

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

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1008



Interim Report

2015



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# Corporate information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Cai Xiao Ming, David (*Chairman*)  
Mr. Qin Song (*Chief Executive Officer*)  
Mr. Peng Guoyi

### Non-Executive Director

Ms. Li Li

### 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  
Ms. Li Li

## REMUNERATION COMMITTEE

Mr. Lam Ying Hung, Andy  
(*chairman of the remuneration committee*)  
Mr. Siu Man Ho, Simon  
Mr. Lui Tin Nang  
Ms. Li Li

## NOMINATION COMMITTEE

Mr. Siu Man Ho, Simon  
(*chairman of the nomination committee*)  
Mr. Lam Ying Hung, Andy  
Mr. Lui Tin Nang  
Mr. Qin Song  
Ms. Li Li

## AUTHORISED REPRESENTATIVES

Mr. Peng Guoyi  
Mr. Chung Tat Hung

## AUDITOR

Deloitte Touche Tohmatsu

## PRINCIPAL BANKERS

Hang Seng Bank Limited  
China Construction Bank (Asia) Corporation Limited  
Far Eastern International Bank  
DBS Bank (Hong Kong) Limited  
Standard Chartered Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## REGISTERED OFFICE

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

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3104-5, 31/F  
Universal Trade Centre  
3-5A Arbutnot Road  
Central, Hong Kong

## CORPORATE WEBSITE

[www.bcghk.cn](http://www.bcghk.cn)

## STOCK CODE

1008

## LISTING DATE

30 March 2009

# Chairman's statement

On behalf of the board (the "Board") of directors (the "Directors") of Brilliant Circle Holdings International Limited (the "Company") and its subsidiaries (together the "Group"), I present the interim results of the Group for the six months ended 30 June 2015 (the "Period under Review").

## BUSINESS REVIEW

During the Period under Review, the Company achieved revenue of approximately HK\$723.7 million with profits attributable to owners of the Company amounting to approximately HK\$203.7 million and basic earnings per share of approximately HK\$0.14. The Board recommended the payment of an interim dividend for the Period under Review of about HK\$400 million, or HK25.5 cents per share. During the Period under Review, the Group achieved Underlying Profit of approximately HK\$241.4 million, an increase of 13.9% over the same period last year.

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

### Cigarette Packages Printing

The cigarette and the cigarette packages printing industry is being affected by the tendering system, nationwide austerity measures and consolidation which slowed the overall production level of the cigarette industry especially in the low tier market and therefore pulled down our sales volume in the first half of 2015. Such trend will continue in the foreseeable future but we are pleased to announce that our gross profit margin and net profit margin had recorded a mild increment in the first half of 2015. This was contributed by effective cost controlling measures and changing product mix with better margin. On the other hand, to broaden the income source, subcontracting business was provided by us to smooth out the production load due to short term fluctuation of existing clientele and facilitate the Group's stretch into new brands and new customers.

### Provision of Printing Services

The Group has disposed of the provision of printing of book business in December 2014, and such business was regarded as discontinued operation in the Period under Review.

### Manufacturing of Laminated Papers

The laminated papers manufacturing remained stable and continued to be a supportive segment.

## PROSPECTS

Firstly, embodying Corporate Mission of "Promote the Growth of the Industry, Create Value, Build a platform of opportunities"; secondly, foreseeing the challenges arisen from the changing eco-system of cigarette and cigarette packaging printing industries and; thirdly, being exposed in the era of "Internet of Things" and "Value for Money", the Group is evolving and striving towards "Printing + Internet + Value" so as to enhance its profitability, sharpen its competence, gear towards sustainable growth and bring synergy and value to its stakeholders in the future by the followings.



## Chairman's statement

### To embrace “Made in China 2025” strategy

Leveraging on the Group accredited national tobacco packaging research and development qualification and the know-how of its strategic partner, Masterwork Machinery Co., Ltd., the Group is in a favorable position to embrace the “Made in China 2025” strategy. The Group will focus on applying intelligent production across all its factories and developing Technology Park, initially, in Anhui, Huadong; streamline and upgrade its Enterprise Resource Planning (“ERP”) system to reinforce cost and quality control; and develop green manufacturing initiatives to help strengthen corporate efficiency, effectiveness and competitiveness. Meanwhile, the Group is reviewing and strategically restructuring including its organizational structure, products mix and cost components for arriving an optimal mode at its best effort.

### Value-adding Service and Customized Quality

Regional China National Tobacco Corporations (“CNTC”), major customers of the Group, are affected by counterfeit products, price controlling measures and tobacco market reform. In light of these, the Group is devoted to providing not only products of printed packages but also comprehensive value-adding and customized services from products design development, brand building to marketing. To do so, the Group supplies CNTC exquisite, innovative and customized packaging that aids CNTC to gear towards top tier or higher margin segments and is going to print an unique QR Code (one of 2D barcodes) on each cigarette pack, “One Pack, One Code” for product identification that can combat counterfeit products. Simultaneously, through the QR code platform as a gateway to their websites or Wechat public accounts, CNTC will be able to strengthen the loyalty of their consumers by enhancing their interaction and user experience, to boost sales, formulate corporate and marketing strategies, promote branding and reduce distribution and marketing costs.

### O2O, Big Data, E-commerce and M-commerce

Leveraging on the QR code platform, the Group is set to benefit from developing online to offline (“O2O”) business, e-commerce and m-commerce. As announced by the Company in July 2015, the strategic cooperation between Guangxi Haiyun (the “Guangxi Haiyun Project”), which is owned by China Tobacco Guangxi Industrial Co. Ltd, embarks our first step. Leveraging on numerous consumers of China Tobacco Guangxi Industrial Co. Ltd who scan the QR Code and then be directed to the designated platform, like Haiyun Zhiyou O2O Platform, an O2O business eco-system is created. It is expecting that mirroring the Guangxi Haiyun Project and leveraging on the network/relationship with various business partners, the O2O business eco-system can be enlarged region by region and market by market which will bring business opportunities and simultaneously enables the Group to tap into e-commerce and m-commerce. In the past decade, e-commerce is in a period of rapid development, in particular in the PRC. According to data released by the China E-Commerce Research Center (CECRC), e-commerce in the PRC grew by 31.4 percent and reached a total market value of more than RMB13.4 trillion (US\$2.1 trillion) in 2014. CECRC researchers said the continuing expansion had been catalyzed by the rapid spread of smartphones in the PRC allowing many people, especially in rural areas, to access the Internet for the first time. They said mobile web transactions grew 240% to almost RMB928 billion (US\$150 billion) that means of huge market potential, business opportunities and growth momentum are available for the Group to capture.

Moreover, through the O2O business eco-system, Big Data, that means massive useful statistic or information, say consumption behavior and demography of users which facilitates products and business development, sales and marketing strategies formulation and resources management can be collected. Ample business opportunities can be derived from being a Big Data solution provider.

### Synergetic co-operations and developments

Having a well established foundation and position as evidenced by being awarded for some renowned recognitions, it is always the Group's spirit to explore opportunities for strategic and synergetic partners, "Virtue lies in being united", including but not limited to merger and acquisition, forming of joint ventures or other corporate action in the future should they be in the interest of the Company and its shareholders as a whole.

With a long operating history and a healthy financial position, the Group is well-placed to face industry and macro-economic challenges by adopting the strategy of "Printing + Internet + Value" which integrate our core printing and packaging competence with the strategic use of internet, O2O, e-commerce and m-commerce to generate high value adding service to our stakeholders, to achieve win-win result and to be geared with growth drivers.

### APPRECIATION

In July 2015, Mr. Peng Guoyi and Ms. Li Li, have been appointed as Executive Director and Non-Executive Director respectively of the Company. Ms. Li brings a wealth of experience and expertise in the printing and packaging to the Group, while Mr. Peng is an expert in machinery engineering. I would like to give my warmest welcome to both on their new positions.

On behalf of the Group, I would also like to take this opportunity to express my gratitude to our customers and shareholders for their continuing support, my fellow directors for their guidance as well as our staff for their dedication and hard work.

**Cai Xiao Ming, David**

*Chairman*

28 August 2015





# Management discussion and analysis

## REVENUE

During the Period under Review, the revenue of the Group was approximately HK\$723.7 million (six months ended 30 June 2014: HK\$785.4 million), which represents a decrease of approximately HK\$61.7 million or 7.9% as compared to the same period in 2014. The revenues of our two continuing business segments, namely cigarette package printing business and manufacturing of laminated papers were approximately HK\$703.3 million (six months ended 30 June 2014: HK\$762.2 million), and HK\$20.4 million (six months ended 30 June 2014: HK\$23.2 million) respectively.

The decrease in revenue was mainly attributable to the substantial drop in sales volume of low tier product as a consequence of Group's effort to develop high tier market during the Period under Review. Average selling price of Group's products had exhibited growth amid the price pressure brought by mandatory tendering system in China tobacco industry. The transitional sales drop during such repositioning had been partially offset by the continuous growth of the Group's subcontracting business.

## GROSS PROFIT

During the Period under Review, gross profit of the Group decreased by approximately HK\$12.6 million or 4.7% to HK\$254.1 million as compared to the same period in 2014. Meanwhile, the gross profit margin has slightly increased from 34.0% in 2014 to 35.1% in 2015.

Despite the decrease in gross profit, the gross profit margin had been back on growth due to improvement of product mix and stern cost control. Increased mechanization had served to counter the rising wages and consolidation of critical process and facilities and sharing of resources among the factories had boosted efficiency and in face of demanding high tier market.

## OTHER INCOME

Other income increased by approximately HK\$6.8 million as compared with the same period in 2014. It was mainly attributable to increase in government grants, interest income, rental income and other miscellaneous income by approximately HK\$1.7 million, HK\$3.4 million, HK\$1.2 million and HK\$0.5 million respectively.

## OTHER GAINS AND LOSSES

The other gains in the first half of 2015 represented the gain on disposal of property, plant and equipment and realisation of prior years' unrealised profit of approximately HK\$3.1 million and the other losses in the first half of 2014 represented the impairment loss on trade receivables of approximately HK\$2.5 million.

## SELLING AND DISTRIBUTION EXPENSES

The selling and distribution expenses dropped by approximately HK\$0.8 million or 4.8% which was consistent with the decrease in revenue.

## ADMINISTRATIVE EXPENSES AND OTHER EXPENSES

During the Period under Review, administrative expenses and other expenses increased by approximately HK\$8.7 million or 14.5% to HK\$68.7 million mainly because of the increase in the research and development expenses.

### FINANCE COSTS

Finance costs decreased by approximately HK\$2.1 million or 7.7% as compared with the same period in 2014. Such decrease mainly due to decrease in approximately HK\$8.5 million interest from lower bank borrowings which partially offset by the write-off of capitalized services fee by approximately HK\$6.4 million due to early repayment of syndicate loan through refinancing.

### SHARE OF PROFIT OF AN ASSOCIATE

Share of profit of an associate increased by approximately HK\$4.0 million to HK\$90.4 million during the Period under Review. Revenue and net profit of Changde Goldroc Rotogravure Printing Co., Limited (“Changde Goldroc”) were approximately HK\$1,015.3 million (six months ended 30 June 2014: HK\$1,044.6 million) and HK\$294.4 million (six months ended 30 June 2014: HK\$281.5 million) respectively.

The revenue decreased for the Period under Review was a result of the mandatory tender system. The increase of net profit was mainly attributable to the stringent cost measures implemented by Changde Goldroc. In the 2nd half of 2015, in view of the change in eco-system of the cigarette industry, Changde Goldroc will focus on result implementation of mandatory tender, digitalize the information platform, further improve quality control and enhance cost savings measures to further improve profitability.

### TAXATION

The effective tax rate of the Group remained stable for the Group, decreased slightly from approximately 16.8% to 15.9% during the Period under Review.

### PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to the owners of the Company was approximately HK\$203.7 million, an increase of approximately HK\$17.5 million or 9.4% as compared with the same period in 2014. It was mainly due to the growth of the subcontracting business, improvement of product mix and cost saving synergies as a result of sharing of resources among factories and stern cost control measures.

### SEGMENT INFORMATION

The Group has disposed of the provision of printing of book business in December 2014, and such business was regarded as discontinued operations in the Period under Review.

During the Period under Review, the revenue from the printing of cigarette packages, and manufacturing of laminated papers were approximately HK\$703.3 million (six months ended 30 June 2014: HK\$762.2 million) and approximately HK\$20.4 million (six months ended 30 June 2014: HK\$23.2 million) respectively. Earnings from the printing of cigarette packages accounted for approximately 98.0% of the total segment earnings before unallocated items. The earnings from cigarette packages printing services decreased by approximately 4.5% while earnings from manufacturing of laminated papers increased by 3.2%.

### FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated resources and banking facilities. As at 30 June 2015, the Group had net current assets of approximately HK\$409.2 million (as at 31 December 2014: HK\$269.7 million) while the Group’s cash and cash equivalents amounted to approximately HK\$475.7 million (as at 31 December 2014: HK\$379.0 million). Details of the Group’s borrowings as at 30 June 2015 are set out in note 17 to the consolidated financial statements.





## Management discussion and analysis

As at 30 June 2015, the short-term interest-bearing bank borrowings (repayable within one year) of the Group amounted to approximately HK\$669.0 million (as at 31 December 2014: HK\$740.7 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\$149.9 million (as at 31 December 2014: HK\$409.5 million), HK\$63.2 million (as at 31 December 2014: HK\$38.6 million), HK\$5.1 million (as at 31 December 2014: HK\$5.2 million) and HK\$1.5 million (as at 31 December 2014: HK\$85.8 million) respectively. As at 30 June 2015, the Group's gearing ratio, represented by the amount of interest-bearing borrowings divided by shareholders equity, was approximately 20.8% (as at 31 December 2014: 27.6%). The decrease in the gearing ratio was mainly attributable to the repayment of the syndicated loan during the Period under Review.

### CAPITAL COMMITMENTS

As at 30 June 2015, the Group had capital commitments in respect of the acquisition of property, plant, equipment and, contracted for but not provided in the financial statements amounting to approximately HK\$34.3 million (as at 31 December 2014: HK\$10.0 million), mainly due to the upgrade of the existing machineries. Such capital commitment will be mainly funded by working capital of the Group.

### CONTINGENT LIABILITIES AND GUARANTEES

The Group did not provide any guarantees to third party and had no material contingent liabilities as at 30 June 2015.

### MATERIAL ACQUISITION AND DISPOSAL

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 discounted operations in note 8 to the consolidated financial statements.

On 10 July 2015, the Group entered into Provisional Sale and Purchase Agreement with independent third parties to acquire Best Legend International Holdings Limited, whose sole assets are the entire 12th Floor and 3 car parking spaces on AXA Centre located in Wanchai, Hong Kong for a total cash consideration of HK\$205.9 million. The completion will take place on 31 August 2015 and the premises will be used as the Group's principal place of business in Hong Kong. The Group financed the acquisition by its own resources.

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

### TREASURY POLICIES

The Group adopted a prudent strategy towards the treasury and funding policies, and attached high importance to the risk control and transactions directly related to the Group's principal business. Funds, primarily denominated in Renminbi and Hong Kong dollars, are normally placed with banks in short or medium term deposits for working capital of the Group.

### CAPITAL STRUCTURE

During the Period under Review, the Group's operation was mainly financed by funds generated from its operation and borrowings. As at 30 June 2015, the bank 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, while its costs and expenses are mainly denominated in Hong Kong dollars and Renminbi. In view of the prevailing macro-economic environment, the Group may be exposed to the foreign exchange rate risk. Although the Group did not enter into any foreign currency hedging arrangements as it was manageable during the Period under Review, the Group will closely monitor the volatility of foreign exchange rate and apply the appropriate hedging strategy subject to the then situation.

On 22 May 2015, the Company entered into the placing agreement with the placing agent pursuant to which the placing agent agreed to place up to 80,000,000 placing shares to the placees who include connected persons of the Company and staff of the Group at a price of HK\$1.70 each on a best effort basis. Eventually, on 6 July 2015 a total of 79,416,000 placing shares had been successfully placed and the number of issued shares has been increased to 1,567,884,634 shares. Details have been disclosed in the announcement and circular dated 22 May 2015, 15 June 2015 and 6 July 2015 respectively.

### CHARGES ON THE GROUP'S ASSETS

As at 30 June 2015, assets with carrying amount of approximately HK\$219.8 million (31 December 2014: HK\$539.1 million) were pledged to banks in respect of banking facilities granted to the Group.

### SIGNIFICANT INVESTMENT AND FUTURE PLAN

The Group is beneficially owned as to certain shareholding interest of Changde Goldroc which is classified as an investment in an associate and related information is set out in note 14 to the consolidated financial statements.

Looking ahead, as mentioned in "PROSPECTS" section in the Chairman's statement, the Group is using its endeavours to generate high value adding service to our stakeholders, achieve win-win result, be geared with growth driver and explore opportunities for strategic and synergetic partners including but not limited to merger and acquisition and forming of joint ventures or other corporate action in the future should they be in the interest of the Company and its shareholders as a whole. It does not preclude the possibility of fund raising or debt financing when it is needed/opportunity arises.

### HUMAN RESOURCES

As at 30 June 2015, the Group had 10 and 1,101 full-time staff based in Hong Kong and the PRC respectively. The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Group operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' base salaries. The Group also made contributions to provident funds, elderly insurance, medical insurance, unemployment insurance and work-related injury insurance in accordance with appropriate laws and regulations in the PRC. The Group has adopted a share option scheme as a reward to eligible high-caliber employees and to attract similar high quality personnel that are valuable to the Group.

### INTERIM DIVIDEND

The Board has resolved to recommend the payment of an interim dividend of HK25.5 cents per share for the Period under Review (six months ended 30 June 2014: Nil) to be payable on or before 30 September 2015 to the shareholders of the Company whose names appear on the register of members of the Company as at 16 September 2015.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14 September 2015 to Wednesday, 16 September 2015 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the interim dividend for the Period under Review, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms 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 Friday, 11 September 2015.



## Other information

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

As at 30 June 2015, 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

<u>Name of Director</u>	<u>Capacity</u>	<u>Number of shares held</u>	<u>Position</u>	<u>Approximate percentage of issued share capital</u>
Mr. Cai Xiao Ming, David	Interest of controlled corporation (note 1)	851,456,892	Long	57.2%
Mr. Qin Song	Beneficial owner	15,321,062	Long	1.0%
Mr. Kiong Chung Yin Yttox	Beneficial owner	200,000	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.

**SUBSTANTIAL SHAREHOLDERS' INTERESTS IN AND/OR SHORT POSITIONS**

So far as is known to the Directors and chief executives of the Company, as at 30 June 2015, 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:

<b>Name of shareholder</b>	<b>Note</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Position</b>	<b>Approximate percentage of issued share capital</b>
Profitcharm Limited	1	Beneficial owner	274,325,278	Long	18.4%
Sinorise International Limited	2	Beneficial owner	577,131,614	Long	38.8%
Masterwork Machinery Co., Ltd.		Interest of controlled corporation	250,551,964	Long	16.83%
Masterwork Machinery (H.K.) Limited		Beneficial owner	250,551,964	Long	16.83%
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		Beneficial owner	103,555,231	Long	7.0%
Tianjin Dehou Investment Management Partnership (Limited Partnership)		Other	103,555,231	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.

**PURCHASE, SALE OR REDEMPTION OF SHARES**

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

## Other information

### CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the 'Code') contained in Appendix 14 of the Listing Rules. For the Period under Review, the Company has complied in general with the Code, except code provisions A.6.7 and E.1.2 of the Code as Mr. Cai Xiao Ming (the Chairman of the Board), Mr. Qin Song (the Chief Executive Officer), Mr. Sean Xing He (the former Non-Executive Director who resigned on 22 July 2015) and Mr. Lui Tin Nang (the independent non-executive Directors) were unable to attend the annual general meeting of the Company held on 3 June 2015 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 Period under Review.

### SHARE OPTION SCHEME

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

- (i) The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest.
- (ii) Eligible participants of the Share Option Scheme include any employee, executive and non-executive directors, customer or supplier of goods or services to any member of the Group, consultant, adviser, manager, officer or entity that provide research, development or other technological support to the Group or its member(s).
- (iii) The total number of shares in respect of which options may be granted under the Share Option Scheme is 40,000,000 shares, being 10% of the total number of shares in issue as at 30 March 2009, the listing date on the Stock Exchange, as adjusted by the share subdivision effective on 11 June 2013 or being 2.69% of the 1,488,468,634 shares in issue as at 30 June 2015.
- (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 prices of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the immediately preceding five trading days; and (3) the nominal value of a Company's share.
- (x) The Board is entitled at any time within 10 years between 4 March 2009 and 3 March 2019 to offer the grant of an option to any eligible participants.

As at 30 June 2015, no option under the Share Option Scheme was granted by the Board.

### **DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES**

During the Period under Review, the Company has been offered a four-year term loan facility (the "Facility") of HK\$340,000,000 from a local bank in which the Company has undertaken, among other matters, that Mr. Cai Xiao Ming, David ("Mr. Cai") shall maintain at least 50% beneficial shareholding interest in the Company at all times during the life of the banking facility. The breach of such undertaking may result in the loan immediately due and repayable. The Facility was used for refinancing the two syndicate loans granted to the Group in 2012 and 2013 and will be used for general working capital, financing the capital expenditure and for possible acquisition in the future.

### **AUDIT COMMITTEE**

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





# Report on review of interim financial information



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

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Brilliant Circle Holdings International Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 15 to 38, which comprise the condensed consolidated statement of financial position as of 30 June 2015, and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

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

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

28 August 2015

# Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2015

		<b>Six months ended 30 June</b>	
		<b>2015</b>	2014
	Notes	<b>(Unaudited) HK\$'000</b>	(Unaudited and restated) HK\$'000
<b>Continuing operations</b>			
Revenue	4	<b>723,746</b>	785,464
Cost of sales		<b>(469,632)</b>	(518,767)
Gross profit		<b>254,114</b>	266,697
Other income		<b>12,501</b>	5,734
Other gains and losses		<b>3,098</b>	(2,485)
Selling and distribution expenses		<b>(16,762)</b>	(17,599)
Administrative expenses		<b>(55,120)</b>	(54,622)
Other expenses		<b>(13,561)</b>	(5,357)
Finance costs		<b>(24,721)</b>	(26,791)
Share of profit of an associate		<b>90,359</b>	86,351
Profit before taxation		<b>249,908</b>	251,928
Taxation	6	<b>(39,680)</b>	(42,371)
Profit for the period from continuing operations	7	<b>210,228</b>	209,557
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	8	<b>(6,078)</b>	(10,222)
<b>Profit for the period</b>		<b>204,150</b>	199,335
<b>Other comprehensive income (expense):</b>			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		<b>2,281</b>	(69,656)
Total comprehensive income for the period		<b>206,431</b>	129,679
Profit for the period attributable to:			
Owners of the Company		<b>203,656</b>	186,143
Non-controlling interests		<b>494</b>	13,192
		<b>204,150</b>	199,335
Total comprehensive income attributable to:			
Owners of the Company		<b>205,901</b>	120,373
Non-controlling interests		<b>530</b>	9,306
		<b>206,431</b>	129,679
<b>Earnings per share</b>			
	10	<b>HK\$</b>	HK\$
			(Restated)
From continuing and discontinued operations			
Basic		<b>0.14</b>	0.13
From continuing operations			
Basic		<b>0.14</b>	0.13

# Condensed consolidated statement of financial position

As at 30 June 2015

	Notes	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	728,966	688,597
Prepaid lease payments		83,159	84,184
Investment properties		63,194	65,648
Goodwill	12	1,097,093	1,096,481
Intangible assets	13	302,441	324,977
Interest in an associate	14	596,850	715,766
Long-term receivables	8	37,873	–
Deposits for property, plant and equipment		18,188	6,149
		<b>2,927,764</b>	2,981,802
<b>Current assets</b>			
Inventories		72,509	119,832
Prepaid lease payments		2,222	2,220
Trade and bills receivables	15	742,093	740,662
Other receivables, prepayments and deposits	8	123,268	33,860
Pledged bank deposits		1,519	85,750
Bank balances and cash		475,697	378,985
		<b>1,417,308</b>	1,361,309
Assets classified as held for sale		–	140,050
		<b>1,417,308</b>	1,501,359
<b>Current liabilities</b>			
Trade and bills payables	16	196,030	191,339
Other payables and accruals		95,778	208,169
Amounts due to non-controlling interests		–	24,741
Bank borrowings	17	669,033	740,662
Income tax payable		47,291	62,057
		<b>1,008,132</b>	1,226,968
Liabilities directly associated with assets classified as held for sale		–	4,694
		<b>1,008,132</b>	1,231,662
<b>Net current assets</b>		<b>409,176</b>	269,697
<b>Total assets less current liabilities</b>		<b>3,336,940</b>	3,251,499

## Condensed consolidated statement of financial position

As at 30 June 2015

	Notes	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Government grants	18	39,536	36,314
Bank borrowings	17	–	95,400
Deferred tax liabilities		74,153	92,266
		<b>113,689</b>	223,980
<b>Net assets</b>			
		<b>3,223,251</b>	3,027,519
<b>Capital and reserves</b>			
Share capital	19	7,442	7,442
Share premium and reserves		3,164,237	2,961,426
Equity attributable to owners of the Company		<b>3,171,679</b>	2,968,868
Non-controlling interests		51,572	58,651
<b>Total equity</b>		<b>3,223,251</b>	3,027,519

# Condensed consolidated statement of changes in equity

For the six months ended 30 June 2015

	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserves HK\$'000 (Note a)	Other reserves HK\$'000 (Note b)	Dividend reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000			
<b>At 1 January 2014</b>	7,442	4,805,003	107,608	(3,001,899)	135,897	230,757	352,505	2,637,313	258,024	2,895,337
Profit for the period	-	-	-	-	-	-	186,143	186,143	13,192	199,335
Other comprehensive expense for the period	-	-	-	-	-	(65,770)	-	(65,770)	(3,886)	(69,656)
Total comprehensive (expense) income for the period	-	-	-	-	-	(65,770)	186,143	120,373	9,306	129,679
Final dividend paid for 2013 (Note 9)	-	-	-	-	(135,897)	-	-	(135,897)	(59,600)	(195,497)
Transfer	-	-	17,528	-	-	-	(17,528)	-	-	-
At 30 June 2014 (unaudited)	7,442	4,805,003	125,136	(3,001,899)	-	164,987	521,120	2,621,789	207,730	2,829,519
<b>At 1 January 2015</b>	<b>7,442</b>	<b>4,805,003</b>	<b>120,450</b>	<b>(2,904,451)</b>	<b>-</b>	<b>163,273</b>	<b>777,151</b>	<b>2,968,868</b>	<b>58,651</b>	<b>3,027,519</b>
Profit for the period	-	-	-	-	-	-	203,656	203,656	494	204,150
Other comprehensive income for the period	-	-	-	-	-	2,245	-	2,245	36	2,281
Total comprehensive income for the period	-	-	-	-	-	2,245	203,656	205,901	530	206,431
Disposal of subsidiaries	-	-	-	-	-	(3,090)	-	(3,090)	-	(3,090)
Final dividend paid for 2014	-	-	-	-	-	-	-	-	(7,609)	(7,609)
Transfer	-	-	7,959	-	-	-	(7,959)	-	-	-
<b>At 30 June 2015 (unaudited)</b>	<b>7,442</b>	<b>4,805,003</b>	<b>128,409</b>	<b>(2,904,451)</b>	<b>-</b>	<b>162,428</b>	<b>972,848</b>	<b>3,171,679</b>	<b>51,572</b>	<b>3,223,251</b>

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 Mr. Tsoi Tak, the former controlling shareholder of the Company in exchange of its entire equity interests in Brilliant Circle Group Holdings Limited (formerly known as Brilliant Circle Holdings International Limited) which were acquired by Mr. Tsoi Tak, that former controlling shareholder at 10 September 2009 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, 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, in December 2014.

# Condensed consolidated statement of cash flows

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>123,274</b>	135,690
<b>INVESTING ACTIVITIES</b>			
Interests received		4,864	2,695
Proceeds on disposal of subsidiaries	8	12,375	–
Deposits paid for and purchases of property, plant and equipment		(83,792)	(58,428)
Dividend received from an associate		209,784	197,136
Proceeds from disposal of property, plant and equipment		499	11,870
Payment for the consideration of the acquisition of subsidiaries in prior year		(78,822)	–
Placement of pledged bank deposits		–	(4,915)
Withdrawal of pledged bank deposits		84,007	8,550
Placement of structured deposits		–	(64,299)
Release of structured deposits		–	41,739
Government grants received for acquisition of property, plant and equipment		3,734	12,534
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>152,649</b>	146,882
<b>FINANCING ACTIVITIES</b>			
New bank loans raised, net of transaction cost of HK\$2,210,000 (2014: HK\$1,118,000)		545,913	147,343
Repayment of bank borrowings		(722,541)	(330,291)
Dividends paid to non-controlling interests		(7,609)	–
Repayment to non-controlling interests		(23,108)	–
Dividends paid		–	(135,897)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(207,345)</b>	(318,845)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>68,578</b>	(36,273)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		<b>406,290</b>	414,830
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>829</b>	(26,071)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash</b>		<b>475,697</b>	352,486



# Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

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

## 2. BASIS OF PREPARATION

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

## 3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

## 4. REVENUE

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited and restated)
	HK\$’000	HK\$’000
Printing of cigarette packages	703,327	762,218
Manufacturing of laminated papers	20,419	23,246
	723,746	785,464

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. No operating segments identified by the CODM 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 of books business was discontinued in the last period. The segment information reported below does not include any amounts for this discontinued operation, which is described in more detail in note 8. Accordingly, the comparative information has been restated to present the results of the provision of printing of books business as discontinued operations to confirm with the current period presentation.

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

	Segment revenue Six months ended 30 June		Segment results Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited and restated) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited and restated) HK\$'000
<b>Continuing operations</b>				
<b>Segment revenue and segment results:</b>				
Printing of cigarette packages	703,327	762,218	254,864	266,768
Manufacturing of laminated papers	20,419	23,246	5,112	4,954
	<b>723,746</b>	785,464	<b>259,976</b>	271,722
Unallocated – other income and other gains and losses			15,599	3,249
Unallocated expenses			(91,305)	(82,603)
Finance costs			(24,721)	(26,791)
Share of profit of an associate			90,359	86,351
Profit before taxation from continuing operations			<b>249,908</b>	251,928

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 5. SEGMENT INFORMATION *(continued)*

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

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

#### Segment assets and liabilities

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

#### Segment assets

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
<b>Continuing operations</b>		
Printing of cigarette packages	<b>1,505,353</b>	1,507,732
Manufacturing of laminated papers	<b>30,134</b>	35,505
Total segment assets	<b>1,535,487</b>	1,543,237
Unallocated property, plant and equipment	<b>8,081</b>	5,854
Prepaid lease payments	<b>85,381</b>	86,404
Investment properties	<b>63,194</b>	65,648
Goodwill	<b>1,097,093</b>	1,096,481
Intangible assets	<b>302,441</b>	324,977
Interest in an associate	<b>596,850</b>	715,766
Long-term receivables	<b>37,873</b>	–
Deposits for property, plant and equipment	<b>18,188</b>	6,149
Other receivables, prepayments and deposits	<b>123,268</b>	33,860
Pledged bank deposits	<b>1,519</b>	85,750
Bank balances and cash	<b>475,697</b>	378,985
Consolidated assets	<b>4,345,072</b>	4,343,111

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 5. SEGMENT INFORMATION *(continued)*

#### Segment assets and liabilities *(continued)*

#### Segment liabilities

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
<b>Continuing operations</b>		
Printing of cigarette packages	<b>193,252</b>	189,571
Manufacturing of laminated papers	<b>2,778</b>	1,768
Total segment liabilities	<b>196,030</b>	191,339
Other payables and accruals	<b>95,778</b>	208,169
Amounts due to non-controlling interests	–	24,741
Bank borrowings	<b>669,033</b>	836,062
Income tax payable	<b>47,291</b>	62,057
Deferred tax liabilities	<b>74,153</b>	92,266
Government grants	<b>39,536</b>	36,314
Consolidated liabilities	<b>1,121,821</b>	1,450,948

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

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 6. TAXATION

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited and restated)
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Current tax:		
The People's Republic of China (the "PRC") Enterprise Income Tax ("EIT")	<b>33,488</b>	36,065
Withholding tax	<b>25,630</b>	22,487
Overprovision of EIT in prior years	<b>(1,323)</b>	(3,376)
Deferred taxation	<b>(18,115)</b>	(12,805)
	<b>39,680</b>	42,371

The PRC EIT is calculated at the applicable prevailing tax rates from 15% to 25% (2014: 15% to 25%) in the PRC. Pursuant to the "Enterprise Income Tax Law for Foreign Investment Enterprises and Foreign Enterprises", some PRC subsidiaries, being a High-Tech Enterprise, were entitled to a reduced EIT rate of 15% for the years from 2012 to 2015.

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

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

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 7. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited and restated)
	HK\$'000	HK\$'000
Profit for the period from continuing operations has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	1,368	8,077
Other staff costs		
Salaries and other benefits	48,310	58,948
Contributions to retirement benefits schemes	5,372	6,355
	<b>55,050</b>	73,380
Cost of inventories recognised as expenses	<b>438,803</b>	489,686
Release of prepaid lease payments	1,107	1,115
Amortisation of intangible assets (included in cost of sales)	22,624	22,624
Depreciation of property, plant and equipment	34,572	39,828
Operating lease rentals in respect of rented premises	1,579	3,360
Recognition of impairment on trade receivables	–	2,485
Reversal of write-down on obsolete inventories (included in cost of sales) (Note a)	–	(163)
Research and development costs recognised as an expense (included in other expenses)	11,815	1,948
Share of taxation of an associate	14,624	15,774
Legal and professional fee relating to business combination	1,746	–
and after crediting to other income:		
Interest income	(5,988)	(2,589)
Processing fee income	(376)	(844)
Sales of scrap materials	(767)	(1,593)
Government grants (Note b)	(1,956)	(209)
and after crediting to other gains and losses:		
Gain on disposal of property, plant and equipment	(63)	–

Notes:

- (a) For the six months ended 30 June 2014, cost of inventories included reversal of write-down on obsolete inventories of HK\$163,000 which were sold during the period ended 30 June 2014.
- (b) For the six months ended 30 June 2015, government grants were received from the government of the PRC mainly as incentives granted by local authority for encouragement of its business development. These grants were accounted for as financial support with no future related costs expected to be incurred nor related to any assets, except for the subsidy on the acquisition of property, plant and equipment in the PRC (as details in note 18).



## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 8. DISPOSAL OF SUBSIDIARIES/DISCONTINUED OPERATIONS

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 results from the discontinued operations for the current and preceding interim periods are analysed as follows:

	<b>Six months ended 30 June</b>	
	<b>2015</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2014 (Unaudited) HK\$'000
Loss on provision of printing of books operations	–	(10,222)
Loss on disposal of provision of printing of books operations	<b>(6,078)</b>	–
	<b>(6,078)</b>	(10,222)
Revenue	–	86,045
Cost of sales	–	(87,186)
Other income	–	1,046
Other gains and losses	–	661
Selling and distribution expenses	–	(4,368)
Administrative expenses	–	(6,478)
Loss before taxation	–	(10,280)
Loss on disposal of operation	<b>(6,078)</b>	–
Attributable income tax income	–	58
Loss for the period from discontinued operations (attributable to owners of the Company)	<b>(6,078)</b>	(10,222)
<i>Cash flows from discontinued operations</i>		
Net cash inflow from operating activities	–	406
Net cash inflow (outflow) from investing activities	<b>12,375</b>	(1,108)
Net cash inflow (outflow)	<b>12,375</b>	(702)

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 8. DISPOSAL OF SUBSIDIARIES/DISCONTINUED OPERATIONS *(continued)*

The net assets at the date of disposal were as follows:

	HK\$'000
<i>Current assets</i>	
Inventories	8,560
Trade and bills receivables	47,204
Other receivables, prepayments and deposits	3,529
Tax recoverable	159
Bank balances and cash	27,305
<i>Non-current assets</i>	
Property, plant and equipment	55,361
<i>Current liabilities</i>	
Trade and bills payables	2,231
Other payables and accruals	2,515
Bank borrowing	4
Net assets disposal of (Note a)	137,368
Net assets disposal of	137,368
Reclassification of cumulative translation reserve upon disposal to profit or loss	(3,090)
Loss on disposal	134,278 (6,078)
Present value of total consideration	128,200
Unearned finance income	5,480
Total consideration	133,680
Satisfied by:	
Cash	39,680
Deferred cash consideration (Note b)	94,000
	133,680
Net cash inflow arising on disposal:	
Total cash consideration received	39,680
Less: bank balances and cash disposal of	(27,305)
	12,375

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 8. DISPOSAL OF SUBSIDIARIES/DISCONTINUED OPERATIONS *(continued)*

Notes:

- (a) The above amount is excluded of the dividends payable to holding company and amounted to approximately HK\$24,680,000.
- (b) The deferred consideration of HK\$54,000,000 will be settled in cash by the purchaser on or before 31 December 2015, HK\$10,000,000 shall be paid on or before 31 December 2016, and the remaining balance shall be paid on or before 31 December 2017. The interest-free balances due from the purchaser are measured at amortised cost at effective interest rate of 3.5% per annum. As at 30 June 2015, an amount of approximately HK\$51,771,000, which is repayable within twelve months after the end of the reporting period in accordance with the disposal agreement, is included in other receivables as current assets. The remaining balance of approximately HK\$37,873,000 is included in long-term receivables as non-current assets.

### 9. DIVIDENDS

The aggregate amount of the final dividend declared and paid in the interim period is as follows:

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividends:		
Cash dividend	–	135,897

No final dividends in respect of the year 31 December 2014 were paid during the interim period (2014: HK9.13 cents per share in respect of the year ended 31 December 2013). The directors of the Company have determined that an interim dividend of HK25.50 cents per share (2014: nil), will be paid to the shareholders of the Company whose names appear in the Register of Members on 16 September 2015.

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 10. EARNINGS PER SHARE

#### From continuing and discontinued operations

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Earnings:</b>		
Earnings for the purpose of basic earnings per share	<b>203,656</b>	186,143
<b>Number of shares:</b>	<b>'000</b>	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,488,469</b>	1,488,469

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

#### From continuing operations

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Earnings figures are calculated as follows:		
Profit for the period attributable to the owners of the Company	<b>203,656</b>	186,143
Add: Loss for the period from discontinued operations	<b>6,078</b>	10,222
Earnings for the purpose of calculating basic earnings per share from continuing operations	<b>209,734</b>	196,365

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

#### From discontinued operations

Basic loss per share from discontinued operations is HK0.41 cent per share (2014: HK0.69 cent per share), based on the loss for the period from discontinued operations of HK\$6,078,000 (2014: HK\$10,222,000) and the denominator detailed above for basic earnings per share.

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of approximately HK\$474,000 (30 June 2014: HK\$11,870,000) for cash proceeds of approximately HK\$537,000 (30 June 2014: HK\$11,870,000), resulting in a gain on disposal of HK\$63,000 (30 June 2014: nil).

In addition, during the current interim period, the Group paid approximately HK\$71,753,000 (30 June 2014: HK\$35,545,000) for the acquisition of property, plant and equipment to expand its operations which mainly included approximately HK\$66,130,000 (30 June 2014: HK\$33,264,000) in construction in progress.

### 12. GOODWILL

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
At beginning of the period/year	<b>1,096,481</b>	1,112,181
Exchange difference	<b>612</b>	(15,700)
At end of period/year	<b>1,097,093</b>	1,096,481

For the purpose of impairment testing, goodwill has been allocated to cash generating units ("CGUs"), comprising four subsidiaries in printing of cigarette packages segment and one subsidiary in the manufacturing of laminated paper segment. During the period ended 30 June 2015, management of the Group determines that there is no impairment of any of its CGUs containing goodwill.

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 13. INTANGIBLE ASSETS

	Customer relationship HK\$'000
<b>COST</b>	
At 1 January 2014	461,310
Exchange adjustments	(1,101)
At 31 December 2014	460,209
Exchange adjustments	88
At 30 June 2015	460,297
<b>AMORTISATION</b>	
At 1 January 2014	89,983
Charge for the year	45,249
At 31 December 2014	135,232
Charge for the period	22,624
At 30 June 2015	157,856
<b>CARRYING VALUES</b>	
At 30 June 2015 (unaudited)	302,441
At 31 December 2014 (audited)	324,977

Intangible assets represent customer relationship in Brilliant Circle Holdings International Limited ("Brilliant Circle") acquired in a business combination in 2009 and the acquisition of Yang Feng Printing & Packaging Co., Ltd. ("Yangfeng"), a subsidiary of Giant Sino Investments Limited in 2012. Brilliant Circle and Yangfeng have long and close business relationship with the major customers. The acquisition of the customer base has allowed the Group to stabilise the revenue base from packaging and printing business. Amortisation is provided to write off the cost of the customer relationship using the straight-line method over the estimated life of the customer relationship of 10 years.



## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 14. INTEREST IN AN ASSOCIATE

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Cost of investment, unlisted	<b>349,078</b>	348,729
Share of post-acquisition profits and other comprehensive income, net of dividends received	<b>247,772</b>	367,037
	<b>596,850</b>	715,766

As at 30 June 2015 and at 31 December 2014, 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

The financial information of the Group's associate is prepared using uniform accounting policies in conformity with the accounting policies adopted by the Group. The associate is accounted for using the equity method in these condensed consolidated financial statements. The summarised financial information in respect of the Group's associate is set out below:

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Current assets	<b>1,394,109</b>	1,819,741
Non-current assets	<b>1,089,436</b>	1,108,631
Current liabilities	<b>(771,797)</b>	(829,347)
Non-current liabilities	–	(2,413)
Revenue	<b>1,015,332</b>	2,494,358
Profit and total comprehensive income for the period/year	<b>295,177</b>	654,330
Dividend received from the associate during the period/year	<b>209,784</b>	197,137

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 15. TRADE AND BILLS RECEIVABLES

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

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
0–90 days	<b>622,688</b>	675,107
91–180 days	<b>67,917</b>	42,807
181–365 days	<b>37,406</b>	21,969
Over 365 days	<b>14,082</b>	779
	<b>742,093</b>	740,662

### 16. TRADE AND BILLS PAYABLES

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

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
0–30 days	<b>149,379</b>	134,537
31–90 days	<b>24,892</b>	51,310
91–180 days	<b>20,433</b>	4,997
181–365 days	<b>1,192</b>	43
Over 365 days	<b>134</b>	452
	<b>196,030</b>	191,339

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 17. BANK BORROWINGS

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Bank borrowings comprise:		
Secured	<b>124,915</b>	688,759
Unsecured	<b>544,118</b>	147,303
	<b>669,033</b>	836,062
Carrying amount repayable:		
Within one year	<b>420,506</b>	740,662
More than one year, but not exceed two years	–	95,400
	<b>420,506</b>	836,062
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	<b>248,527</b>	–
	<b>669,033</b>	836,062
Less: Amounts due within one year shown under current liabilities	<b>669,033</b>	740,662
Amounts due under non-current liabilities	–	95,400
Breakdown of the bank borrowings:		
Fixed-rate borrowings	<b>281,059</b>	143,508
Floating-rate borrowings	<b>387,974</b>	692,554
	<b>669,033</b>	836,062

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 17. BANK BORROWINGS (continued)

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

	<b>30 June 2015 (Unaudited)</b>	31 December 2014 (Audited)
Fixed-rate borrowings	<b>5.1% to 6.3%</b>	5.6% to 6.3%
Floating-rate borrowings	<b>3.0% to 3.5%</b>	2.9% to 6.6%

### 18. GOVERNMENT GRANTS

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Arising from government grants:		
Current liability	<b>968</b>	593
Non-current liability	<b>39,536</b>	36,314
	<b>40,504</b>	36,907

During the current interim period, the Group received a government subsidy of HK\$3,734,000 (31 December 2014: HK\$18,840,000) 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\$187,000 (30 June 2014: HK\$209,000).

As at 30 June 2015, an amount of HK\$40,504,000 (31 December 2014: HK\$36,907,000) remains to be amortised.

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 19. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.005 each		
At 1 January 2014, 30 June 2014, 1 January 2015 and 30 June 2015	2,000,000,000	10,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.005 each		
At 1 January 2014, 30 June 2014, 1 January 2015 and 30 June 2015	1,488,468,634	7,442

### 20. 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:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Property, plant and equipment	63,228	38,609
Prepaid lease payments	5,107	5,163
Trade receivables	149,898	409,528
Bank deposits	1,519	85,750
	<b>219,752</b>	539,050

## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 21. RELATED PARTY DISCLOSURES

#### (a) Transactions with related company

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Printing of cigarette packages	4,385	23,345

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

#### (c) Compensation of key management personnel

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited and restated) HK\$'000
Short-term benefits	3,397	10,159
Contribution to retirement benefits schemes	84	73
	3,481	10,232

### 22. CAPITAL COMMITMENTS

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	34,309	9,952



## Notes to the condensed consolidated financial statements

For the six months ended 30 June 2015

### 23. EVENTS AFTER THE END OF THE REPORTING PERIOD

- (i) On 22 May 2015, the Company entered into a placing agreement (the “Placing Agreement”) with the placing agent, an independent third party, to place up to 80,000,000 placing shares to the placees, who include connected persons of the Company and staff of the Group, at a price of HK\$1.70 each (the “Placing”).

The Placing was completed on 6 July 2015 in accordance with the terms and conditions of the Placing Agreement under which a total of 79,416,000 placing shares had been successfully placed by the placing agent at the placing price of HK\$1.70 per share.

Details of the transactions were set out in the announcements and circulars of the Company on 22 May 2015, 15 June 2015 and 6 July 2015, respectively.

- (ii) On 1 July 2015, Shenzhen Guilian Printing Limited (the “SZGP”), one of the subsidiaries of the Company, entered into a Strategic Cooperation Agreement with Guangxi Haiyun Zhiyou Property Service LLC 廣西海韻之友物業服務有限責任公司 (the “Guangxi Haiyun”), an independent third party, to establish the joint venture entity in Shenzhen Qianhai with an initial registered capital of RMB15,000,000 (equivalent to approximately HK\$18,750,000) for a term of 20 years which will be initially owned as to 51% by Guangxi Haiyun and as to 49% by SZGP for the purpose of developing the business of provision of 2D Barcodes and O2O solutions for its customers.

Simultaneously, SZGP and Guangxi Haiyun entered into a Computer Software Copyright Agreement, pursuant to which, among other things, Guangxi Haiyun granted the copyright to SZGP for using the 2D Barcodes Platform Software and Haiyun Zhiyou O2O Platform Software with warranted technical support for a period of 20 years from 1 July 2015 to 30 June 2035 at a fee of RMB7,650,000 (equivalent to approximately HK\$9,563,000).

Details of the transactions were set out in the announcement of the Company on 6 July 2015.

- (iii) On 10 July 2015, Empire Sail Limited, a wholly owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with independent third parties in relation to the acquisition of the entire equity interest of an entity for the purposes of acquiring property and car parking spaces in Hong Kong at the total cash consideration of HK\$205,900,000 in order to provide a larger premise to the Group for future development and guard against future rental fluctuation. The completion shall take place on or before 31 August 2015.

Details of the transactions were set out in the announcement of the Company on 10 July 2015.

The directors are in the process of ascertaining the financial impact arising on the above transactions.