gearing ratio was mainly attributable to the repayment of the syndicated loan during the Period under Review. As at 30 June 2014, capital commitments of the Group for purchase of property, plant and equipment amounted to HK\$85.5 million (as at 31 December 2013: HK\$34.4 million).

CONTINGENT LIABILITIES AND GUARANTEES

The Group did not provide any guarantees to third party and had no material contingent liabilities as at 30 June 2014.

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition or disposal of subsidiaries and associated companies by the Group during the Period under Review.

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 2014, the borrowings were mainly denominated in Hong Kong dollars and Renminbi, 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, United States dollars, Pound Sterling, Euros and Hong Kong dollars, while its costs and expenses are mainly denominated in United States 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 2014, the Group had 15 and 1864 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' base 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 adopted a share option scheme as a reward to eligible high-caliber employees and to attract similar high quality personnel 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 2013: Nil).

Other information

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 2014, 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 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 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)	274,325,278	Long	18.4%
	Beneficial owner	485,689,856	Long	32.6%
		760,015,134		51.0%
Mr. Cai Xiao Ming, David	Interest of controlled corporation (note 2)	91,441,758	Long	6.1%
Mr. Qin Song	Beneficial owner	321,062	Long	0.0%

Notes:

- 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 274,325,278 shares held by Profitcharm Limited.
- 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 91,441,758 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%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS

So far as is known to the Directors and chief executives of the Company, as at 30 June 2014, 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	Note	Capacity	Number of shares held	Position	Approximate percentage of issued share capital
Profitcharm Limited	1	Beneficial owner	274,325,278	Long	18.4%
Sinorise International Limited	2	Beneficial owner	91,441,758	Long	6.1%
Ares BCH Holdings L.P.		Beneficial owner	183,034,214	Long	12.3%
ACOF Asia Management L.P.		Interest of controlled corporation	183,034,214	Long	12.3%
Ares Management (Cayman) Ltd.		Interest of controlled corporation	183,034,214	Long	12.3%
Partners Group Holding AG	3	Beneficial owner	50,961,240	Long	7.0%

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.
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.
3. The number of shares held by Partners Group Holding AG was filed on or about 23 September 2011. As such, the Board believes that the number of shares reported may not reflect: (i) the subdivision of one issued share of HK\$0.01 in the capital of the Company into two shares of HK\$0.005 each effective on 11 June 2013; and (ii) the scrip dividend of HK5.9 cents paid by the Company to all shareholders for the year ended 31 December 2012.

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 has adopted the Corporate Governance Code (the 'Code') contained in Appendix 14 of the Listing Rules. For the Period under Review, the Company has complied in general with the Code, except code provisions A.6.7 and E.1.2 of the Code as Mr. Tsoi Tak (the Chairman of the Board), Mr. Cai Xiao Ming (the Chief Executive Officer), Mr. Qin Song (the Chief Operating Officer), Mr. Lam Ying Hung, Andy and Mr. Siu Man Ho, Simon (the independent non-executive Directors) and Mr. Sean Xing He (the non-executive Director) were unable to attend the annual general meeting of the Company held on 3 June 2014 due to their other business engagement.

Other information

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions for the Period under Review.

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 40,000,000 shares, being 10% of the total number of shares in issue as at 30 March 2009, the listing date on the Stock Exchange, as adjusted by the share subdivision effective on 11 June 2013.
- (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 been granted by the Board.

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 (which was subsequently increased to HK\$500 million) (the "First Facility"). The First 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 First 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.

On 7 June 2013, the Company and another syndicate of lending banks entered into another 3-year term loan facility of HK\$500 million (the "Second Facility"). The Second Facility is unsecured and interest bearing with any outstanding amounts to be repaid in five instalments of 20% each on the date falling 12 months, 18 months, 24 months, 30 months and 36 months after the date of the facility agreement. The Second Facility will be used for refinancing of: (i) the payment of purchase consideration in relation to the acquisition of 60% equity interest in Giant Sino Group (as announced dated 17 April 2012); and (ii) the obligations under the promissory note issued by the Company in connection with the acquisition of the entire issued share capital of Champion League Investment Holdings Limited (as announced dated 30 May 2011).

In both the facility agreements, it will be an event of default under the First Facility and the Second 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 First Facility and the Second 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 First Facility and the Second 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 the non-executive Director.

Report on review of interim financial information



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 36, which comprise the condensed consolidated statement of financial position as of 30 June 2014, and the related condensed consolidated statement of profit or loss and other 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 ("HKICPA"). 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 HKICPA. 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

25 August 2014

Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue	4	871,509	951,922
Cost of sales		(605,953)	(648,591)
Gross profit		265,556	303,331
Other income		6,780	9,051
Other gains and losses		(1,824)	1,210
Selling and distribution expenses		(21,967)	(24,395)
Administrative expenses		(61,100)	(43,961)
Other expenses		(5,357)	(4,535)
Finance costs		(26,791)	(57,633)
Share of profit of an associate		86,351	93,331
Profit before taxation		241,648	276,399
Taxation	6	(42,313)	(28,343)
Profit for the period	7	199,335	248,056
Other comprehensive (expense) income: Item that will not be subsequently reclassified to profit or loss: Exchange differences arising on translation to presentation currency		(69,656)	31,225
Total comprehensive income for the period		129,679	279,281
Profit for the period attributable to:			
Owners of the Company		186,143	220,736
Non-controlling interests		13,192	27,320
		199,335	248,056
Total comprehensive income attributable to:			
Owners of the Company		120,373	250,489
Non-controlling interests		9,306	28,792
		129,679	279,281
		HK\$	HK\$
Basic earnings per share	9	0.13	0.15

Condensed consolidated statement of financial position

As at 30 June 2014

	Notes	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	10	706,667	745,409
Prepaid lease payments		85,302	88,629
Goodwill	11	1,096,530	1,112,181
Intangible assets	12	347,606	371,327
Interest in an associate	13	587,794	716,350
Deposits for property, plant and equipment		72,535	49,652
		2,896,434	3,083,548
Current assets			
Inventories		158,792	206,840
Prepaid lease payments		2,220	2,277
Trade and bills receivables	14	851,286	856,463
Other receivables, prepayments and deposits		70,214	34,140
Pledged bank deposits		4,638	8,469
Structured deposits	15	22,464	–
Bank balances and cash		352,486	414,830
		1,462,100	1,523,019
Current liabilities			
Trade and bills payables	16	236,022	255,578
Other payables and accruals		144,161	162,977
Amounts due to non-controlling interests of subsidiaries		73,922	14,735
Bank borrowings	17	718,114	717,380
Income tax payable		42,288	56,005
		1,214,507	1,206,675
Net current assets		247,593	316,344
Total assets less current liabilities		3,144,027	3,399,892

Condensed consolidated statement of financial position

As at 30 June 2014

	Notes	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Non-current liabilities			
Government grants	18	30,212	18,656
Bank borrowings	17	196,911	384,222
Deferred tax liabilities		87,385	101,677
		314,508	504,555
Net assets		2,829,519	2,895,337
Capital and reserves			
Share capital	19	7,442	7,442
Share premium and reserves		2,614,347	2,629,871
Equity attributable to owners of the Company		2,621,789	2,637,313
Non-controlling interests		207,730	258,024
Total equity		2,829,519	2,895,337

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2014

	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	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	Retained profits HK\$'000			
At 1 January 2013	7,325	4,761,903	76,902	(3,001,899)	172,870	165,609	64,763	2,247,473	234,783	2,482,256
Profit for the period	-	-	-	-	-	-	220,736	220,736	27,320	248,056
Other comprehensive income for the period	-	-	-	-	-	29,753	-	29,753	1,472	31,225
Total comprehensive income for the period	-	-	-	-	-	29,753	220,736	250,489	28,792	279,281
Share issued as scrip dividend (Note 8)	117	43,100	-	-	(43,217)	-	-	-	-	-
Final dividend paid for 2012 (Note 8)	-	-	-	-	(129,653)	-	-	(129,653)	(1,357)	(131,010)
Transfer	-	-	30,511	-	-	-	(30,511)	-	-	-
At 30 June 2013 (unaudited)	7,442	4,805,003	107,413	(3,001,899)	-	195,362	254,988	2,368,309	262,218	2,630,527
At 1 January 2014	7,442	4,805,003	107,608	(3,001,899)	135,897	230,757	352,505	2,637,313	258,024	2,895,337
Profit for the period	-	-	-	-	-	-	186,143	186,143	13,192	199,335
Other comprehensive expense for the period	-	-	-	-	-	(65,770)	-	(65,770)	(3,886)	(69,656)
Total comprehensive (expense) income for the period	-	-	-	-	-	(65,770)	186,143	120,373	9,306	129,679
Final dividend paid for 2013 (Note 8)	-	-	-	-	(135,897)	-	-	(135,897)	(59,600)	(195,497)
Transfer	-	-	17,528	-	-	-	(17,528)	-	-	-
At 30 June 2014 (unaudited)	7,442	4,805,003	125,136	(3,001,899)	-	164,987	521,120	2,621,789	207,730	2,829,519

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, a non-wholly owned subsidiary of the Company.

Condensed consolidated statement of cash flows

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
NET CASH FROM OPERATING ACTIVITIES	135,690	184,901
INVESTING ACTIVITIES		
Interests received	2,695	2,767
Deposits paid for and purchases of property, plant and equipment	(58,428)	(68,005)
Dividend received from an associate	197,136	190,851
Proceeds from disposal of property, plant and equipment	11,870	3,098
Placement of pledged bank deposits	(4,915)	(1,864)
Withdrawal of pledged bank deposits	8,550	1,618
Placement of structured deposits	(64,299)	–
Release of structured deposits	41,739	–
Government grants received for acquisition of leasehold land	12,534	–
NET CASH FROM INVESTING ACTIVITIES	146,882	128,465
FINANCING ACTIVITIES		
New bank loans raised, net of transaction cost of HK\$1,118,000 (2013: HK\$9,267,000)	147,343	798,749
Repayment of bank borrowings	(330,291)	(338,223)
Repayment to non-controlling interests of subsidiaries	–	(117,425)
Repayment to the Controlling Shareholder	–	(113,802)
Repayment of promissory note	–	(190,400)
Repayment of obligation under a finance lease	–	(264)
Dividends paid to non-controlling interests	–	(1,357)
Dividends paid	(135,897)	(129,653)
NET CASH USED IN FINANCING ACTIVITIES	(318,845)	(92,375)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(36,273)	220,991
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	414,830	558,803
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(26,071)	6,185
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	352,486	785,979

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

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.

Except as described below, the accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013.

Financial assets

The Group’s financial assets are classified into financial assets at fair value through profit or loss (“FVTPL”) and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the other income and other gains and losses line item.

In the current interim period, the Group has applied, for the first time, a new Interpretation and 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 the above Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

4. REVENUE

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Printing of cigarette packages	762,218	808,813
Provision of printing services	86,045	116,913
Manufacturing of laminated papers	23,246	26,196
	871,509	951,922

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. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments currently are: (i) printing of cigarette packages, (ii) provision of printing services, 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.

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

5. SEGMENT INFORMATION *(continued)*

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

	Segment revenue Six months ended 30 June		Segment results Six months ended 30 June	
	2014	2013	2014	2013
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue and segment results:				
Printing of cigarette packages	762,218	808,813	266,768	286,811
Provision of printing services	86,045	116,913	(5,509)	8,170
Manufacturing of laminated papers	23,246	26,196	4,954	6,579
	871,509	951,922	266,213	301,560
Unallocated – other income and other gains and losses			4,956	10,261
Unallocated expenses			(89,081)	(71,120)
Finance costs			(26,791)	(57,633)
Share of profit of an associate			86,351	93,331
Profit before taxation			241,648	276,399

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

5. SEGMENT INFORMATION *(continued)*

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, taxation, amortisation of intangible assets, unallocated income, other gains and losses, and other expenses. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

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

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

Segment assets

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Printing of cigarette packages	1,526,985	1,608,147
Provision of printing services	151,317	165,580
Manufacturing of laminated papers	34,326	29,909
Total segment assets	1,712,628	1,803,636
Unallocated property, plant and equipment	4,117	5,076
Prepaid lease payments	87,522	90,906
Goodwill	1,096,530	1,112,181
Intangible assets	347,606	371,327
Interest in an associate	587,794	716,350
Deposits for property, plant and equipment	72,535	49,652
Other receivables, prepayments and deposits	70,214	34,140
Pledged bank deposits	4,638	8,469
Structured deposits	22,464	–
Bank balances and cash	352,486	414,830
Consolidated assets	4,358,534	4,606,567

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

5. SEGMENT INFORMATION *(continued)*

Segment liabilities

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Printing of cigarette packages	193,206	217,211
Provision of printing services	36,689	35,718
Manufacturing of laminated papers	6,127	2,649
Total segment liabilities	236,022	255,578
Other payables and accruals	144,161	162,977
Amounts due to non-controlling interests of subsidiaries	73,922	14,735
Bank borrowings	915,025	1,101,602
Income tax payable	42,288	56,005
Deferred tax liabilities	87,385	101,677
Government grants	30,212	18,656
Consolidated liabilities	1,529,015	1,711,230

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 measures reported to the CODM for the purpose of resource allocation and assessment of segment performance.

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

6. TAXATION

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	286	–
The PRC Enterprise Income Tax (“EIT”)	36,216	41,436
Withholding tax	22,487	28,198
Overprovision of EIT in prior years	(3,746)	(25,330)
Deferred taxation	(12,930)	(15,961)
	42,313	28,343

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits. No provision for Hong Kong Profits Tax had been made for the six months ended 30 June 2013, as the Group’s subsidiaries subject to Hong Kong Profits Tax incurred tax losses for the six months ended 30 June 2013.

The PRC EIT is calculated at the applicable prevailing tax rates from 15% to 25% (2013: 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 EIT rate of 15% for the years from 2012 to 2015.

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 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.

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	8,137	2,039
Other staff costs		
Salaries and other benefits	78,231	66,048
Contributions to retirement benefits schemes	6,654	3,341
	93,022	71,428
Cost of inventories recognised as expenses	576,872	620,728
Release of prepaid lease payments	1,115	537
Amortisation of intangible assets (included in cost of sales)	22,624	22,624
Depreciation of property, plant and equipment	45,935	44,749
Operating lease rentals in respect of rented premises	5,935	6,504
Recognition of impairment on trade receivables	2,485	98
Reversal of write-down on obsolete inventories (included in cost of sales) (Note a)	(163)	–
Research and development costs recognised as an expense (included in other expenses)	1,948	1,053
Share of taxation of an associate	15,774	16,711
and after crediting to other income:		
Interest income	(2,695)	(2,767)
Processing fee income	(844)	(2,168)
Sales of scrap materials	(2,353)	(1,962)
Government grants (Note b)	(209)	(1,721)
and after crediting to other gains and losses:		
Loss on disposal of property, plant and equipment	–	990
Net foreign exchange gain	(661)	(2,200)

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

7. PROFIT FOR THE PERIOD *(continued)*

Notes:

- (a) For the six months ended 30 June 2014, cost of inventories includes reversal of write-down on obsolete inventories of HK\$163,000 which were sold during the period.
- (b) For the six months ended 30 June 2014, government grants were received from the government of the PRC mainly as subsidy on the acquisition of leasehold land in the PRC (as details in note 18).

For the six months ended 30 June 2013, 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 HK9.13 cents per share in respect of the year ended 31 December 2013 was paid (2013: HK23.6 cents per share, which included scrip dividend). The aggregate amount of the final dividend declared and paid in the interim period is as follows:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividends:		
Cash dividend	135,897	129,653
Scrip dividend (Note 19)	–	43,217
	135,897	172,870

The directors do not recommend the payment of an interim dividend during the period ended 30 June 2014.

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

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	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Earnings:		
Earnings for the purpose of basic earnings per share	186,143	220,736

	Number of shares Six months ended 30 June	
	2014 (Unaudited) '000	2013 (Unaudited) '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,488,469	1,465,652

The Company conducted a 2-for-1 stock split and issued scrip dividends effective on 11 June 2013 and 25 June 2013 respectively (as details in Note 19). The weighted average number of shares for the purpose of basic earnings per share for both periods presented are calculated based on the new number of shares and adjusted retrospectively, assuming that the stock split was conducted at the beginning of the fiscal year ended 31 December 2012.

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

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

10. MOVEMENTS IN 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\$11,870,000 (30 June 2013: HK\$4,088,000) for cash proceeds of approximately HK\$11,870,000 (30 June 2013: HK\$3,098,000), resulting in no gain or loss (30 June 2013: a loss on disposal of approximately HK\$990,000) on disposal.

In addition, during the current interim period, the Group paid approximately HK\$35,545,000 (30 June 2013: HK\$49,932,000) for the acquisition of property, plant and equipment to expand its operations which mainly included approximately HK\$33,264,000 (30 June 2013: HK\$46,859,000) in construction in progress.

11. GOODWILL

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
At beginning of the period/year	1,112,181	1,095,551
Exchange difference	(15,651)	16,630
At end of period/year	1,096,530	1,112,181

For the purpose of impairment testing, goodwill has been allocated to cash generating units ("CGUs"), comprising four subsidiaries in printing of cigarette packages segment and one subsidiary in the manufacturing of laminated paper segment. During the period ended 30 June 2014, management of the Group determines that there is no impairment of any of its CGUs containing goodwill.

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

12. INTANGIBLE ASSETS

	Customer relationship (Audited) HK\$'000
<hr/>	
COST	
At 1 January 2013	460,073
Exchange adjustments	1,237
<hr/>	
At 31 December 2013	461,310
Exchange adjustments	(1,097)
<hr/>	
At 30 June 2014	460,213
<hr/>	
AMORTISATION	
At 1 January 2013	44,734
Charge for the year	45,249
<hr/>	
At 31 December 2013	89,983
Charge for the period	22,624
<hr/>	
At 30 June 2014	112,607
<hr/>	
CARRYING VALUES	
At 30 June 2014 (unaudited)	347,606
<hr/>	
At 31 December 2013 (audited)	371,327
<hr/>	

Intangible assets represent customer relationship in Brilliant Circle acquired in a business combination in 2009 and the acquisition of Yang Feng Printing & Packaging Co., Ltd. ("Yangfeng"), a subsidiary of Giant Sino Investments Limited in 2012. Brilliant Circle and Yangfeng have 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.

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

13. INTEREST IN AN ASSOCIATE

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Cost of investment, unlisted	348,757	357,700
Share of post-acquisition profits and other comprehensive income, net of dividends received	239,037	358,650
	587,794	716,350

As at 30 June 2014 and at 31 December 2013, the Group had interests in the following associate:

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

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

13. INTEREST IN AN ASSOCIATE *(continued)*

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 associate is accounted for using the equity method in these condensed consolidated financial statements. The summarised financial information in respect of the Group's associate is set out below:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Current assets	1,428,481	1,478,240
Non-current assets	1,067,850	1,061,072
Current liabilities	(789,041)	(477,923)
Non-current liabilities	(2,440)	(1,873)
Revenue	1,044,589	2,343,124
Profit and total comprehensive income for the period	248,853	697,519
Dividend received from the associate during the period	197,136	190,851

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 the reporting period, which approximated the respective revenue recognition dates.

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
0–90 days	793,841	825,413
91–180 days	35,641	26,906
181–365 days	20,141	2,594
Over 365 days	1,663	1,550
	851,286	856,463

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

15. STRUCTURED DEPOSITS

As at 30 June 2014, the structured deposits consist of financial products of HK\$22,464,000 (31 December 2013: nil) issued by bank in the PRC, with an expected but not guaranteed return of 5.0% to 5.4% per annum, depending on the market price of underlying financial instruments, including listed shares and debentures, payable daily. The structured deposits are designated at FVTPL on initial recognition as they contain non-closely related embedded derivative. The directors consider the fair values of the structured deposits, which are based on the prices provided by the counterparty banks which represented the prices they would pay to redeem the deposits at the end of reporting period, approximate to their carrying values at the same day. The fair value of the embedded derivatives is insignificant.

16. TRADE AND BILLS PAYABLES

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

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
0–30 days	169,877	197,134
31–90 days	52,881	52,591
91–180 days	9,352	5,033
181–365 days	3,105	376
Over 365 days	807	444
	236,022	255,578

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

17. BANK BORROWINGS

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Bank borrowings comprise:		
Secured	744,266	695,736
Unsecured	170,759	405,866
	915,025	1,101,602
Carrying amount repayable:		
Within one year	718,114	717,380
More than one year, but not exceed two years	196,911	284,222
More than two year, but not more than five years	–	100,000
	915,025	1,101,602
Breakdown of the bank borrowings:		
Fixed-rate borrowings	162,242	134,400
Floating-rate borrowings	752,783	967,202
	915,025	1,101,602

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 2014 (Unaudited)	31 December 2013 (Audited)
Fixed-rate borrowings	5.8% to 6.3%	5.8% to 6.0%
Floating-rate borrowings	3.5% to 6.6%	3.4% to 6.6%

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

18. GOVERNMENT GRANTS

During the current interim period, the Group received a government subsidy of HK\$12,534,000 (31 December 2013: HK\$19,200,000) towards the cost of acquisition of leasehold land in the PRC. The amount has been treated as deferred income. The amount is transferred to income in the form of reduced amortisation charges over the operating lease term. This policy has resulted in a credit to income in the current period of HK\$209,000 (31 December 2013: HK\$160,000). As at 30 June 2014, an amount of HK\$30,836,000 (31 December 2013: HK\$19,040,000) remains to be amortised.

19. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 January 2013	1,000,000,000	10,000
Increased by share split (Note a)	1,000,000,000	–
Ordinary shares of HK\$0.005 each		
At 30 June 2013, 1 January 2014 and 30 June 2014	2,000,000,000	10,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 January 2013	732,500,000	7,325
Issued by share split (Note a)	732,500,000	–
Issued pursuant to scrip dividend scheme for 2012 final dividend (Note b)	23,468,634	117
Ordinary shares of HK\$0.005 each		
At 30 June 2013, 1 January 2014 and 30 June 2014	1,488,468,634	7,442

Notes:

- (a) On 11 June 2013, the Company conducted a 2-for-1 stock split. Each then existing issued and unissued ordinary share of HK\$0.01 each of the Company was subdivided into 2 ordinary shares of HK\$0.005 each. Upon the completion of the share subdivision, the authorised share capital of the Company was HK\$10,000,000 comprising 2,000,000,000 ordinary shares of HK\$0.005 each, of which 1,465,000,000 ordinary shares are in issue and fully paid.
- (b) On 25 June 2013, the Company issued and allotted a total of 23,468,634 shares of HK\$1.8415 each in the Company to the shareholders as a part of the 2012 final dividends pursuant to the scrip dividend scheme announced by the Company on 10 June 2013. These shares rank pari passu in all respects with other shares in issue.

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

20. RELATED PARTY DISCLOSURES

(a) Transactions with related company

The Group had the following significant related party transactions during the period with non-controlling interests with significant influence over the subsidiaries:

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Printing of cigarette packages	23,345	42,093
Interest expense	–	7,140

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

(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	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Short-term benefits	10,464	4,641
Contribution to retirement benefits schemes	79	77
	10,543	4,718

21. CAPITAL COMMITMENTS

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

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) 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	85,464	34,380

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2014 HK\$'000	31 December 2013 HK\$'000				
Financial assets						
Structured deposits (classified as financial asset in the statement of financial position)	22,464	-	Level 2	Discounted cash flow. Market price of underlying financial instruments, including listed shares and debentures.	N/A	N/A

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

There is no transfer between Level 1 and Level 2 during both periods.