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

Annual Report 2014

CONTENTS

Corporate information

DIRECTORS

Executive Directors
Mr. Cai Xiao Ming, David *(Chairman)*
Mr. Qin Song *(Chief Executive Officer)*
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
Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited
Australia and New Zealand Banking Group Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation 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
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
Room 3104-5, 31/F,
Universal Trade Centre,
3-5A Arbuthnot Road,
Central,
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 annual results for the year ended 31 December 2014.

BUSINESS REVIEW

For the year ended 31 December 2014, the Company achieved revenue of approximately HK$1,703.4 million with profits attributable to owners amounting to approximately HK$453.7 million and basic earnings per share of approximately HK30 cents. The Board does not recommend any final dividend for the year ended 31 December 2014. During the year, the Group achieved Underlying Profit of approximately HK$507.9 million, a growth of 0.3% over 2013.

Note: Underlying profit ("Underlying Profit") is calculated as profit for the year 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.

In 2014, China's gross domestic products growth rate recorded a slowing trend while global economy was still struggling to get on track. Price pressure brought by mandatory tendering system continued to pose challenges to cigarette package printing business in China.

Cigarette Package Printing

The cigarette package printing segment, the core business of the Group, showed a slight increase in sales volume while revenue exhibited a decline in 2014. The Chinese government is upgrading the products mix of tobacco industry by encouraging the growth of top tier products at the expense of mid-to-low tier products. Such process was particularly hastened in the second half of 2014. The mid-to-low tier business which remained significant to Group's sales revenue, was dampened during the year. In response, the Group has speeded up upgrading its factories towards high tier products. The year 2014 was marked by the Group's extensive infrastructure improvement which might have inevitably affected production during relocation of various production facilities within our 3 technology parks and relocation of one of our factories in remote areas. Such exercise will prove to yield long term benefit in rationalizing our factory layout and production to keep pace with new expansion and promoting economies of scale in future. In addition, the Group has almost doubled its subcontracting business during 2015 which is of higher profit margin for the mid-to-low tier brands despite the lower average price. The gross profit of this segment had been maintained stable despite the price pressure brought by mandatory tendering system. Stern cost cutting and process improvement measures including unifying purchasing function of various factories, merging of outlying production facilities into bigger plants, automation to counter rising wages had contributed to further drive the production costs down.

With its abundant financial resources and confidence on cigarette package printing business, the Group turned the challenge into an opportunity to acquire exiting non-controlling interest in a subsidiary at favorable terms. Such acquisition enables the Group to take full control in operating and managing such subsidiary and further strengthen the strategic relationship with the customers of such subsidiary.

Provision of Printing Services

In view of the low profit contribution with limited strategic value, the printing services segment was disposed on 12 January 2015. Such disposal has no significant impact on the financial position to the Group. The results of this segment are disclosed as discontinued operations in note 13 to the consolidated financial statements.

Manufacturing of Laminated Papers

The segment profit of laminated paper manufacturing has dropped by 6.3% mainly because of lower profit margin from new orders.

Fund Raising Activities

The Company had no significant funding activities during the year.

PROSPECTS

At the opening of National People's Congress held on 5 March 2015, Chinese Premier Li Keqiang unveiled the country's economic growth forecast to be about 7% for 2015. Dubbing a "new normal" of slower growth, the Chinese authorities signaled that they would not take dramatic action to raise growth rate above last year's level, which at 7.4% was its lowest level in nearly a quarter-century.

The tobacco industry consolidation, intensifying tendering system and market restructure emphasising quality over quantity are expected to remain in play in 2015. In order to strengthen our market position as one of the leading cigarette packages printing companies in the PRC in view of the challenging business environment ahead, we have successfully acquired remaining equity stakes in YangFeng Printing & Packaging Co., Ltd. as a step to further foster our strategic relationship with its major customers, to generate cost saving synergies through sharing of resources and to utilise the research and development capacity more efficiently. The recent disposal of our provision of printing business has shown our commitment to focus and deploy more time and resources to concentrate our core cigarette packages business. The Group, with its infrastructure improvement projects due to be completed in 2015, will be well poised to profit from the promising top-tier markets. The business of exotic cigarette package printing such as those for slim cigarette and cigar was successfully launched in 2014 and is expected to become the Group's sales growth driver in future. Equipped with advanced post-press equipment and expertise, the Group will further boost its profitable subcontracting business by providing customers design services.

The Board will continue to look for business opportunities for further mergers and acquisitions, and/or forming alliance and cooperation with strategic partner(s). The Board will make an announcement as and when appropriate in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Cai Xiao Ming, David
Chairman

18 March 2015

Management discussion and analysis

REVENUE

During the year, the revenue of the Group from its continuing operations was approximately HK$1,703.4 million (2013: HK$1,883.0 million), which represents a decrease of approximately HK$179.6 million or 9.5% as compared with 2013. The revenues of our two continuing business segments, namely cigarette package printing business and manufacturing of laminated papers decreased by 10.1% to HK$1,659.1 million and increased by 20.2% to HK$44.3 million respectively.

The China tobacco authorities continued the optimization of its products mix by increasing the volume of top tier products at the expense of mid to low tier products. Mid tier products, being the Group's major product category were adversely affected. In addition, the authorities stepped up its effort on cost control via the mandatory tendering system. Such adversity is somehow compensated by the growth of the Group's subcontracting business of provision of post-press services which lowered the average selling price but with higher profit margin. The sales volumes of cigarette package printing segment increased from approximately 2.2 million cases in 2013 to 2.3 million cases in 2014.

GROSS PROFIT

During the year, gross profit of the Group from its continuing operations decreased by approximately HK$72.0 million or 11.5% to HK$552.9 million as compared with 2013. The gross profit margin has slightly decreased from 33.2% in 2013 to 32.5% in 2014. It was mainly due to inevitable price pressure under intensifying tendering system. In light of the challenging market conditions, the Group has merged two of its production facilities to streamline production and improve productivity. Equipment modifications were made to save labour offsetting the mandatory raise in wages in the PRC. The purchasing of all raw materials was integrated into a single platform to achieve better cost effectiveness and to keep costs of material under tighter control. Through all these measures, the Group was able to mitigate the effect of price pressure on our gross margin.

OTHER INCOME

Other income decreased by HK$4.7 million as compared with 2013. It was mainly due to decrease in government grant by HK$8.1 million and offset by the increase in interest income by HK$1.9 million.

OTHER GAINS AND LOSSES

Other gains and losses represent net foreign exchange gains and gain on disposal of property, plant and equipment. The loss in 2013 was largely attributable to the loss on disposal of property, plant and equipment.

SELLING AND DISTRIBUTION EXPENSES

The selling and distribution expenses decreased approximately by HK$3.1 million or 7.7%. Such decrease is in line with the decrease in revenue.

ADMINISTRATIVE EXPENSES AND OTHER EXPENSES

During the year, administrative expenses and other expenses amounted to HK$119.4 million, which represent a decrease of approximately HK$22.4 million or 15.8% when compared with 2013. It was mainly due to decrease in directors' and chief executive's emoluments by HK$17.6 million, decrease in entertainment expenses by approximately HK$19.2 million brought by the Group's austerity program. These effects were partially offset by increase in provision for bad debts by HK$2.5 million, increase in marketing expenses by HK$7.4 million and miscellaneous expenses by HK$4.5 million.

FINANCE COSTS

Finance costs decreased by approximately HK$44.3 million. It was because the promissory note and interest bearing amount due to non-controlling interests of subsidiaries have been fully settled in 2013 and no interests (2013: HK$29.5 million and HK$9.4 million respectively) were therefore incurred during the year. In addition, the interests paid for the syndicated loans were decreased by approximately HK$7.0 million.

SHARE OF PROFIT OF AN ASSOCIATE

Share of profit of an associate increased by approximately HK$2.6 million to HK$214.9 million during the year. Revenue of Changde Goldroc Rotogravure Printing Co., Limited increased from HK$2,343.1 million in 2013 to HK$2,494.4 million in 2014 and the sales volume increased from 1.7 million cases in 2013 to 1.9 million cases in 2014.

TAXATION

Taxation increased by HK$14.9 million mainly because of one off effect brought by successful application of preferential tax treatment by one subsidiary in 2013 where tax overpaid for pre-2013 years had been refunded in 2013.

PROFIT FROM DISCONTINUED OPERATIONS

Profit from discontinued operation decreased by 48.8% from HK$2.8 million in 2013 to HK$1.4 million in 2014. It is mainly attributable to further drop in sales revenue by 24.1% from HK$209.7 million in 2013 to HK$159.1 million in 2014 and drop in gross profit margin from 14.2% in 2013 to 9.3% in 2014 due to deterioration of overseas printing market.

PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to the owners of the Company was HK$453.7 million, a decrease of HK$0.6 million as compared with 2013, which is mainly attributable to the decrease in turnover and gross profit.

SEGMENT INFORMATION

On 22 December 2014, the Company announced to dispose the Group's provision of printing of book business, and such business was regarded as discontinued operations in the year under view.

During the year, the earnings from the printing of cigarette packages and manufacturing of laminated papers were approximately HK$552.7 million (2013: HK$621.0 million) and HK$8.7 million (2013: HK$9.3 million) respectively. Earnings from the printing of cigarette packages accounted for approximately 98.5% of the total segment earnings before unallocated items. The earnings from the printing of cigarette packages, manufacturing of laminated papers were decreased by approximately 11.0% and 6.3% respectively.

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated resources and banking facilities. As at 31 December 2014, the Group had net current assets of HK$269.7 million (2013: HK$316.3 million), while the Group's cash and cash equivalents amounted to HK$379.0 million (2013: HK$414.8 million). As at 31 December 2014, the short-term interest-bearing bank borrowings of the Group amounted to HK$740.7 million (2013: HK$717.4 million). Carrying amounts of trade receivables, property, plant and equipment, prepaid lease payments and bank deposits pledged for securing these credit facilities amounted to approximately HK$409.5 million (2013: HK$13.4 million), HK$38.6 million (2013: HK$165.4 million), HK$5.2

million (2013: Nil) and HK$85.8 million (2013: HK$8.5 million) respectively. As at 31 December 2014, the Group's gearing ratio, represented by the amount of interest-bearing borrowings divided by shareholders equity was 27.6% (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 year. For the year ended 31 December 2014, capital commitments of the Group for purchase of property, plant and equipment amounted to HK$10.0 million (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 31 December 2014.

MATERIAL ACQUISITION AND DISPOSAL

On 13 November 2014, the Company entered into agreement with Prime Prestige Limited for the acquisition of the entire issued share capital of Emperor Great Investments Limited at a cash consideration of HK$82.4 million. Through such acquisition, the Company would acquire the remaining 40% equity interest in YangFeng Printing & Packaging Co., Ltd. Such acquisition was completed in December 2014. Details of such acquisition were set out in the announcement and the circular of the Company dated 13 November 2014 and 12 December 2014 respectively.

On 22 December 2014, CT Management Investments Limited, a direct wholly-owned subsidiary of the Company entered into agreement with Sino Year Limited for the disposal of the entire issued share capital of CT Printing Limited at a cash consideration of HK$109,000,000. Such disposal was completed in January 2015. Details of such disposal were set out in the announcement of the Company dated 22 December 2014.

Save as disclosed above, there was no other material acquisition or disposal made by the Group during the year.

CAPITAL STRUCTURE

As at 31 December 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 and Hong Kong dollars, while its costs and expenses are mainly denominated in 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 31 December 2014, the Group had 14 (2013: 21) and 1,616 (2013: 2,230) 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.

Profile of directors and senior management

BOARD OF DIRECTORS

Executive Directors

Mr. CAI Xiao Ming, David (蔡曉明), aged 37, was appointed as an Executive Director on 18 December 2008. He was appointed as a Chief Executive Officer on 3 May 2011 and is responsible for the overall management of the Group. He was re-designated as the Chairman of the Board with effect from 31 October 2014. Mr. David Cai is currently a director of most subsidiaries of the Company. Mr. David Cai has more than 10 years of experience in the packaging and printing industry gained from the management of the Group's business. Mr. David Cai joined the Group in January 2001.

Mr. QIN Song (欽松), aged 42, is the Chief Operating Officer and a member of the Nomination Committee of the Company. Mr. Qin joined the Group in May 2002, and worked, among other positions, as the Office Administrator of the Group and General Manager of various subsidiaries of the Company. Since September 2005, Mr. Qin serves as the Deputy Director of the market committee of the Company and since February 2006, a Vice President of the Company. From May 2010 to October 2011, he also served as the General Manager of Bengbu Jinhuangshan Rotogravure Printing Company Limited in addition to his then existing duties. Mr. Qin holds a Bachelor's degree in Economics and Management Administration. He was re-designated as a Chief Executive Officer with effect from 31 October 2014.

Mr. KIONG Chung Yin, Yttox (姜仲賢), aged 48, was appointed as an Executive Director on 18 December 2008. He is responsible for the marketing of the Group. Mr. Kiong is a member of the Remuneration Committee of the Group and was appointed as a manager of a subsidiary within the Group on 1 January 2015. Mr. Kiong has more than 21 years of experience in sales and customer service of various industries including banking, electronics and machinery trading, of which over 17 years is related to the printing industry. Before joining the Group in January 2001, Mr. Kiong was a sales manager in a printing company. Mr. Kiong received his Master of Business Administration in General Management from University of Exeter, the United Kingdom in 1992, and Professional Diploma in Business Studies (Banking) from Hong Kong Polytechnic University in 1988.

Non-Executive Director

Mr. Sean Xing HE (何欣), aged 50, was appointed as a Non-Executive Director with effect from 14 April 2011. Mr. He is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He has over 12 years experience in investment management. Mr. He is the Head of Ares Asia and sits on the Investment Committee of the Fund. Mr. He joined Ares Management (Cayman), Ltd. in March 2010 from The Carlyle Group,where he had been a Managing Director, Global Partner and the Head of China Growth Capital since 2000. Ares Management (Cayman), Ltd. is the General Partner of ACOF Asia Management, L.P. which is the General Partner of Ares BCH Holdings, L.P., a substantial Shareholder. He is a Director of Ares Management (Cayman), Ltd. and was a Director of Honghua Group Limited, a company listed on the Main Board of the Stock Exchange, from 18 January 2008 to 14 April 2010. Mr. He graduated from Zhejiang University in 1985, with a Bachelor's degree in Structural Engineering, and in 1991 he received a Master's degree in Engineering from Carleton University (Canada). In 1994, he earned a Master of Business Administration degree from the Schulich School of Business, York University (Canada). In 1997, Mr. He qualified as an American Chartered Financial Analyst (CFA).

Independent Non-Executive Directors

Mr. LAM Ying Hung, Andy (林英鴻), aged 51, was appointed as an Independent Non-Executive Director on 4 March 2009. Mr. Lam is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr. Lam has over 24 years of experience in accounting, banking and finance sectors. Mr. Lam is the Managing Consultant of Lontreprise Consulting Limited. Mr. Lam is an associate member of various professional organisations, namely The Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Company Secretaries and The Hong Kong Institute of Bankers. Mr. Lam is also a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants ("HKICPA"). Mr. Lam is currently an Independent Non-Executive Director of Xingfa Aluminium Holdings Limited and Synertone Communication Corporation, both are companies listed on the Main Board of the Stock Exchange. Mr. Lam has resigned as an independent non-executive director of Gamma Logistics Corporation from 12 June 2014, a company listed on the Growth Enterprise Market ("GEM") of the Stock Exchange. Mr. Lam received his Master of Professional Accounting and Master of Science in E-commerce for Executives both from The Hong Kong Polytechnic University.

Mr. LUI Tin Nang (呂天能), aged 57, was appointed as an Independent Non-Executive Director on 4 March 2009. Mr. Lui is the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Lui has a Bachelor degree in Science from the University of Leeds, a Master Degree in Business Administration from the University of Bradford in United Kingdom and a Postgraduate Diploma in insolvency from HKICPA. He is a fellow member of the HKICPA (Practicing), the Institute of Chartered Accountants in England & Wales, the Taxation Institute of Hong Kong, and The Society of Chinese Accountants and Auditors. He is also a member of the Chartered Institute of Management Accountant, Institute of Certified Public Accountants in Australia and the Certified Tax Adviser. He has years of experience in accounting, auditing, taxation, corporate finance and business advisory. Mr. Lui is also an Independent Non-Executive Director of China Bio-Med Regeneration Technology Ltd and Noble House (China) Holdings Limited, both are companies listed on the GEM of the Stock Exchange.

Mr. SIU Man Ho, Simon (蕭文豪), aged 41, is a practising solicitor of the High Court of Hong Kong. He obtained a Bachelor of Laws degree from the University of Hong Kong in 1996 and is a partner of a law firm, namely Sit, Fung, Kwong & Shum. Mr. Siu is also a China Appointed Attesting Officer appointed by the Ministry of Justice of the PRC. His areas of practice include corporate finance, capital markets, securities, mergers and acquisitions, joint ventures and general commercial matters. Mr. Siu is also an independent non-executive director of Wai Yuen Tong Medicine Holdings Limited, a company listed on the Main Board of the Stock Exchange. He also actively participates in charitable and social services in Hong Kong. He was previously appointed as the director of Hong Kong Pok Oi Hospital and the member of the Committee of the Chinese People's Political Consultative Conference in Nanning City of GuangXi Province, the PRC. He is currently acting as the legal adviser for United Hearts Youth Foundation, VQ Foundation and Hong Kong Taekwondo Association as well as the school manager of The Association of Directors and Former Director of Pok Oi Hospital Ltd. Leung Sing Tak College. Mr. Siu is the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee of the Company.

SENIOR MANAGEMENT

Mr. ZHANG Yong Ping (張永平), aged 58, is the Vice President of the Group responsible for technological development of production machinery. He holds a university degree majoring in Automation. He joined the Group in May 1996. He served as the Vice General Manager of Changde Goldroc Rotogravure Printing Co., Ltd. ("CD Goldroc") and standing Vice General Manager of Bengbu Jinhuangshan Rotogravure Printing Co., Ltd. ("BB Jinhuangshan"). Between March 2002 and April 2003, he served as standing Vice General Manager of the Group. Between April 2003 and October 2010, he served as Vice General Manager of CD Goldroc. Between November 2010 and October 2011, he served as standing Vice General Manager of BB Jinhuangshan. From November 2011 to April 2012, he had served as the General Manager of BB Jinhuangshan.

Mr. JIANG Xiang Yu (蔣祥瑜), aged 59, is the General Manager of BB Jinhuangshan. He joined the Group in 1999 and has over 14 years of experience in the cigarette package industry.

Mr. ZHENG Chao (鄭超), aged 52, is the General Manager of Zhaotong Antong Package Material Co., Ltd., a subsidiary of the Company. He joined the Group in 1999 and has over 14 years of experience in laminated paper manufacturing industry. Mr. Zheng holds a college degree.

Mr. CHUNG Tat Hung (鍾達鴻), aged 47, is the Chief Financial Officer and Company Secretary of the Group. Mr. Chung had worked in various companies as finance manager and accounting manager, and was previously an accountant of an international accounting firm. Mr. Chung joined the Group in October 2003. He served as the Finance Manager of the Group. He left the Group in February 2013 and rejoined in March 2014. Mr. Chung is a fellow member of HKICPA and a certified practicing accountant of Australian Society of Certified Practicing Accountants. Mr. Chung received his Master of Business Administration jointly offered by the University of Sydney and the University of New South Wales in Australia in 2002 and Bachelor of Commerce from the Australian National University in 1991.

Report of the directors

The Directors are pleased to submit their report together with the audited financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries of the Company are set out in note 45 to the consolidated financial statements.

ANALYSIS OF OPERATIONS

Details of an analysis of the Group's turnover and contribution to operating profit for the year by business segments and geographical segments are set out in note 8 to the consolidated financial statements.

RESULTS AND DIVIDEND

The results of the Group are set out in the consolidated statement of profit or loss and other comprehensive income on page 29. The Board did not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: HK9.13 cents).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting (the "2015 AGM") of the Company, the register of members of the Company will be closed from 4 June 2015 to 5 June 2015 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2015 AGM, all transfer of shares of the Company accompanied by the relevant share certificate(s) and appropriate transfer form(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 3 June 2015.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales to the Group's five largest customers accounted for approximately 72.6% of the Group's turnover and sales to the Group's largest customer was approximately 41.6% of the Group's total revenue. During the year, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 65.1% of the Group's total purchases, and the purchases attributable to the Group's largest supplier was approximately 26.5% of the Group's total purchases.

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had interests in the Group's five largest customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Group are set out in note 20 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 37 to the consolidated financial statements.

RESERVES

At 31 December 2014, the Company's reserves available for distribution amounted to approximately HK$3.0 billion. Under the Companies Law of the Cayman Islands, the share premium of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be distributed, the Company shall be able to pay its debts as they fall due in the ordinary course of business. Details of the movements in reserves of the Group and the Company are set out in the consolidated statement of changes in equity.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's shares.

FINANCIAL SUMMARY

A summary of the consolidated results of the Group for the last five financial years and of its consolidated assets and liabilities as at the end of the last five financial years is set out on page 106.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

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, being the date of listing of the shares of the Company 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 five trading days immediately preceding the date of grant; 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.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSIDIARIES

Details of the Company's subsidiaries as at the date of this report are set out in note 45 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEME

The Group operates provident fund scheme as defined in the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the laws of Hong Kong (the "MPF Scheme"). The MPF Scheme was a defined contribution scheme and the assets of the MPF Scheme were managed by a trustee.

The MPF Scheme is available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions were made by the Group at 5% based on the staff's relevant income. The maximum relevant income for contribution purpose is HK$30,000 per month. Staff members were entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefits were required by law to be preserved until the retirement age of 65.

The employees of the Company's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme are to meet the required contributions under the scheme.

The Group's cost for the schemes charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014 amounted to approximately HK$12,384,000 (2013: HK$6,385,000).

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Tsoi Tak *(resigned as Chairman and executive Director with effect from 31 October 2014)*
Mr. Cai Xiao Ming, David *(re-designated as Chairman with effect from 31 October 2014)*
Mr. Qin Song *(re-designated as Chief Executive Officer with effect from 31 October 2014)*
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

According to article 84(1) of the Articles of Association of the Company, one-third of the Directors for the time being shall retire from office by rotation at the annual general meeting of the Company but shall then be eligible for re-election.

Details of the Directors subject to rotation and re-election are contained in the circular despatched together with this annual report.

In compliance with Rule 3.10(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Board currently comprises three Independent Non-Executive Directors, representing more than one-third of the Board. Pursuant to paragraph 12B of Appendix 16 of the Listing Rules, each of the Independent Non-Executive Directors has confirmed by annual confirmation that he has complied with the independence criteria set out in Rule 3.13 of the Listing Rules. The Company considers that all three Independent Non-Executive Directors are independent under these independence criteria and are capable to effectively exercise independent judgement.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 8 to 10.

DIRECTORS' SERVICE CONTRACTS

Mr. Kiong Chung Yin, Yttox has entered into a service agreement with the Company for an initial term of three years commencing from 30 March 2009, and will continue thereafter until terminated by not less than three months' notice in writing served by either party. Each of Mr. David Cai and Mr. Qin Song has entered into a service agreement with the Company for a term of three years commencing from 30 March 2012 and will continue thereafter until terminated by not less than three months' notice in writing served by either party. Mr. Sean Xing He has renewed his appointment for a fixed term of three years commencing from 14 April 2014. Each of Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon has renewed their appointment for a fixed term of three years commencing from 30 March 2015.

Save as aforesaid, none of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Details of the related party transactions entered into during the year were disclosed in note 44 to the consolidated financial statements. Save as those disclosed under the paragraph headed "Continuing Connected Transactions" below, these related party transactions either did not constitute connected transactions under the Listing Rules or were exempted connected transactions under the Listing Rules. Save as the transactions aforementioned, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or the controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, and there were no contract of significance for the provision of services to the Group by the controlling shareholder of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

MANAGEMENT CONTRACTS

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

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

As at 31 December 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. Cai Xiao Ming, David	Interest of controlled corporation (note 1)	851,456,892	Long	57.2%
Mr. Qin Song	Beneficial owner	321,062	Long	0.0%

Note:

1. 274,325,278 shares are held by Profitcharm Limited and 577,131,614 shares are held by Sinorise International Limited, the entire issued share capitals of them are wholly and beneficially owned by Mr. Cai Xiao Ming, David.

(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. Cai Xiao Ming, David	Beneficial owner	Long	200 shares of US$1.00 each	100%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN AND/OR SHORT POSITIONS

So far as is known to the Directors and chief executives of the Company, as at 31 December 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	577,131,614	Long	38.8%
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. Cai Xiao Ming, David.

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.

CONTINUING CONNECTED TRANSACTION

On 20 March 2014, Xiangyang Jinfeihuan Colour Package Co., Ltd. ("Xiangyang Jinfeihuan"), which is a member of the Group, entered into a master sales agreement (the "Master Sales Agreement") with 襄樊捲煙廠 (Xiangfan Cigarette Factory) pursuant to which Xiangyang Jinfeihuan shall sell (or shall procure the Group to sell) and 襄樊捲煙廠 (Xiangfan Cigarette Factory) shall buy (or shall procure its subsidiary(ies), fellow subsidiary(ies) and/or holding company(ies) (together the "Hubei Tobacco Group") to buy) the cigarette packages and related services (the "Package Products") for a term of three years commencing from 1 January 2014. The annual caps of the Package Products to be supplied by the Group to the Hubei Tobacco Group under the Master Sales Agreement for each of the three years ending 31 December 2016 are RMB107 million, RMB131 million and RMB161 million respectively.

Pursuant to the Master Sales Agreement, the selling price of the Package Products shall be agreed upon between the parties and shall be determined based on normal commercial terms through arm's length negotiation or on terms no less favourable than the terms available to independent third parties.

Given that 襄樊捲煙廠 (Xiangfan Cigarette Factory) is a substantial shareholder of Xiangyang Jinfeihuan interested in 20.4% of its share capital, 襄樊捲煙廠 (Xiangfan Cigarette Factory) is a connected person to the Company within the meaning of the Listing Rules and the transactions under the Master Sales Agreement therefore constituted continuing connected transactions on the part of the Company under the Listing Rules. Details of the Master Sales Agreement were set out in the announcement and the circular of the Company dated 20 March 2014 and 15 April 2014 respectively.

The Independent Non-Executive Directors have reviewed the above continuing connected transaction and confirmed that the continuing connected transaction was entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) in accordance with Master Sales Agreement governing it on terms that are fair and reasonable and in the interests of shareholders of the Company as a whole.

In addition, the Company has engaged its auditor to report on the continuing connected transaction of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements. Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued unqualified letter containing the conclusion in respect of the continuing connected transaction set out above which is in compliance with the Rule 14A.56 of the Listing Rules.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on pages 20 to 26.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge, as at the date of this report, there is sufficient public float of 25% of the Company's issued shares as required under the Listing Rules.

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 an another syndicate of lending banks entered into an 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 ex-controlling shareholder, Mr. Tsoi Tak, and the existing controlling 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.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Brilliant Circle Holdings International Limited

Cai Xiao Ming, David
Chairman

Hong Kong, 18 March 2015

Corporate governance report

OVERVIEW

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has adopted the Corporate Governance Code (the "Code") contained in Appendix 14 of the Listing Rules. For the year ended 31 December 2014, 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 Ex-Chairman of the Board), Mr. Cai Xiao Ming (the Chairman of the Board), Mr. Qin Song (the Chief Executive 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.

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 year ended 31 December 2014.

THE BOARD OF DIRECTORS

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of overall business strategies, internal control and risk management systems, and monitoring the performance of the senior management. The management is responsible for the daily operations of the Group under the leadership of Chief Executive Officer. The Directors have the responsibility to act objectively in the interests of the Company.

Currently, the Board comprises seven Directors, including three Executive Directors namely Mr. David Cai, Mr. Qin Song and Mr. Kiong Chung Yin, Yttox, one Non-Executive Director namely Mr. Sean Xing He, and three Independent Non-Executive Directors namely Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon. There is no financial, business, family or other material or relevant relationship among the Directors. The names and biographical details of the Directors are set in the section entitled "Profile of Directors and Senior Management" in this annual report.

In compliance of Rule 3.10(1) of the Listing Rules, the Board currently comprises three Independent Non-Executive Directors representing more than one-third of the Board. Pursuant to paragraph 12B of Appendix 16 of the Listing Rules, each of the Independent Non-Executive Directors has confirmed by annual confirmation that he has complied with the independence criteria set out in Rule 3.13 of the Listing Rules. The Directors consider that all three Independent Non-Executive Directors are independent under these independence criteria and are capable to effectively exercise independent judgement. Amongst the three Independent Non-Executive Directors, both Mr. Lam Ying Hung, Andy and Mr. Lui Tin Nang have the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2) of the Listing Rules.

The Board has delegated various responsibilities to the Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") (collectively, the "Board Committees"). Further details of these committees are set out below.

BOARD MEETINGS

Four Board meetings were held during the year ended 31 December 2014. Ad-hoc meetings will also be convened if necessary to discuss the overall strategy as well as the operation and financial performance of the Group. Notice of Board meeting was sent to all Directors at least 14 days prior to a regular board meeting. Reasonable notices will be given to the Directors for ad-hoc board meetings. Directors may participate either in person or through electronic means of communications.

All relevant materials were sent to all the Directors relating to the matters brought before the meetings. All the Directors have been provided with sufficient resources to discharge their duties, and, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors will have the opportunity to include matters in the agenda for Board meetings. Details of individual attendance of Directors are set out in the table on page 24 of this annual report.

Appointments, Re-election and Removal of Directors

Each of the Executive Directors has entered into a service contract with the Company for a specific term of three years. All of their appointments are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

All of the Independent Non-Executive Directors and the Non-Executive Director were appointed for a term of three years, and are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

Chairman and Chief Executive Officer

Under provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. During the year ended 31 December 2014, Mr. Tsoi Tak was the Chairman and Mr. David Cai was the Chief Executive Officer until 31 October 2014. With effect from 31 October 2014, Mr. David Cai is the Chairman who provides leadership to the Board but he would not be involved in the day-to-day management of the Group's business. Mr. Qin Song, was appointed as the Chief Executive Officer of the Company and his role is to oversee the overall management of the Group.

Training for Directors

The Company continuously updates Directors the latest developments and changes to the Listing Rules and other applicable regulatory requirements and provides training to develop and refresh the Directors' knowledge and skills. With effect from 1 April 2012, the Company provides Directors with monthly updates on the performance, position and prospects of the Company.

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. The Company has prepared a training record in order to assist the Directors to record the training that have undertaken.

The company secretary reports from time to time the latest changes and development of the Listing Rules and other corporate governance requirements with written materials. Individual Director had also attended seminars and/or conferences or workshops or forums relevant to his profession and duties as directors. All Directors have provided the Company with their respective training records in compliance with Code A.6.5 of the CG Code.

Below is a summary of the training the Directors had received during the year:

Name of Directors	Type of trainings
Mr. Tsoi Tak (resigned on 31 October 2014)	B
Mr. Cai Xiao Ming, David	B
Mr. Qin Song	A & B
Mr. Kiong Chung Yin, Yttox	B
Mr. Sean Xing He	B
Mr. Lam Ying Hung, Andy	A & B
Mr. Lui Ting Nang	A & B
Mr. Siu Man Ho, Simon	A & B

A: attending seminars/conferences/workshops/forums

B: reading newspapers, journals and updates relating to the economy, environmental protection business or director's duties and responsibilities etc.

Remuneration of Directors and Senior Management

The remuneration of the members of the senior management by band for the year ended 31 December 2014 is set out below:

Remuneration bands	Number of persons
Up to HK$1,000,000	11
HK$1,000,001 to HK$2,000,000	1
Above HK$2,000,0001	1

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 16 and 17 to the financial statements, respectively.

COMPANY SECRETARY

During the year ended 31 March 2014, Mr. Chung Tat Hung ("Mr. Chung") was the company secretary.

The company secretary of the Company reports to the Chairman of the Board and the Chief Executive Officer. He is responsible for advising the Board on governance matters. For the year ended 31 December 2014, the company secretary has taken not less than 15 hours of relevant professional training. Mr. Chung has attained not less than 15 hours of relevant professional training during the year ended 31 December 2014.

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 4 March 2009 in compliance with Rules 3.21 to 3.23 and Appendix 14 of the Listing Rules. The Audit Committee consisted of the three Independent Non-Executive Directors and one Non-Executive Director and Mr. Lui Tin Nang is the chairman of the Audit Committee. The primary duties of the Audit Committee are, among other matters, to review and monitor the financial reporting process and internal control of the Group, and to report to the Board on matters relating to the corporate governance as stated in the Code. During the year ended 31 December 2014, the Audit Committee held two meetings and has reviewed the Company's financial statements and the Group's combined financial statements for the year ended 31 December 2014 and for the six months ended 30 June 2014, including the accounting principles and practices adopted by the Company and the Group. The Board has not taken a different view from that of the Audit Committee regarding the selections, appointment, resignation or dismissal of the external auditors.

The terms of reference of the Audit Committee are disclosed on the websites of the Company and the Stock Exchange.

Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of the Directors passed on 4 March 2009. The Remuneration Committee consisted of five members (including the three Independent Non-Executive Directors, one Non-Executive Director and Mr. Kiong Chung Yin, Yttox, an Executive Director) and Mr. Lam Ying Hung, Andy was the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are, among other matters, to make recommendations to the Board on the remuneration of Executive Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

The terms of reference of the Remuneration Committee are disclosed on the websites of the Company and the Stock Exchange.

During the year, the Remuneration Committee held two meetings and reviewed the remuneration policy, assessed performance of Executive Directors and approved the remuneration packages of the Directors and senior management.

Nomination Committee

The Company established a Nomination Committee pursuant to a resolution of the Directors passed on 4 March 2009. The Nomination Committee consisted of five members (including the three Independent Non-Executive Directors, one Non-Executive Director and Mr. Qin Song, an Executive Director) and Mr. Siu Man Ho, Simon is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are, among other matters, to review the structure, size and composition of the Board on a regular basis and to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors. According to the board diversity policy adopted by the Nomination Committee, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service etc. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service etc. The final decision will be based on merit and contribution that the selected candidates will bring to the Board.

The terms of reference of the Nomination Committee are disclosed on the websites of the Company and the Stock Exchange.

During the year, the Nomination Committee held two meetings and discussed and reviewed review the structure, size and composition of the Board.

Attendance of meetings

The attendance of each Director at Board meetings, Board Committees meetings and general meeting during the year ended 31 December 2014 was as follows:

	Attendance out of number of meetings				
Name of director	**Board**	**Remuneration Committee**	**Nomination Committee**	**Audit Committee**	**Annual general meeting (Note 1)**
Chairman & Non-Executive Director					
Executive Directors					
Tsoi Tak *(Ex-Chairman)*	3/4	–	–	–	0/1
Cai Xiao Ming, David *(Chairman)*	3/4	–	–	–	0/1
Kiong Chung Yin, Yttox	4/4	2/2	–	–	1/1
Qin Song	3/4	–	–	–	0/1
Non-Executive Director					
Sean Xing He	3/4	1/2	1/2	1/2	0/1
Independent Non-Executive Directors					
Lam Ying Hung, Andy	3/4	2/2	2/2	2/2	1/1
Lui Tin Nang	3/4	2/2	2/2	2/2	1/1
Siu Man Ho, Simon	3/4	2/2	2/2	2/2	0/1

Note:

1. The annual general meeting was held on 3 June 2014.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial Reporting

The Board is responsible for the preparation of the financial statements of the Company and the Group. In the preparation of financial statements, Hong Kong Financial Reporting Standards have been adopted and the appropriate accounting policies and statutory requirements have been consistently complied with. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner.

External Auditors

During the year ended 31 December 2014, the fee paid/payable to the external auditors of the Company amounted to approximately HK$4.6 million, all for statutory audit services.

Internal controls

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed to ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, ensure compliance of applicable laws, rules and regulations.

After the reviewing the Group's internal control system, the Board considers that the internal control system is effective and adequate for the Group as a whole. The Board further considers that (i) there was no issue relating to the material controls, including financial, operational and compliance controls and risk management functions, of the Group; and (ii) that there were adequate staff with appropriate qualifications and experience, resources and budget of its accounting and financial reporting function, and adequate training programmes have been provided for the year ended 31 December 2014.

Directors' responsibility on the consolidated financial statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2014, which were prepared in accordance with applicable accounting standards. The reporting responsibilities of the external auditor of the Company on the consolidated financial statements of the Company are set out in the independent auditor's report on pages 27 to 28.

GOING CONCERN

There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

CONSTITUTIONAL DOCUMENTS

During the year, there was no change in the Company's constitutional documents.

COMMUNICATION WITH SHAREHOLDERS

The Company aims to maintain regular, effective and fair communication with shareholders and is committed to conveying important and relevant information to shareholders on a timely basis. In compliance with the Listing Rules, at least 20 clear business days' notice will be given to the shareholders for annual general meeting and at least 10 clear business days' notice will be given for all other meetings. All general meetings of the Company have been conducted by way of poll and detailed procedures for conducting a poll were explained at the commencement of the meeting. Results on all general meetings will be published by way of an announcement immediately following the relevant general meeting.

SHAREHOLDERS' RIGHTS

In accordance with the Article 58 of the Articles of Association of the Company, one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

If a shareholder wishes to nominate a person to be elected as a Director, the following documents must be validly served to the Company at the Company's principal place of business in Hong Kong at Room 3104-5, 31/F, Universal Trade Centre, 3-5A Arbuthnot Road, Central, Hong Kong: (i) his/her notice of intention to propose a resolution at the general meeting; and (ii) a notice executed by the nominated candidate of his/her willingness to be appointed together with his/her information as required to be disclosed under Rule 13.51(2) of the Listing Rules, within the period commencing on the day after the dispatch of the notice of the general meeting appointed for such election and ending on the date falling seven days after the dispatch of the said notice of the general meeting.

Any Shareholder may direct their enquires and proposal either by mail to the Board at the Company's principal place of business in Hong Kong at Room 3104-5, 31/F, Universal Trade Centre, 3-5A Arbuthnot Road, Central, Hong Kong, by fax at (852) 3915 7800 or by email at enquiry@brilliantcircle.com.

Shareholders should direct any questions about their shareholdings to the Company's Hong Kong branch share registrar: Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Deloitte.
德勤

TO THE MEMBERS OF BRILLIANT CIRCLE HOLDINGS INTERNATIONAL LIMITED
貴聯控股國際有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Brilliant Circle Holdings International Limited 貴聯控股國際有限公司 (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 105, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

18 March 2015

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000 (Restated)
Continuing operations			
Revenue	7	**1,703,423**	1,882,954
Cost of sales		**(1,150,483)**	(1,258,030)
Gross profit		**552,940**	624,924
Other income	9	**19,504**	24,199
Other gains and losses	10	**642**	(1,063)
Selling and distribution expenses		**(36,820)**	(39,904)
Administrative expenses		**(114,490)**	(136,228)
Other expenses		**(4,955)**	(5,600)
Finance costs	11	**(46,083)**	(90,390)
Share of profit of an associate	25	**214,906**	212,342
Profit before taxation		**585,644**	588,280
Taxation	12	**(104,023)**	(89,084)
Profit for the year from continuing operations	15	**481,621**	499,196
Discontinued operations			
Profit for the year from discontinued operations	13	**1,411**	2,756
Profit for the year		**483,032**	501,952
Other comprehensive (expense) income:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(71,351)**	68,223
Total comprehensive income for the year		**411,681**	570,175
Profit for the year attributable to:			
Owners of the Company		**453,711**	454,345
Non-controlling interests		**29,321**	47,607
		483,032	501,952
Total comprehensive income attributable to:			
Owners of the Company		**386,229**	519,493
Non-controlling interests		**25,452**	50,682
		411,681	570,175
		HK$	HK$ (Restated)
Earnings per share	18		
From continuing and discontinued operations			
Basic		**0.30**	0.31
From continuing operations			
Basic		**0.30**	0.31

Consolidated statement of financial position

At 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current Assets			
Property, plant and equipment	20	**688,597**	745,409
Prepaid lease payments	21	**84,184**	88,629
Investment properties	22	**65,648**	–
Goodwill	23	**1,096,481**	1,112,181
Intangible assets	24	**324,977**	371,327
Interest in an associate	25	**715,766**	716,350
Deposits for property, plant and equipment		**6,149**	49,652
		2,981,802	3,083,548
Current Assets			
Inventories	26	**119,832**	206,840
Prepaid lease payments	21	**2,220**	2,277
Trade and bills receivables	27	**740,662**	856,463
Other receivables, prepayments and deposits	28	**33,860**	34,140
Pledged bank deposits	29	**85,750**	8,469
Bank balances and cash	29	**378,985**	414,830
		1,361,309	1,523,019
Assets classified as held for sale	14	**140,050**	–
		1,501,359	1,523,019
Current Liabilities			
Trade and bills payables	30	**191,339**	255,578
Other payables and accruals	31	**208,169**	162,977
Amounts due to non-controlling interests	32	**24,741**	14,735
Bank borrowings	33	**740,662**	717,380
Income tax payable		**62,057**	56,005
		1,226,968	1,206,675
Liabilities directly associated with assets classified as held for sale	14	**4,694**	–
		1,231,662	1,206,675
Net Current Assets		**269,697**	316,344
Total Assets less Current Liabilities		**3,251,499**	3,399,892

Consolidated statement of financial position

At 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current Liabilities			
Government grants	35	**36,314**	18,656
Bank borrowings	33	**95,400**	384,222
Deferred tax liabilities	36	**92,266**	101,677
		223,980	504,555
Net assets		**3,027,519**	2,895,337
Capital and Reserves			
Share capital	37	**7,442**	7,442
Share premium and reserves		**2,961,426**	2,629,871
Equity attributable to owners of the Company		**2,968,868**	2,637,313
Non-controlling interests		**58,651**	258,024
Total Equity		**3,027,519**	2,895,337

The consolidated financial statements on pages 29 to 105 were approved and authorised for issue by the Board of Directors on 18 March 2015 and are signed on its behalf by:

Cai Xiao Ming, David
DIRECTOR

Qin Song
DIRECTOR

Consolidated statement of changes in equity

For the year ended 31 December 2014

	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	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'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 year	–	–	–	–	–	–	454,345	454,345	47,607	501,952
Other comprehensive income for the year	–	–	–	–	–	65,148	–	65,148	3,075	68,223
Total comprehensive income for the year	–	–	–	–	–	65,148	454,345	519,493	50,682	570,175
Share issued as scrip dividend (Note 19)	117	43,100	–	–	(43,217)	–	–	–	–	–
Final dividend paid for 2012 (Note 19)	–	–	–	–	(129,653)	–	–	(129,653)	(27,441)	(157,094)
Final dividend for 2013 proposed	–	–	–	–	135,897	–	(135,897)	–	–	–
Transfer	–	–	30,706	–	–	–	(30,706)	–	–	–
At 31 December 2013	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 year	–	–	–	–	–	–	453,711	453,711	29,321	483,032
Other comprehensive expense for the year	–	–	–	–	–	(67,482)	–	(67,482)	(3,869)	(71,351)
Total comprehensive (expense) income for the year	–	–	–	–	–	(67,482)	453,711	386,229	25,452	411,681
Acquisitions of subsidiaries (Note 38)	–	–	–	81,223	–	–	–	81,223	(163,623)	(82,400)
Final dividend paid for 2013 (Note 19)	–	–	–	–	(135,897)	–	–	(135,897)	(61,202)	(197,099)
Transfer	–	–	12,842	16,223	–	–	(29,065)	–	–	–
At 31 December 2014	7,442	4,805,003	120,450	(2,904,453)	–	163,275	777,151	2,968,868	58,651	3,027,519

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; (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 and (iv) an amount of HK$81,223,000 resulting from the acquisition of additional equity interests in Giant Sino Investments Limited, a non-wholly owned subsidiary of the Company.

Consolidated statement of cash flows

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**586,304**	592,562
Adjustments for:		
Share of profit of an associate	**(214,906)**	(212,342)
Finance costs	**46,419**	90,792
Depreciation of property, plant and equipment	**92,151**	89,802
Release of prepaid lease payments	**2,234**	1,567
Depreciation of investment properties	**3,287**	–
Amortisation of intangible assets	**45,249**	45,249
Interest income	**(7,484)**	(5,659)
Government grants for acquisition of property, plant and equipment	**(377)**	(160)
Gain on disposal of property, plant and equipment	**(173)**	(1,353)
Recognition (reversal) of write-down on obsolete inventories	**405**	(4,570)
Recognition of impairment on trade receivables	**2,466**	1,088
Operating cash flows before movements in working capital	**555,575**	596,976
Decrease in inventories	**78,043**	4,019
Decrease (increase) in trade and bills receivables	**67,240**	(4,702)
(Increase) decrease in other receivables, prepayments and deposits	**(2,290)**	1,991
Decrease in trade and bills payables	**(62,008)**	(131,373)
(Decrease) increase in other payables and accruals	**(36,868)**	32,785
Cash generated from operations	**599,692**	499,696
Income taxes paid	**(107,176)**	(100,339)
Interest paid	**(45,040)**	(64,989)
NET CASH FROM OPERATING ACTIVITIES	**447,476**	334,368

Consolidated statement of cash flows

For the year ended 31 December 2014

	NOTE	2014 HK$'000	2013 HK$'000
INVESTING ACTIVITIES			
Interest received		**7,484**	5,659
Deposit paid for and purchases of property, plant and equipment		**(143,620)**	(101,279)
Acquisition of leasehold land		**–**	(58,398)
Dividend received from an associate		**197,137**	190,851
Proceeds from disposal of property, plant and equipment		**19,682**	8,138
Withdrawal of pledged bank deposits		**5,526**	1,105
Placement of pledged bank deposits		**(83,523)**	(3,539)
Government grants received for acquisition of property, plant and equipment		**18,840**	19,200
Acquisitions of subsidiaries	38	**1,797**	–
NET CASH FROM INVESTING ACTIVITIES		**23,323**	61,737
FINANCING ACTIVITIES			
New bank loans raised, net of transaction cost of HK$1,118,000 (2013: HK$9,267,000)		**476,246**	976,746
Repayment of bank borrowings		**(742,145)**	(618,977)
Repayment of promissory note		**–**	(190,400)
Repayment to non-controlling interests of subsidiaries		**–**	(456,978)
Repayment to the Controlling Shareholder		**–**	(113,802)
Repayment of obligation under a finance lease		**–**	(264)
Dividends paid to non-controlling interests		**(50,760)**	(27,441)
Dividends paid		**(135,897)**	(129,653)
NET CASH USED IN FINANCING ACTIVITIES		**(452,556)**	(560,769)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**18,243**	(164,664)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**414,830**	558,803
Effect of foreign exchange rate changes		**(26,783)**	20,691
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTED BY BANK BALANCES AND CASH		**406,290**	414,830

Notes to the consolidated financial statements

For the year ended 31 December 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. Cai Xiao Ming, David (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 Room 3104–5, 31/F, Universal Trade Centre, 3–5 Arbuthnot Road, Central, 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 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the current year, the Group has applied, for the first time, the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatory effective for the current year.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Application of new and revised HKFRSs

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

The directors of the Company anticipate that the application of new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the carrying amount of the net assets attributable to the change in interests by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interest in an associate *(continued)*

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-current assets held for sale *(continued)*

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with HKAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from the sale of cigarette packages and manufacture of laminated papers is recognised when goods are delivered and titles have passed.

Revenue from printing services is recognised when the printing services are rendered and printed materials are delivered.

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing *(continued)*

The Group as lessee *(continued)*

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs and termination benefits

Payments to the Mandatory Provident Fund Scheme and other state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is including in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purpose). Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties *(continued)*

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) *(continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, other receivables, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on loans and receivables below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of loans and receivables (continued)

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade and bills payables, other payables, amounts due to non-controlling interests and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Estimated useful lives of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives, using straight-line method, at the rates ranging from 4.5% to 30% per annum. The estimated useful lives that the Group depreciates the property, plant and equipment reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the assets. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore depreciation and impairment losses in future years.

As at 31 December 2014, the carrying amount of property, plant and equipment is HK$688,597,000 (2013: HK$745,409,000). Details of the useful lives of the property, plant and equipment are disclosed in note 20.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

As at 31 December 2014, the carrying amount of goodwill is HK$1,096,481,000 (2013: HK$1,112,181,000) and no impairment loss was recognised during the years ended 31 December 2014 and 2013. Details of the recoverable amount calculated in note 23.

Estimated impairment loss of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of trade receivables is HK$712,085,000 (2013: carrying amount of HK$821,775,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Estimated write-down of inventory

The Group writes down inventories for obsolescence based on an assessment of the net realisable value of inventories. Write-downs are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgment and estimates on the conditions and usefulness of the inventories. The amount of write-down would be changed as a result of the changes in current market conditions subsequently.

The carrying amount of inventories at 31 December 2014 is approximately HK$119,832,000 (2013: HK$206,840,000).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2014 HK$'000	2013 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,230,810**	1,285,420
Financial liabilities		
Amortised cost	**1,193,667**	1,462,154

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, pledged bank deposits, bank balances, trade and bills payables, other payables, amounts due to non-controlling interests and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The functional currencies of the Group's principal subsidiaries are either HK$ or RMB. While most of the Group's operations are transacted in the functional currency of the respective group entities, the Group undertakes certain transactions denominated in foreign currencies. The Group currently does not have hedging policy in respect of the foreign currency risk. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting date are as follows:

	2014 **HK$'000**	2013 HK$'000
Assets		
HK$	**77,947**	85,128
United States dollars ("US$")	**13**	44,313
Liabilities		
HK$	**648,022**	883,304
US$	**–**	926

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(i) *Currency risk (continued)*

Sensitivity analysis

The Group is mainly exposed to the currency of US$ or HK$.

The following table details the Group's sensitivity to a 3% (2013: 3%) increase and decrease in the RMB against US$ and HK$, respectively. 3% (2013: 3%) sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 3% (2013: 3%) change in foreign currency rates. The sensitivity analysis includes bank balances, receivables or payables and bank borrowings denominated in a currency other than the functional currency. A positive number below indicates an increase in post-tax profit where RMB strengthens against HK$ while decrease in post-tax profit where RMB strengthens against US$. For a 3% (2013: 3%) weakening of RMB against the US$ and HK$, there would be an equal and opposite impact on the profit.

	2014 **HK$'000**	2013 HK$'000
Profit for the year		
HK$	**12,827**	17,959
US$	**–**	(976)

Note: This is mainly attributable to the net exposure to outstanding bank balances, receivables, payables and bank borrowings in US$ or HK$ at end of the reporting period.

(ii) *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see notes 29 and 33 respectively). It is the Group's policy to keep its bank borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate arising from the Group's HK$ denominated bank borrowings.

The Group's fair value interest rate risk relates primarily to its corresponding fixed-rate pledged bank deposits and amounts due to non-controlling interests, amounting to HK$85,750,000 (2013: HK$8,469,000) and HK$24,741,000 (2013: HK$14,735,000) respectively. The management will consider hedging significant interest rate exposure should the need arise.

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(ii) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on variable-rate bank borrowings. The analysis is prepared assuming the variable-rate bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. As the management considers the exposure to interest rate risk in relation to bank balances is insignificant due to the low level of bank interest rate, bank balances are excluded from sensitivity analysis. A 100 basis points (2013: 100 basis points) increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2013: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2014 would decrease/increase by HK$5,194,000 (2013: decrease/increase by HK$7,254,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks located in the PRC.

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

The Group has concentration of credit risk as 32% (2013: 39%) and 74% (2013: 70%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the printing of cigarettes packages segment. The Group is also exposed to the concentration on geographic segment of the PRC. At 31 December 2014, approximately 100% (2013: 96%) of the Group's trade and other receivables are arising from counterparties whose principal place of operations is the PRC.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank loans as a significant source of liquidity. As at 31 December 2014, the Group has available unutilised bank borrowings facilities of approximately HK$255,834,000 (2013: HK$488,620,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	Weighted average interest rate %	On demand or less than 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
2014						
Non-derivative financial liabilities						
Trade and bills payables	–	191,339	–	–	191,339	191,339
Other payables	–	141,525	–	–	141,525	141,525
Amounts due to non-controlling interests	–	24,741	–	–	24,741	24,741
Bank borrowings						
– floating rate	3.96	620,829	103,114	–	723,943	692,554
– fixed rate	6.12	152,294	–	–	152,294	143,508
		1,130,728	103,114	–	1,233,842	1,193,667

	Weighted average interest rate %	On demand or less than 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
2013						
Non-derivative financial liabilities						
Trade and bills payables	–	255,578	–	–	255,578	255,578
Other payables	–	90,239	–	–	90,239	90,239
Amounts due to non-controlling interests	–	14,735	–	–	14,735	14,735
Bank borrowings						
– floating rate	4.13	607,038	308,165	112,899	1,028,102	967,202
– fixed rate	5.85	142,259	–	–	142,259	134,400
		1,109,849	308,165	112,899	1,530,913	1,462,154

6. FINANCIAL INSTRUMENTS *(continued)*

c. Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

7. REVENUE

Revenue represents revenue arising on sale of cigarette packages and laminated papers for the year. An analysis of the Group's revenue for the year from continuing operations is as follows:

	2014 HK$'000	2013 HK$'000 (Restated)
Printing of cigarette packages	**1,659,115**	1,846,086
Manufacturing of laminated papers	**44,308**	36,868
	1,703,423	1,882,954

8. 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 and (ii) manufacturing of laminated papers. The CODM considered the Group has two 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 provision of printing services was discontinued in the current year. The segment information reported below does not include any amounts for this discontinued operation, which is described in more detail in note 13.

8. SEGMENT INFORMATION *(continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment.

For the year ended 31 December 2014

	Printing of cigarette packages HK$'000	Manufacturing of laminated papers HK$'000	Total HK$'000
Segment revenue for continuing operations	**1,659,115**	**44,308**	**1,703,423**
Segment profit for continuing operations	**552,655**	**8,714**	**561,369**
Unallocated – other income and other gains and losses			**20,146**
Unallocated expenses			**(164,694)**
Finance costs			**(46,083)**
Share of profit of an associate			**214,906**
Profit before taxation (continuing operations)			**585,644**

For the year ended 31 December 2013

	Printing of cigarette packages HK$'000	Manufacturing of laminated papers HK$'000	Total HK$'000 (Restated)
Segment revenue for continuing operations	1,846,086	36,868	1,882,954
Segment profit for continuing operations	620,966	9,303	630,269
Unallocated – other income and other gains and losses			23,136
Unallocated expenses			(187,077)
Finance costs			(90,390)
Share of profit of an associate			212,342
Profit before taxation (continuing operations)			588,280

8. SEGMENT INFORMATION *(continued)*

Segment revenues and results *(continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

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, other gains and losses, and expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

Segment assets and liabilities

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

Segment assets

	2014 **HK$'000**	2013 HK$'000 (Restated)
Printing of cigarette packages	**1,507,732**	1,608,147
Manufacturing of laminated papers	**35,505**	29,909
Total segment assets	**1,543,237**	1,638,056
Assets relating to provision of printing of books (now discontinued)	**140,050**	243,721
Unallocated property, plant and equipment	**5,854**	5,076
Prepaid lease payments	**86,404**	90,906
Investment properties	**65,648**	–
Goodwill	**1,096,481**	1,112,181
Intangible assets	**324,977**	371,327
Interest in an associate	**715,766**	716,350
Deposits for property, plant and equipment	**6,149**	49,652
Other receivables, prepayments and deposits	**33,860**	31,368
Pledged bank deposits	**85,750**	8,469
Bank balances and cash	**378,985**	339,461
Consolidated assets	**4,483,161**	4,606,567

8. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities *(continued)*

Segment liabilities

	2014 **HK$'000**	2013 HK$'000 (Restated)
Printing of cigarette packages	**189,571**	217,211
Manufacturing of laminated papers	**1,768**	2,649
Total segment liabilities	**191,339**	219,860
Liabilities relating to provision of printing of books (now discontinued)	**4,694**	52,272
Other payables and accruals	**208,169**	150,403
Amounts due to non-controlling interests	**24,741**	14,735
Bank borrowings	**836,062**	1,101,602
Income tax payable	**62,057**	52,499
Deferred tax liabilities	**92,266**	101,203
Government grants	**36,314**	18,656
Consolidated liabilities	**1,455,642**	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.

8. SEGMENT INFORMATION *(continued)*

Other segment information

2014

	Printing of cigarette packages HK$'000	Manufacturing of laminated papers HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measurement of segment profit or loss or and segment assets:					
Addition to non-current assets	188,625	3,902	192,527	3,216	195,743
Depreciation and amortisation	78,692	581	79,273	51,611	130,884
Recognition of impairment on trade receivables	2,485	–	2,485	–	2,485
Loss (gain) on disposal of property, plant and equipment	239	(1)	238	(264)	(26)
Recognition of write-down on obsolete inventories	405	–	405	–	405
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:					
Interest income	(5,576)	(1,180)	(6,756)	–	(6,756)
Interest expense	9,704	–	9,704	36,379	46,083
Taxation	75,529	2,250	77,779	26,244	104,023

8. SEGMENT INFORMATION *(continued)*

Other segment information *(continued)*

2013

	Printing of cigarette packages HK$'000	Manufacturing of laminated papers HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measurement of segment profit or loss or and segment assets:					
Addition to non-current assets	64,765	151	64,916	2,392	67,308
Depreciation and amortisation (restated)	71,181	438	71,619	51,323	122,942
Loss on disposal of property, plant and equipment (restated)	1,019	34	1,053	10	1,063
Reversal of write-down on obsolete inventories (restated)	(4,016)	–	(4,016)	–	(4,016)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:					
Interest income (restated)	(3,671)	(995)	(4,666)	(162)	(4,828)
Interest expense (restated)	16,118	–	16,118	74,272	90,390
Taxation (restated)	63,041	2,247	65,288	23,796	89,084

8. SEGMENT INFORMATION *(continued)*

Revenue from major products and services

An analysis of the Group's revenue from continuing operations from its major products and services is set out in note 7.

Geographical information

The Group's operations are located in Hong Kong and the PRC (country of domicile).

Information about the Group's revenue from continuing operations from external customers is presented based on the geographical market irrespective of the origin of goods/services. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets (Note)	
	2014	2013	**2014**	2013
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)
PRC	**1,703,423**	1,882,954	**2,256,141**	2,247,944
Hong Kong	**–**	–	**3,746**	2,500
	1,703,423	1,882,954	**2,259,887**	2,250,444

Note: Non-current assets excluded that relating to the provision of printing of books, interest in an associate and deposits for property, plant and equipment.

8. SEGMENT INFORMATION *(continued)*

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follow:

	2014	2013
	HK$'000	HK$'000
Customer A	**818,251**	852,596
Customer B	**220,063**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

9. OTHER INCOME

	2014	2013
	HK$'000	HK$'000
		(Restated)
Continuing operations		
Interest on bank deposits	**6,756**	4,828
Sales of scrap materials	**3,857**	3,718
Processing fee income	**1,939**	2,983
Rental income	**1,806**	–
Government grants (Note)	**4,009**	12,149
Sundry income	**1,137**	521
	19,504	24,199

Note: Government grants were received from the government of the PRC mainly as incentives granted by local authority for encouragement of its business development except for an amount of HK$377,000 (2013: HK$160,000) which was granted for the acquisition of property, plant and equipment (as details in note 35). These grants are accounted for as financial support with no future related costs expected to be incurred nor related to any assets.

10. OTHER GAINS AND LOSSES

	2014 HK$'000	2013 HK$'000 (Restated)
Continuing operations		
Net foreign exchange gain	**616**	–
Gain (loss) on disposal of property, plant and equipment	**26**	(1,063)
	642	(1,063)

11. FINANCE COSTS

	2014 HK$'000	2013 HK$'000 (Restated)
Continuing operations		
Interest on:		
Bank loans wholly repayable within five years	**46,083**	51,509
Promissory note	**–**	29,452
Interest expense on amounts due to non-controlling interests	**–**	9,429
	46,083	90,390

12. TAXATION

	2014 HK$'000	2013 HK$'000 (Restated)
Continuing operations		
Current tax:		
The PRC Enterprise Income Tax ("EIT")	**87,538**	91,584
Withholding tax	**28,065**	28,248
	115,603	119,832
Overprovision of EIT in prior years:	**(4,044)**	(25,517)
Deferred tax (Note 36):		
Current year	**(7,536)**	(5,231)
	104,023	89,084

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.

12. TAXATION *(continued)*

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014	2013
	HK$'000	HK$'000
		(Restated)
Profit before taxation (from continuing operations)	**585,644**	588,280
Tax at the applicable rate of 25% (2013: 25%) (Note)	**146,411**	147,070
Tax effect of share of profit of an associate	**(53,727)**	(53,085)
Tax effect of expenses not deductible for tax purpose	**29,493**	47,483
Tax effect of income not taxable for tax purpose	**(2,122)**	(422)
Overprovision in respect of prior years	**(4,044)**	(25,517)
Tax effect of deductible temporary differences not recognised	**994**	(88)
Income tax on concessionary rate	**(48,471)**	(58,739)
Deferred tax on undistributed earnings of PRC subsidiaries/associate	**35,489**	32,382
Tax charge for the year (relating to continuing operations)	**104,023**	89,084

Note: The applicable tax rate of 25% represents the applicable income tax rate of the subsidiaries in Shenzhen in the PRC which constitute the substantial part of the Group's operation for the years ended 31 December 2014 and 2013.

13. DISCONTINUED OPERATIONS

Plan to dispose of the provision of printing of books business

On 22 December 2014, the directors announced to dispose of the Group's provision of printing of books business. The disposal is consistent with the Group's long-term policy to focus its activities on the printing of cigarette packages business for PRC cigarette manufacturers. The Group has entered into a disposal agreement with an independent third party and has completed the disposal transaction on 12 January 2015. The net proceeds of sale are expected to exceed the carrying amount of the related net assets and, accordingly, no impairment loss was recognised, neither when the operation was reclassified as held for sale nor at the end of the reporting period.

Analysis of profit for the year from discontinued operations

The results of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include that operation classified as discontinued in the current year.

13. DISCONTINUED OPERATIONS *(continued)*

Analysis of profit for the year from discontinued operations *(continued)*

Profit for the year from discontinued operations

	2014 HK$'000	2013 HK$'000
Revenue	**159,069**	209,670
Cost of sales	**(144,251)**	(179,883)
Other income	**2,195**	2,570
Other gains and losses	**320**	2,416
Selling and distribution expenses	**(7,807)**	(11,181)
Administrative expenses	**(8,530)**	(18,908)
Finance costs	**(336)**	(402)
Profit before taxation	**660**	4,282
Attributable income tax income (expense)	**751**	(1,526)
Profit for the year from discontinued operations (attributable to owners of the Company)	**1,411**	2,756
Profit for the year from discontinued operations include the following:		
Staff costs:		
Directors' emoluments	**60**	1,682
Other staff costs		
Salaries and other benefits	**25,342**	41,626
Contributions to retirement benefits schemes	**1,673**	1,408
	27,075	44,716
Auditor's remuneration	**59**	87
Cost of inventories recognised as expenses	**142,795**	179,883
Depreciation of property, plant and equipment	**12,037**	13,676
Reversal of write-down on obsolete inventories (included in cost of sales)	**–**	(554)
(Reversal) recognition of impairment on trade receivables	**(19)**	1,088
Interest on bank deposits	**(728)**	(831)
Cash flows from discontinued operations		
Net cash inflow (outflow) from operating activities	**35,031**	(19,711)
Net cash inflows from investing activities	**1,429**	6,041
Net cash outflows from financing activities	**(85,088)**	(264)
Net cash outflows	**(48,628)**	(13,934)

13. DISCONTINUED OPERATIONS *(continued)*

Analysis of profit for the year from discontinued operations *(continued)*

Profit for the year from discontinued operations *(continued)*

The provision of printing of books business has been classified and accounted for as a disposal group held for sale at 31 December 2014 (see note 14).

14. ASSETS CLASSIFIED AS HELD FOR SALE

	2014 HK$'000	2013 HK$'000
Assets related to book printing business (Note)	**140,050**	–
Liabilities directly associated with assets classified as held for sale (Note)	**4,694**	–

Note:

As described in note 13, the Group had announced to dispose of its provision of printing of books business. The Group has already entered into a disposal agreement with the independent third party and the directors of the Company expect that the fair value less costs to sell of the business will be higher than the aggregate carrying amount of the related assets and liabilities. Therefore, no impairment loss was recognised on reclassification of the assets and liabilities as held for sale nor as at 31 December 2014. The disposal transaction has been completed on 12 January 2015. The consideration for the disposal transaction is amounted to HK$109,000,000. The major classes of assets and liabilities of the provision of printing of books business at the end of the reporting period are as follows:

	2014 HK$'000
Property, plant and equipment	**55,361**
Inventories	**8,560**
Trade and bills receivables	**46,095**
Other receivables, prepayments and deposits	**2,570**
Tax recoverable	**159**
Bank balances and cash	**27,305**
Assets of provision of printing of books business classified as held for sale	**140,050**
Trade and bills payables	**2,231**
Other payables and accruals	**2,459**
Bank borrowing	**4**
Liabilities of provision of printing of books business associated with assets classified as held for sale	**4,694**
Net assets of provision of printing of books business classified as held for sale (Note)	**135,356**

Note: The above amount is excluded of the dividends payable to holding company and amounted to approximately HK$24,680,000.

15. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2014 HK$'000	2013 HK$'000 (Restated)
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	**8,913**	26,506
Other staff costs		
Salaries and other benefits	**122,527**	130,941
Contributions to retirement benefits schemes	**10,711**	4,977
	142,151	162,424
Auditors' remuneration	**4,576**	4,622
Cost of inventories recognised as expenses	**1,088,904**	1,198,955
Depreciation of property, plant and equipment	**80,114**	76,126
Release of prepaid lease payments	**2,234**	1,567
Depreciation of investment properties	**3,287**	–
Amortisation of intangible assets (included in cost of sales)	**45,249**	45,249
Operating lease rentals in respect of rented premises	**4,058**	6,653
Recognition (reversal) of write-down on obsolete inventories (included in cost of sales) (Note)	**405**	(4,016)
Recognition of impairment on trade receivables	**2,485**	–
Research and development costs recognised as an expense (included in other expenses)	**3,721**	5,600
Legal and professional fee relating to business combination (included in other expenses)	**1,234**	–
Share of taxation of an associate	**38,845**	41,241
Gross rental income form investment properties	**(1,937)**	–
Less: Direct operating expenses incurred for investment property that generated rental income during the year	**131**	–
	(1,806)	–

Note: For the year ended 31 December 2013, cost of inventories includes reversal of write-down on obsolete inventories of HK$4,016,000 which were sold during the year ended 31 December 2013.

16. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 8 (2013: 8) directors were as follows:

For the year ended 31 December 2014

		Other emoluments			
	Fees HK$'000	Salaries and other benefits HK$'000	Incentive performance bonus HK$'000	Contributions to retirement benefits scheme HK$'000	Total emoluments HK$'000
Executive Directors					
Mr. Tsoi Tak#	–	6,300	–	15	6,315
Mr. Cai Xiao Ming, David	–	72	48	3	123
Mr. Kiong Chung Yin, Yttox	–	740	–	15	755
Mr. Qin Song	–	1,455	–	25	1,480
Non-Executive Director					
Mr. Sean Xing He	–	–	–	–	–
Independent Non-Executive Directors					
Mr. Lam Ying Hung, Andy	100	–	–	–	100
Mr. Lui Tin Nang	100	–	–	–	100
Mr. Siu Man Ho, Simon	100	–	–	–	100
	300	8,567	48	58	8,973

Resigned on 31 October 2014

16. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

For the year ended 31 December 2013

		Other emoluments			
	Fees	Salaries and other benefits	Incentive performance bonus	Contributions to retirement benefits scheme	Total emoluments
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors					
Mr. Tsoi Tak	–	12,364	11,936	15	24,315
Mr. Cai Xiao Ming, David	–	1,741	–	6	1,747
Mr. Kiong Chung Yin, Yttox	–	872	–	21	893
Mr. Qin Song	–	911	–	22	933
Non-Executive Director					
Mr. Sean Xing He	–	–	–	–	–
Independent Non-Executive Directors					
Mr. Lam Ying Hung, Andy	100	–	–	–	100
Mr. Lui Tin Nang	100	–	–	–	100
Mr. Siu Man Ho, Simon	100	–	–	–	100
	300	15,888	11,936	64	28,188

Incentive performance bonus for the year ended 31 December 2014 was determined by the management having regard to the performance of directors and Chief Executive of the Company and the Group's operation results.

During the years ended 31 December 2014 and 2013, no emoluments have been paid by the Group to any of the directors and the Chief Executive as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors nor the Chief Executive waived any remuneration during the years ended 31 December 2014 and 2013.

17. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2013: four) were directors and the Chief Executive of the Company whose emoluments are included in the disclosures in note 16 above. The emoluments of the remaining two (2013: one) individual was as follows:

	2014 HK$'000	2013 HK$'000
Salaries and other benefits	**1,901**	1,404
Contributions to retirement benefits schemes	**–**	14
	1,901	1,418

Their emoluments were within the following bands:

	2014	2013
HK$ nil to HK$1,000,000	**2**	–
HK$1,000,001 to HK$1,500,000	**–**	1

No emoluments have been paid by the Group to any of the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2014 and 2013.

18. EARNINGS PER SHARE

From continuing and discontinued operations

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

	2014 HK$'000	2013 HK$'000
Earnings:		
Earnings for the purpose of basic earnings per share	**453,711**	454,345

	2014 '000	2013 '000
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	**1,488,469**	1,477,186

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 37). The weighted average number of shares for the purpose of basic earnings per share for 2013 presented was calculated based on the new number of shares.

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

18. EARNINGS PER SHARE *(continued)*

From continuing operations

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

Earnings figures are calculated as follows:

	2014 HK$'000	2013 HK$'000
Profit for the year attributable to owners of the Company	**453,711**	454,345
Less: Profit for the year from discontinued operations	**1,411**	2,756
Earnings for the purpose of basic earnings per share from continuing operations	**452,300**	451,589

The denominator used is the same as that detailed above for basic earnings per share.

From discontinued operations

Basic earnings per share for the discontinued operations is HK0.09 cent per share (2013: HK0.19 cent per share), based on the profit for the year from the discontinued operations of HK$1,411,000 (2013: HK$2,756,000) and the denominator detailed above for basic earnings per share.

19. DIVIDENDS

	2014 HK$'000	2013 HK$'000
Cash dividend	**135,897**	129,653
Scrip dividend (Note 37)	**–**	43,217
	135,897	172,870

The directors do not recommend the payment of a final dividend for the year ended 31 December 2014.

20. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvement	Plant and machinery	Furniture and office equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST							
At 1 January 2013	381,844	5,386	743,887	45,978	21,200	67,019	1,265,314
Exchange adjustments	10,016	–	17,220	1,173	441	1,351	30,201
Additions	113	–	4,673	892	1,068	60,562	67,308
Transfer	241	–	82,365	124	–	(82,730)	–
Disposals	–	–	(26,197)	(484)	(796)	–	(27,477)
At 31 December 2013	392,214	5,386	821,948	47,683	21,913	46,202	1,335,346
Exchange adjustments	(9,233)	12	(15,366)	(1,092)	(363)	(1,442)	(27,484)
Additions	37,446	1,959	7,064	3,313	272	145,689	195,743
Transfer	36,828	–	31,806	3,071	–	(71,705)	–
Transferred to investment properties	(90,457)	–	–	–	–	–	(90,457)
Disposals	–	(2,211)	(33,294)	(3,904)	(5,058)	–	(44,467)
Reclassified as held for sale	–	(3,187)	(146,942)	(3,385)	(1,097)	–	(154,611)
At 31 December 2014	366,798	1,959	665,216	45,686	15,667	118,744	1,214,070
DEPRECIATION							
At 1 January 2013	77,058	3,114	386,546	30,426	11,547	–	508,691
Exchange adjustments	1,990	–	9,052	813	281	–	12,136
Provided for the year	17,627	208	64,855	4,175	2,937	–	89,802
Eliminated on disposals	–	–	(19,498)	(453)	(741)	–	(20,692)
At 31 December 2013	96,675	3,322	440,955	34,961	14,024	–	589,937
Exchange adjustments	(2,008)	10	(8,283)	(776)	(254)	–	(11,311)
Provided for the year	19,513	–	66,881	3,199	2,558	–	92,151
Transferred to investment properties	(21,096)	–	–	–	–	–	(21,096)
Eliminated on disposals	–	(2,211)	(13,657)	(4,249)	(4,841)	–	(24,958)
Eliminated on reclassification as held for sale	–	(1,121)	(94,431)	(2,879)	(819)	–	(99,250)
At 31 December 2014	93,084	–	391,465	30,256	10,668	–	525,473
CARRYING VALUES							
At 31 December 2014	273,714	1,959	273,751	15,430	4,999	118,744	688,597
At 31 December 2013	295,539	2,064	380,993	12,722	7,889	46,202	745,409

20. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis, after taking into account of their residual values, at the following rates per annum:

Buildings	Over the shorter of the term of lease or 20 years
Leasehold improvement	3 years
Plant and machinery	5–12 years
Furniture and office equipment	3–5 years
Motor vehicles	4–5 years

The buildings are situated on the leasehold land held under medium-term leases in PRC.

21. PREPAID LEASE PAYMENTS

	2014 HK$'000	2013 HK$'000
Analysed for reporting purposes as:		
Current asset	**2,220**	2,277
Non-current asset	**84,184**	88,629
	86,404	90,906

The Group's prepaid lease payments represent payments for land use rights in the PRC which are held under medium-term leases.

22. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1 January 2014	–
Transfer from property, plant and equipment	90,457
Exchange adjustments	(583)
At 31 December 2014	89,874
AMORTISATION	
At 1 January 2014	–
Transfer from property, plant and equipment	21,096
Charge for the year	3,287
Exchange adjustments	(157)
At 31 December 2014	24,226
CARRYING VALUES	
At 31 December 2014	65,648
At 1 January 2014	–

The Group's properties interests held under operating leases to earn rentals are measured using the cost model and are classified and accounted for as investment properties.

22. INVESTMENT PROPERTIES *(continued)*

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties as at 31 December 2014 is HK$70,756,000, has been arrived at on the basis of a valuation carried out on the respective dates by Messrs. Asset Appraisal Limited, independent qualified professional valuer not connected to the Group.

Messrs. Asset Appraisal Limited are members of the Institute of Valuers of Hong Kong, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties, where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighborhood.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2014 are as follows:

	Fair value hierarchy	Fair value as at 31 December 2014 HK$'000
Properties located in the PRC	**Level 3**	**70,756**

For investment properties categorised into level 3 of the fair value hierarchy, the following information is relevant:

	Valuation technique(s)	Significant unobservable input	Sensitivity
Properties located in the PRC	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions of the subject property.	Price per square meter	The 5% higher of the price per square meter, the 5% higher of the fair value.

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of lease or 20 years

23. GOODWILL

	2014 HK$'000	2013 HK$'000
At 1 January	**1,112,181**	1,095,551
Exchange adjustments	**(15,700)**	16,630
At 31 December	**1,096,481**	1,112,181

For the purpose of impairment testing, goodwill has been allocated to five individual cash generating units (CGUs), comprising four subsidiaries in the printing of cigarette packages segments and one subsidiary in the manufacturing of laminated paper segment. The carrying amounts of goodwill as at 31 December 2014 allocated to these unites are as follows:

	2014 HK$'000	2013 HK$'000
Printing of cigarette packages:		
CGU-1	**422,521**	433,390
CGU-2	**140,160**	143,765
CGU-3	**47,342**	48,560
CGU-4	**486,052**	486,052
	1,096,075	1,111,767
Manufacturing of laminated paper:		
CGU-5	**406**	414
At 31 December	**1,096,481**	1,112,181

The recoverable amounts of the CGUs arising from printing of cigarette packages and manufacturing of laminated paper were determined individually based on value in use calculations. That value in use calculations use cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 14.5% (2013: 14.6%). Cash flows beyond five-year period is extrapolated using a steady growth rate ranging from 5% to 15%. Cash flow projections during the budget period for the CGUs are based on the expected gross margins during the budget period. Budgeted gross margins were determined based on past performance and the management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of the CGUs to exceed the recoverable amounts of respective CGUs.

During the years ended 31 December 2014 and 2013, management of the Group determines that there is no impairment of any of its CGUs containing goodwill.

24. INTANGIBLE ASSETS

	Customer relationship HK$'000
COST	
At 1 January 2013	460,073
Exchange adjustments	1,237
At 31 December 2013	461,310
Exchange adjustments	(1,101)
At 31 December 2014	460,209
AMORTISATION	
At 1 January 2013	44,734
Charge for the year	45,249
At 31 December 2013	89,983
Charge for the year	45,249
At 31 December 2014	135,232
CARRYING VALUES	
At 31 December 2014	324,977
At 31 December 2013	371,327

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

25. INTEREST IN AN ASSOCIATE

	2014 HK$'000	2013 HK$'000
Cost of investment, unlisted	**348,729**	357,700
Share of post-acquisition profits net of dividends received	**367,037**	358,650
	715,766	716,350

As at 31 December 2014 and 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

25. 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 consolidated financial statements. The summarised financial information in respect of the Group's associate is set out below:

	2014 **HK$'000**	2013 HK$'000
Current assets	**1,819,741**	1,478,240
Non-current assets	**1,108,631**	1,061,072
Current liabilities	**(829,347)**	(477,923)
Non-current liabilities	**(2,413)**	(1,873)
Revenue	**2,494,358**	2,343,124
Profit and total comprehensive income for the year	**654,330**	697,519
Dividend received from the associate during the year	**197,137**	190,851

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2014 **HK$'000**	2013 HK$'000
Net assets of the associate	**2,096,612**	2,059,516
Proportion of the Group's ownership interest in the associate	**35%**	35%
Carrying amount of the Group's interest in the associate	**715,766**	716,350

26. INVENTORIES

	2014 HK$'000	2013 HK$'000
Raw materials	**79,771**	105,394
Work in progress	**2,617**	47,606
Finished goods	**37,444**	53,840
	119,832	206,840

27. TRADE AND BILLS RECEIVABLES

	2014 HK$'000	2013 HK$'000
Trade receivables	**714,570**	821,927
Less: allowance for doubtful debts	**(2,485)**	(152)
	712,085	821,775
Bills receivables	**28,577**	34,688
	740,662	856,463

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.

	2014 HK$'000	2013 HK$'000
0–90 days	**675,107**	825,413
91–180 days	**42,807**	26,906
181–365 days	**21,969**	2,594
Over 365 days	**779**	1,550
	740,662	856,463

27. TRADE AND BILLS RECEIVABLES *(continued)*

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by each customer. Limits attributed to customers are reviewed once a year. The trade and bills receivables that are neither past due nor impaired have the best credit quality assessed by the Group.

Included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of HK$65,555,000 (2013: HK$31,050,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	2014 HK$'000	2013 HK$'000
91-180 days	**42,807**	26,906
181-365 days	**21,969**	2,594
Over 365 days	**779**	1,550
Total	**65,555**	31,050

Movement in the allowance for doubtful debts

	2014 HK$'000	2013 HK$'000
1 January	**152**	968
Impairment losses recognised on receivables	**2,618**	1,088
Impairment losses reversed	**(152)**	–
Amounts written off as uncollectible	**(133)**	(1,904)
31 December	**2,485**	152

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$2,485,000 (2013: HK$152,000) of which the debtors were in financial difficulties.

28. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2014 HK$'000	2013 HK$'000
Trade deposits to suppliers	**16,804**	19,237
Prepayment for material purchase	**6,004**	5,356
Rental, utility and sundry deposits	**2,300**	3,889
Staff advances	**3,959**	4,457
Interest receivable	**2,350**	–
Others	**2,443**	1,201
	33,860	34,140

29. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.35% to 3.5% (2013: 0.001% to 2%) per annum.

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits carry fixed interest rates which range from 0.35% to 5.66% (2013: 0.001% to 0.14%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

The Group's pledged bank deposits, bank balances and cash that are denominated in currencies other than the functional currency of the respective group entities are stated below:

	2014 HK$'000	2013 HK$'000
HK$	**77,859**	82,279
US$	**13**	10,258

30. TRADE AND BILLS PAYABLES

	2014 HK$'000	2013 HK$'000
Trade payables	**190,091**	248,666
Bills payables	**1,248**	6,912
	191,339	255,578

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

	2014 HK$'000	2013 HK$'000
0–30 days	**134,537**	197,134
31–90 days	**51,310**	52,591
91–180 days	**4,997**	5,033
181–365 days	**43**	376
Over 365 days	**452**	444
	191,339	255,578

The credit period on purchases of goods ranges from 30 days to 180 days. The Group monitors and maintains a level of cash and cash equivalents sufficient to ensure that all payables are within the credit timeframe.

31. OTHER PAYABLES AND ACCRUALS

	2014 HK$'000	2013 HK$'000
Other payables and accruals	**19,720**	54,126
Construction payables	**14,945**	6,325
Salary payable	**24,354**	29,788
Other tax payables	**66,019**	70,883
Deposits received from suppliers	**106**	205
Advanced from customers	**32**	1,266
Government grants	**593**	384
Payable for acquisitions of subsidiaries	**82,400**	–
	208,169	162,977

32. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

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

33. BANK BORROWINGS

	2014 HK$'000	2013 HK$'000
Bank borrowings comprise:		
Secured	**688,759**	695,736
Unsecured	**147,303**	405,866
	836,062	1,101,602
Carrying amount repayable:		
Within one year	**740,662**	717,380
More than one year, but not exceed two years	**95,400**	284,222
More than two years, but not more than five years	**–**	100,000
	836,062	1,101,602
Breakdown of the bank borrowings:		
Fixed-rate borrowings	**143,508**	134,400
Floating-rate borrowings	**692,554**	967,202
	836,062	1,101,602

The Group's floating-rate borrowings are mainly subject to interest in a range at 100% to 110% of RMB Benchmark Loan Rates issued by the People's Bank of China and Hong Kong Interbank Offered Rate plus 3.75%. The effective interest rates on the Group's bank borrowings are as follows:

	2014	2013
Fixed-rate borrowings	**5.6% to 6.3%**	5.8% to 6.0%
Floating-rate borrowings	**2.9% to 6.6%**	3.4% to 6.6%

33. BANK BORROWINGS *(continued)*

The Group's bank borrowings that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	2014	2013
	HK$'000	HK$'000
HK$	**562,772**	859,995

34. PROMISSORY NOTE

On 13 July 2011, the Company issued a promissory note ("Promissory Note") with an aggregate principal amount of HK$387,680,000 as part of the consideration for the acquisition of the entire equity interest in Champion League Investment Holdings Limited and its subsidiary, Sanbond Investment Limited (collectively referred to as "Champion Group"), which is indirectly beneficially interested in 47.36% equity interest of Bengbu Jinhuangshan Rotogravure Printing Company Limited ("BB Jinhuangshan"). BB Jinhuangshan was a non-wholly owned subsidiary of the Company. Upon completion of acquisition, BB Jinhuangshan became an indirect wholly-owned subsidiary of the Company. The Promissory Note is unsecured, bearing interest at fixed rate of 2% per annum and is repayable at principal amount of HK$387,680,000 in two years from the date of issue. The Company may, at its absolute discretion, pay all or any part of the outstanding principal amount of the Promissory Note at any time before maturity at principal amount. The fair value of the redemption option is insignificant on initial recognition and as at the end of reporting period. The Promissory Note is denominated in HK$.

On initial recognition, the fair value of the promissory note of HK$338,595,000 is determined based on the present value of the contractual stream of future cash flows (including both coupon payments and redemption amount) discounted at 8.51% per annum, being the market rate of interest that would have applied to an instrument of comparable credit quality with substantially the same cash flows and on the same terms.

During the year ended 31 December 2012, promissory notes with the principal amount of approximately HK$197,280,000 was repaid by the Group. The remaining principal amount of HK$190,400,000 was repaid during the year ended 31 December 2013.

35. GOVERNMENT GRANTS

	2014 HK$'000	2013 HK$'000
Arising from government grants:		
Current liability	**593**	384
Non-current liability	**36,314**	18,656
	36,907	19,040

In 2014, the Group received a government subsidy of HK$18,840,000 (2013: HK$19,200,000) towards the cost of acquisition of property, plant and equipment 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 estimated useful lives. This policy has resulted in a credit to income in the current period of HK$377,000 (2013: HK$160,000).

As at 31 December 2014, an amount of HK$36,907,000 (31 December 2013: HK$19,040,000) remains to be amortised.

36. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Intangible asset HK$'000	Undistributable profits of subsidiaries/ associate HK$'000	Accelerated tax depreciation HK$'000	Government grants HK$'000	Total HK$'000
At 1 January 2013	56,959	42,071	5,858	–	104,888
(Credit) charge to profit or loss	(7,194)	32,850	(2,171)	–	23,485
Reversal upon payment	–	(28,248)	–	–	(28,248)
Exchange differences	158	1,233	161	–	1,552
At 31 December 2013	49,923	47,906	3,848	–	101,677
(Credit) charge to profit or loss	(7,194)	35,286	(2,171)	(5,595)	20,326
Reversal upon payment	–	(28,326)	–	–	(28,326)
Exchange differences	(104)	(1,246)	(97)	36	(1,411)
At 31 December 2014	42,625	53,620	1,580	(5,559)	92,266

37. 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 1 January 2014 and 31 December 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 1 January 2014 and 31 December 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.

38. ACQUISITIONS OF SUBSIDIARIES

Acquisition of a subsidiary and additional equity interests in subsidiaries

On 13 November 2014, the Group entered into an agreement with a shareholder of a non-wholly owned subsidiary of the Company to acquire 100% equity interests of Emperor Great Investments Limited 帝鴻投資有限公司 ("Emperor Great"), which is directly beneficially interested in 40% equity interests of Giant Sino Investments Limited 鉅華投資有限公司 ("Giant Sino") and its subsidiary, 深圳揚豐印刷有限公司 YangFeng Printing & Packaging Co., Ltd ("YangFeng") (collectively referred as "Giant Sino Group"), non-wholly owned subsidiaries of the Company, and simultaneously acquired the remaining 40% equity interests of the Giant Sino Group, at a consideration of HK$82.4 million. The transaction was completed on 13 December 2014. Emperor Great is an investment holding company.

Assets and liabilities recognised at the date of acquisition is as follows:

	HK$'000
Non-current asset	
Interest in an associate	163,623
Current asset	
Bank balances and cash	1,797
Current liability	
Income tax payable	(1,797)
	163,623

Other reserves arising on acquisition

	HK$'000
Fair value of identifiable assets and liabilities of the Giant Group	163,623
Other reserves arising on acquisition	(81,223)
Total consideration	82,400

38. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Net cash inflow arising on acquisition

	HK$'000
Consideration paid	–
Less: cash and cash equivalent balances acquired	(1,797)
	1,797

The difference between the fair value of consideration paid for the acquisition of additional equity interests in Giant Sino Group and the carrying amount of non-controlling interests acquired amounting to HK$81,223,000 is charged to other reserves.

Details of the transactions are set out in the announcement of the Company dated 13 November 2014.

39. RETIREMENT BENEFIT PLAN

The Group operates a mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under control of a trustee. The Group contributes lower of 5% of relevant payroll costs or HK$1,500 per person to the Scheme, which is matched by employees.

The employees of the Group in the PRC are members of state-managed retirement benefit scheme operated by the PRC government. The Company's subsidiaries are required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

40. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**905**	2,275
In the second to fifth year inclusive	**2,102**	2,116
	3,007	4,391

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for an average term of 2 to 4 years and rentals are fixed over relevant lease term.

The Group as lessor

Property rental income earned during the year was HK$1,806,000 (2013: nil). All of the Group's investment properties are held for rental purposes. They are expected to generate rental yields of 4.99% on an ongoing basis. All of the properties held have committed tenants for the next 1 year.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2014 HK$'000	2013 HK$'000
Within one year	**1,299**	–

41. CAPITAL COMMITMENTS

	2014 HK$'000	2013 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**9,952**	34,380

42. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 4 March 2009 for the primary purpose of providing incentives to directors, employees, 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 members (the "Eligible Participants"), and will expire on 4 March 2019. Under the Scheme, the directors of the Company may grant options to Eligible Participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. However, the total maximum number of the shares which may be issued upon exercise of all outstanding share options must not exceed 30% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

Options granted must be taken up within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. Options may be exercised at any time for a period determined by its directors which shall not be later than the day immediately preceding the tenth anniversary of the date of grant. The exercise price of the share options must be at least the highest of (i) the nominal value of an ordinary share on the date of grant; (ii) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of the offer of the share options; and (iii) the average closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange for the five trading days immediately preceding the date of the offer.

For the years ended 31 December 2014 and 2013, no share options had been granted and the Company had no share options outstanding at 31 December 2014 and 2013.

43. PLEDGE OF ASSETS

At the end of the reporting period, the carrying amounts of the assets pledged by the Group to secure the bank borrowings granted to the Group are as follow:

	2014 HK$'000	2013 HK$'000
Property, plant and equipment	**38,609**	165,376
Prepaid lease payments	**5,163**	–
Trade receivables	**409,528**	13,430
Bank deposits	**85,750**	8,469
	539,050	187,275

44. RELATED PARTY TRANSACTIONS

(a) Transactions with related company

The Group had the following significant transactions with related parties during the year:

	2014 HK$'000	2013 HK$'000
Non-controlling interests with significant influence over the subsidiaries:		
Printing of cigarette packages	**33,263**	110,652
Interest expense on amounts due to non-controlling interests	**–**	9,429
Company under controlled by the close member of the Controlling Shareholder:		
Rental expense	**116**	–

(b) Balances with related parties are disclosed in the consolidated statement of financial position and in note 32.

44. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel

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

	2014 HK$'000	2013 HK$'000
Short-term benefits	**13,092**	33,680
Contribution to retirement benefits schemes	**143**	190
	13,235	33,870

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

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries at 31 December 2014 and 2013 are as follows:

Name of subsidiary	Place of establishment/ incorporation/ operation	Proportion of registered capital/ issued share capital/equity interests and voting power held by the Company Directly 2014 %	Directly 2013 %	Indirectly 2014 %	Indirectly 2013 %	Issue and fully paid ordinary share capital/ registered capital	Principal activities
CT Management Investments Limited (詩天管理投資有限公司)	British Virgin Islands	**100**	100			US$200	Investment holding
Brilliant Circle Group Holdings Limited (貴聯集團控股有限公司)	British Virgin Islands			**100**	100	US$1	Investment holding
Brilliant Circle Printing & Packaging Limited (貴聯印刷包裝有限公司)	British Virgin Islands			**100**	100	US$10,000	Investment holding
Union Virtue International Limited (同德國際有限公司)	British Virgin Islands			**100**	100	US$1	Investment holding
Brilliant Circle Development Limited (貴聯發展有限公司)	Hong Kong			**100**	100	HK$2,000,000	Investment holding
Champion League Investment Holdings Limited (冠連投資控股有限公司)	British Virgin Islands			**100**	100	US$100	Investment holding

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(continued)*

Name of subsidiary	Place of establishment/ incorporation/ operation	Proportion of registered capital/ issued share capital/equity interests and voting power held by the Company				Issue and fully paid ordinary share capital/ registered capital	Principal activities
		Directly		Indirectly			
		2014	2013	2014	2013		
		%	%	%	%		
Sanbond Investment Limited (協寶投資有限公司)	Hong Kong			**100**	100	HK$100	Investment holding
蚌埠金黃山凹版印刷有限公司# (BB Jinhuangshan)	PRC			**100**	100	US$12,461,000	Printing of cigarette packages
深圳貴聯印刷有限公司# (Shenzhen Guilian Printing Limited)	PRC			**100**	100	HK$9,600,000	Investment holding
深圳市科彩印刷有限公司* (Shenzhen Kecai Printing Co., Ltd.)	PRC			**99.31**	99.31	RMB144,870,000	Printing of cigarette packages
襄陽金飛環彩色包裝有限公司* (Xiangyang Jinfeihuan Colour Packing Co., Ltd.)	PRC			**79.6**	79.6	US$3,000,000	Printing of cigarette packages
昭通安通包裝材料有限公司* (Zhaotong Antong Package Material Co., Ltd.)	PRC			**80**	80	US$1,000,000	Manufacturing of laminated paper
CT Printing Limited** (詩天紙藝製品有限公司)	Hong Kong			**100**	100	HK$20,000	Provision of printing services
詩天紙藝製品(深圳)有限公司#** (Shitian Paper Craft (Shenzhen) Co., Ltd.)	PRC			**100**	100	US$1,600,000	Provision of the printing of packaging and decoration matters, research and development on printing technology, wholesale, import and export of the packaging products and other related services
金詩天新型包裝(深圳)有限公司#** (Jinshitian New Packaging (Shenzhen) Limited)	PRC			**100**	100	US$10,000,000	Provision of printing services
Giant Sino	British Virgin Islands	**60**	60	**40**	–	US$100	Investment holding

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(continued)*

Name of subsidiary	Place of establishment/ incorporation/ operation	Proportion of registered capital/ issued share capital/equity interests and voting power held by the Company				Issue and fully paid ordinary share capital/ registered capital	Principal activities
		Directly		Indirectly			
		2014 %	2013 %	2014 %	2013 %		
Emperor Great	British Virgin Islands	100	–			US$100	Investment holding
Fortune Chaser Limited (源順有限公司)	Hong Kong			100	60	HK$100	Investment holding
Yang Feng#	PRC			100	60	RMB49,850,000	Printing of cigarette packages

* Company incorporated as a sino-foreign equity.

\# Company established as foreign invested limited liability company.

** Company held for sale.

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during the year.

46. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principle place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		31/12/2014	31/12/2013	31/12/2014 HK$'000	31/12/2013 HK$'000	31/12/2014 HK$'000	31/12/2013 HK$'000
Giant Sino	Hong Kong	-	40%	21,953	39,520	-	194,340

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

46. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(continued)*

Giant Sino Investments Limited

	2014	2013
	HK$'000	HK$'000
Current assets	**189,448**	244,181
Non-current assets	**337,890**	380,655
Current liabilities	**153,458**	159,348
Non-current liabilities	**40,392**	45,777
Equity attributable to owners of the Company	**333,488**	225,371
Non-controlling interests	**–**	194,340
Revenue	**324,779**	420,844
Expenses	**51,990**	55,697
Profit and total comprehensive income for the year	**46,362**	98,803
Profit and total comprehensive income attributable to the Group	**24,409**	59,283
Profit and total comprehensive income attributable to the non-controlling interests	**21,953**	39,520
Profit and total comprehensive income for the year	**46,362**	98,803
Dividends paid to non-controlling interests	**49,168**	26,075
Net cash inflow from operating activities	**94,977**	123,318
Net cash outflow from investing activities	**(4,136)**	(11,442)
Net cash outflow from financing activities	**(122,920)**	(137,300)
Net decrease in cash and cash equivalents	**(32,079)**	(25,424)

47. EVENTS AFTER THE REPORTING PERIOD

On 19 January 2015, the Company announced that 天津長榮印刷設備股份有限公司 "Masterwork Machinery Co., Ltd", "Masterwork", a company whose issued shares are listed on the Shenzhen Stock Exchange, has entered into framework agreements with two shareholders of the Company, namely, Ares BCH Holdings, L.P. and YF BCH Investment Limited for the proposed acquisition (the "Proposed Acquisition") of a total of 251,965,590 shares of the Company (or about 16.9% of the issued share capital of the Company) at a price to be agreed. The Proposed Acquisition is subject to the signing of the formal agreement and the approval by the board of directors and shareholders of Masterwork.

On 21 January 2015, the Company announced that a limited partnership enterprise established in PRC (the "Prospective Shareholder"), which is an independent third party not connected with the Company and its connected persons (within the meaning of the Listing Rules), has entered into a framework agreement with each of Partners Group Access 336 L.P. and Partners Group Private Equity (Master Fund), LLC, being two shareholders of the Company, for the proposed acquisition of a total of 103,555,231 shares of the Company (or about 6.95% of the issued share capital of the Company) at a price to be agreed.

Details of the transactions are set out in the announcements of the Company dated 19 January 2015 and 21 January 2015 respectively.

Five year financial summary

(A) RESULTS

	For the year ended 31 December				
	2010 HK$'000 (Restated)	2011 HK$'000	2012 HK$'000	2013 HK$'000 (Restated)	**2014 HK$'000**
Revenue	1,503,238	1,689,537	1,939,440	1,882,954	**1,703,423**
Operating profit	171,566	343,076	364,089	375,938	**370,738**
Share of profit of an associate	150,672	156,424	197,767	212,342	**214,906**
Profit before taxation	322,238	499,500	561,856	588,280	**585,644**
Taxation	(57,614)	(81,150)	(98,772)	(89,084)	**(104,023)**
Profit for the year from continuing operations	264,624	418,350	463,084	499,196	**481,621**
Profit for the year from discontinued operations	–	–	–	2,756	**1,411**
Attributable to:					
Owners of the Company	194,786	387,572	432,630	454,345	**453,711**
Non-controlling interests	69,838	30,778	30,454	47,607	**29,321**
	264,624	418,350	463,084	501,952	**483,032**

(B) ASSETS AND LIABILITIES

	At 31 December				
	2010 HK$'000 (Restated)	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014 HK$'000**
TOTAL ASSETS	3,000,918	3,212,977	4,651,145	4,606,567	**4,483,161**
TOTAL LIABILITIES	(872,788)	(1,243,629)	(2,168,889)	(1,711,230)	**(1,455,642)**
	2,128,130	1,969,348	2,482,256	2,895,337	**3,027,519**
EQUITY ATTRIBUTABLE TO:					
Owners of the Company	1,961,699	1,914,078	2,247,473	2,637,313	**2,968,868**
Non-controlling interests	166,431	55,270	234,783	258,024	**58,651**
	2,128,130	1,969,348	2,482,256	2,895,337	**3,027,519**

Note: Certain comparative figures have been restated as a result of the business and reclassified to conform with the current year's presentation.

Statement of financial position of the Company

	2014 HK$'000	2013 HK$'000
Non-current asset		
Interests in subsidiaries	**1,255,608**	1,173,208
Current assets		
Other receivables	**52**	523
Amounts due from subsidiaries	**–**	110,192
Bank balances and cash	**14,102**	7,584
	14,154	118,299
Current liabilities		
Other payable and accruals	**278,366**	6,121
Bank borrowings	**326,911**	400,000
	605,277	406,121
Net current liabilities	**(591,123)**	(287,822)
Total assets less current liabilities	**664,485**	885,386
Non-current liability		
Bank borrowings	**98,456**	392,277
Net assets	**566,029**	493,109
Capital and reserves		
Share capital	**7,442**	7,442
Reserves	**558,587**	485,667
	566,029	493,109

MOVEMENT IN RESERVES

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000	Dividend reserve HK$'000	Retained profits (Accumulated losses) HK$'000	Total HK$'000
At 1 January 2013	7,325	4,761,903	(4,267,200)	172,870	(144,166)	530,732
Profit and total comprehensive income for the year	–	–	–	–	92,030	92,030
Share issued as scrip dividend	117	43,100	–	(43,217)	–	–
Final dividend paid for 2012	–	–	–	(129,653)	–	(129,653)
Final dividend for 2013 proposed	–	–	–	135,897	(135,897)	–
At 31 December 2013	7,442	4,805,003	(4,267,200)	135,897	(188,033)	493,109
Profit and total comprehensive income for the year	–	–	–	–	127,594	127,594
Acquisition of non-controlling interests	–	–	81,223	–	–	81,223
Final dividend paid for 2013	–	–	–	(135,897)	–	(135,897)
At 31 December 2014	7,442	4,805,003	(4,185,977)	–	(60,439)	566,029