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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK$1,407 million (2015: HK$1,495 million), a drop of 5.9% which was caused by the drop in average selling price brought by mandatory tendering system in China Tobacco industry and devaluation of RMB against HK$. Nevertheless, the sales volume recorded a mild increase.

- Profit for the year attributable to the owners of the Company was approximately HK$286 million (2015: HK$386 million), a decrease of approximately 25.9%.

- Earnings per share (basic) from continuing and discontinued operations was HK18 cents (2015: HK25 cents).

- Final dividend of HK15.3 cents per share (2015: NIL) has been proposed by the Board.

The board (the “Board”) of directors (the “Directors”) of Brilliant Circle Holdings International Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2016 together with the comparative figures for 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	NOTES	**2016** **HK$’000**	2015 *HK$’000*
Continuing operations			
Revenue	*3&4*	**1,407,209**	1,494,961
Cost of sales		**(997,308)**	(1,032,918)
Gross profit		**409,901**	462,043
Other income	*5*	**25,863**	28,627
Other gains and losses	*6*	**(180)**	2,473
Selling and distribution expenses		**(43,338)**	(45,953)
Administrative expenses		**(91,955)**	(101,947)
Other expenses		**(4,216)**	(10,021)
Finance costs	*7*	**(25,567)**	(37,371)
Share of profits of associates		**86,429**	178,625
Share of profit of a joint venture		**57**	–
Profit before taxation		**356,994**	476,476
Taxation	*8*	**(69,760)**	(79,796)
Profit for the year from continuing operations	*10*	**287,234**	396,680
Discontinued operations			
Loss for the year from discontinued operations	*9*	**–**	(6,078)
Profit for the year		**287,234**	390,602
Other comprehensive expense:			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		**(146,601)**	(156,901)
Total comprehensive income for the year		**137,633**	233,701

	NOTE	2016 HK$'000	2015 HK$'000
Profit for the year attributable to:			
Owners of the Company		**285,827**	386,372
Non-controlling interests		**1,407**	4,230
		287,234	390,602
Total comprehensive income (expense) attributable to:			
Owners of the Company		**138,394**	232,067
Non-controlling interests		**(761)**	1,634
		137,633	233,701

	NOTE	2016 HK$	2015 HK$
Earnings per share	*12*		
From continuing and discontinued operations			
Basic		**0.18**	0.25
From continuing operations			
Basic		**0.18**	0.26

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	NOTE	2016 HK$'000	2015 HK$'000
Non-current Assets			
Property, plant and equipment		**768,048**	806,049
Prepaid lease payments		**78,217**	77,246
Investment properties		**172,070**	185,636
Goodwill		**1,029,637**	1,061,335
Intangible assets		**232,767**	283,503
Interests in associates		**551,899**	643,224
Interest in a joint venture		**8,222**	8,644
Long-term receivables		**–**	15,720
Deposits for property, plant and equipment		**1,732**	21,966
		2,842,592	3,103,323
Current Assets			
Inventories		**136,733**	116,504
Prepaid lease payments		**2,124**	2,092
Trade and bills receivables	*13*	**879,629**	783,185
Other receivables, prepayments and deposits		**68,551**	54,747
Amounts due from related parties		**19,042**	3,449
Tax recoverable		**3,028**	3,164
Pledged bank deposits		**6,731**	2,173
Bank balances and cash		**199,694**	299,771
		1,315,532	1,265,085

	NOTE	**2016** *HK$'000*	2015 *HK$'000*
Current Liabilities			
Trade and bills payables	*14*	**313,160**	282,158
Other payables and accruals		**130,071**	120,231
Amount due to non-controlling interest of a subsidiary		**3,775**	–
Bank borrowings		**419,562**	536,013
Income tax payable		**52,418**	54,927
		918,986	993,329
Net Current Assets		**396,546**	271,756
Total Assets less Current Liabilities		**3,239,138**	3,375,079
Non-current Liabilities			
Government grants		**34,396**	36,164
Bank borrowings		**258,248**	277,660
Deferred tax liabilities		**71,334**	78,141
		363,978	391,965
Net assets		**2,875,160**	2,983,114
Capital and Reserves			
Share capital		**7,839**	7,839
Share premium and reserves		**2,821,129**	2,922,621
Equity attributable to owners of the Company		**2,828,968**	2,930,460
Non-controlling interests		**46,192**	52,654
Total Equity		**2,875,160**	2,983,114

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

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 1201, 12/F, AXA Centre, 151 Gloucester Road, Wanchai, 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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories or value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

3. 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 is as follows:

	2016	2015
	HK$'000	*HK$'000*
Printing of cigarette packages	**1,365,801**	1,446,422
Manufacturing of laminated papers	**41,408**	48,539
	1,407,209	1,494,961

4. 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 services was presented as discontinued operation in 2014. The segment information reported below does not include any amounts for this discontinued operation, which is described in more detail in note 9.

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 2016

Continuing operations

	Printing of cigarette packages *HK$'000*	Manufacturing of laminated papers *HK$'000*	Total *HK$'000*
Segment revenue	**1,365,801**	**41,408**	**1,407,209**
Segment profit	**400,899**	**10,913**	**411,812**
Unallocated — other income and other gains and losses			**25,683**
Unallocated expenses			**(141,420)**
Finance costs			**(25,567)**
Share of profits of associates			**86,429**
Share of profit of a joint venture			**57**
Profit before taxation (continuing operations)			**356,994**

For the year ended 31 December 2015

Continuing operations

	Printing of cigarette packages *HK$'000*	Manufacturing of laminated papers *HK$'000*	Total *HK$'000*
Segment revenue	1,446,422	48,539	1,494,961
Segment profit	448,821	12,518	461,339
Unallocated — other income and other gains and losses			31,100
Unallocated expenses			(157,217)
Finance costs			(37,371)
Share of profit of an associate			178,625
Profit before taxation (continuing operations)			476,476

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2.

Segment profit represents the profit earned by each segment without allocation of corporate management expenses, directors' emoluments, share of profits of associates, share of profit of a joint venture, finance costs, taxation, 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.

5. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank deposits	**2,043**	6,463
Sales of scrap materials	**3,066**	3,514
Processing fee income	**502**	481
Rental income	**1,303**	2,246
Government grants *(Note)*	**16,388**	6,949
Interest income on long-term receivables	**1,038**	3,152
Sundry income	**1,523**	5,822
	25,863	28,627

Note: Government grants were received from the government of the PRC mainly as incentives granted by local authority for encouragement of its business development and innovation except for an amount of HK$1,686,000 (2015: HK$553,000) which was granted for the acquisition of property, plant and equipment. These grants are accounted for as financial support with no future related costs expected to be incurred nor related to any assets.

6. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Net foreign exchange gains (losses)	**550**	(52)
(Losses) gains on disposal of property, plant and equipment	**(730)**	2,525
	(180)	2,473

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank loans	**25,567**	44,793
Less: amounts capitalised in the cost of qualifying assets	**–**	(7,422)
	25,567	37,371

8. TAXATION

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
The People's Republic of China (the "PRC") Enterprise Income Tax ("EIT")	**60,615**	68,478
Withholding tax	**14,824**	26,437
	75,439	94,915
Overprovision of EIT in prior year	**(1,676)**	(3,872)
Deferred tax:		
Current year	**(4,003)**	(11,247)
	69,760	79,796

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

The PRC EIT is calculated at the applicable prevailing tax rates from 15% to 25% (2015: 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 2013 to 2018.

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 associates and a joint venture.

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:

	2016	2015
	HK$'000	*HK$'000*
Profit before taxation (from continuing operations)	**356,994**	476,476
Tax at the applicable rate of 25% (2015: 25%) *(Note)*	**89,249**	119,119
Tax effect of share of profits of associates	**(21,607)**	(44,656)
Tax effect of share of profit of an joint venture	**(14)**	–
Tax effect of expenses not deductible for tax purpose	**22,115**	23,967
Tax effect of income not taxable for tax purpose	**(473)**	(997)
Overprovision in respect of prior years	**(1,676)**	(3,872)
Tax effect of deductible temporary differences not recognised	**59**	232
Tax effect of tax losses not recognised	**860**	–
Income tax on concessionary rate	**(35,054)**	(38,317)
Deferred tax on undistributed earnings of PRC subsidiaries/associates	**16,301**	24,320
Tax charge for the year (relating to continuing operations)	**69,760**	79,796

Note: The applicable tax rate of 25% represents the applicable income tax rate of the subsidiaries in Shenzhen and Anhui in the PRC which constitute the substantial part of the Group's operation for the years ended 31 December 2016 and 2015.

9. DISPOSAL OF SUBSIDIARIES/DISCONTINUED OPERATIONS

On 12 January 2015, the Group disposed of its provision of printing of books business to an independent third party. 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 results from the discontinued operations for 2015 are analysed as follow:

	2016	2015
	HK$'000	*HK$'000*
Loss on disposal of provision of printing of books operations	**–**	(6,078)
Cash flow from discontinued operations		
Net cash inflow from investing activities	**–**	53,375

10. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2016	2015
	HK$'000	*HK$'000*
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	**2,658**	2,824
Other staff costs		
Salaries and other benefits	**106,083**	101,828
Contributions to retirement benefits schemes	**9,383**	10,655
Total staff costs	**118,124**	115,307
Less: capitalised in inventories	**(83,318)**	(69,454)
	34,806	45,853
Auditor's remuneration	**3,832**	4,292
Cost of inventories recognised as expenses	**942,848**	973,043
Depreciation of property, plant and equipment	**80,421**	63,406
Depreciation of investment properties	**4,873**	5,417
Release of prepaid lease payments	**2,097**	2,185
Amortisation of intangible assets (included in cost of sales and administrative expenses)	**45,694**	45,403
Total depreciation and amortisation	**133,085**	116,411
Less: capitalised in inventories	**(104,922)**	(89,946)
	28,163	26,465
Operating lease rentals in respect of rented premises	**2,560**	3,568
(Reversals) recognition of write-down on obsolete inventories (included in cost of sales)	**(227)**	927
Recognition of impairment on long-term receivables	**–**	4,990
Research and development costs recognised as an expense (included in other expenses)	**4,216**	3,625
Shares of taxation of associates	**16,282**	32,511
Gross rental income from investment properties	**(1,480)**	(2,577)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**177**	331
	(1,303)	(2,246)

11. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2016 Interim — nil (2015 interim — HK25.50 cents) per share	**–**	399,811
2015 special dividend	**239,886**	–
	239,886	399,811

During the current year, a special dividend of HK15.30 cents per share was declared and paid to the shareholders whose names appear on the Company's register of members at the close of business on 1 March 2016.

The final dividend of HK15.30 cents in respect of the year ended 31 December 2016 (2015: Nil) per share, amounting to approximately HK$239,886,000 (2015: Nil), has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

12. 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:

	2016	2015
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**285,827**	386,372

	2016	2015
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,567,885**	1,527,198

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2015 had been adjusted for the share placing completed on 6 July 2015.

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

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:

	2016	2015
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**285,827**	386,372
Add: Loss for the year from discontinued operations	**–**	6,078
Earnings for the purpose of calculating basic earnings per share from continuing operations	**285,827**	392,450

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 nil (2015: HK0.41 cent per share), based on the loss for the year from discontinued operations of nil (2015: HK$6,078,000) and the denominator detailed above for basic earnings per share.

13. TRADE AND BILLS RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**840,021**	703,313
Less: allowance for doubtful debts	**(2,213)**	(2,342)
	837,808	700,971
Bills receivables	**41,821**	82,214
	879,629	783,185

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.

	2016	2015
	HK$'000	*HK$'000*
0–90 days	**764,200**	684,153
91–180 days	**73,792**	49,687
181–365 days	**12,198**	35,915
Over 365 days	**29,439**	13,430
	879,629	783,185

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$115,429,000 (2015: HK$99,032,000) 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.

14. TRADE AND BILLS PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**307,583**	280,453
Bills payables	**5,577**	1,705
	313,160	282,158

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

	2016	2015
	HK$'000	*HK$'000*
0–30 days	**188,195**	206,218
31–90 days	**113,295**	57,427
91–180 days	**8,844**	17,256
181–365 days	**2,577**	1,153
Over 365 days	**249**	104
	313,160	282,158

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.

BUSINESS REVIEW

For the year ended 31 December 2016, the Company achieved revenue of approximately HK$1,407.2 million with profit attributable to owners amounting to approximately HK$285.8 million and basic earnings per share of approximately HK18 cents. The Board recommended the payment of a final dividend for the year under review of HK$0.153 per share totalling approximately HK$239,886,000. During 2016, a special dividend of HK$0.153 per share has been declared to be payable to the shareholders whose names appear on the Company's register of members at the close of business on 1 March 2016.

China's gross domestic products growth in the fourth quarter of 2016 was bottoming out from the first three quarters to 6.8% while the full year recorded 6.7%, slowest in 26 years. The Company's business rebounded in the second half of 2016 and business even recorded historic high in the fourth quarter. While challenges to China cigarette package printing business still in play, the Company has stepped out into new path in preparation of future growth.

Printing of Cigarette Package

The cigarette package printing segment, the core business of the Group, showed a decrease in revenue due to the decline in average selling price, but was partly offset by a mild increase in sales volume.

During the year, the cigarette packages printing industry was being affected by the decrease in overall cigarette sales in the People's Republic of China ("PRC") as a result of slow down of PRC economy. The effect of over-accumulation of cigarette inventories by customers as of the end of 2015 had however stabilised in the second half 2016. Thanks to strenuous marketing effort, our business volume managed to end up a mild growth for the whole 2016. However, the price pressure under intensifying tendering system kept posing challenge to our profit margin across various product tiers. In response to such challenge, the Group has achieved a spectacular expansion in the top tier product. Besides, the Group has been actively seeking to diversify and broaden income source in procuring orders from overseas cigarette manufacturers and related packaging markets. Intensive cost saving measures across production cost and overheads served to substantially moderate the unfavorable effect of price pressure reigning in the industry.

Manufacturing of Laminated Papers

The 12.8% decrease in segment profit of laminated paper was consistent with decrease in the revenue from this segment.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

During the year, the revenue of the Group was approximately HK$1,407.2 million (2015: HK$1,495.0 million), which represents a decrease of approximately HK$87.8 million or 5.9% as compared with 2015. The revenues of our two business segments, namely printing of cigarette package and manufacturing of laminated papers decreased by 5.6% to HK$1,365.8 million and decreased by 14.7% to HK$41.4 million respectively.

The decrease in revenue mainly resulted from the drop in average selling price across various products tiers as a consequence of mandatory tendering system in China tobacco industry. The decline in turnover was also partially associated with the devaluation of Renminbi against Hong Kong dollars. Despite price pressures, the sales volumes of cigarette package printing segment increased from approximately 1.9 million cases in 2015 to 2.1 million cases in 2016.

Gross Profit

During the year, gross profit of the Group decreased by approximately HK$52.1 million or 11.3% to HK$409.9 million as compared with 2015. The gross profit margin has decreased from 30.9% in 2015 to 29.1% in 2016. It was mainly due to (i) price pressure of intensifying tendering system; and (ii) production costs decrease less than proportionately than selling price. In 2016, as a new path to cost savings, the Group has spent tremendous effort in enhancing internal complementation by unifying resources and promoting its sharing among its production facilities in various provinces of China with different local bottlenecks in terms of marketing, procurement, production and human resources.

Other Income

Other income decreased by HK$2.7 million as compared with 2015. Although there were substantial increases in government grant of HK$9.5 million, the effect was offset by the decreases in interest income, rental income and sundry income of HK$6.6 million, HK$0.9 million and HK$4.7 million respectively.

Other Gains and Losses

Other gains and losses represent net foreign exchange losses and gain on disposal of property, plant and equipment. The loss in 2015 was largely attributable to loss on disposal of obsolete machinery.

Selling and Distribution Expenses

The decrease in selling and distribution expenses by approximately HK$2.6 million or 5.7% was consistent with the decrease in sales.

Administrative Expenses and Other Expenses

During the year, administrative and other expenses amounted to HK$96.2 million in total, representing a decrease of approximately HK$15.8 million or 14.1% when compared with 2015. The decrease was primarily due to the decrease in entertainment expenses and legal and professional expenses mainly associated with mergers and acquisitions by HK$7.6 million and HK$6.4 million respectively.

Finance Costs

Finance costs decreased by 31.6% to approximately HK$25.6 million. It was mainly because the Group has lowered its overall bank borrowings and conducted refinancing with lower interest rate.

Share of Profits of Associates

Share of profits of associates decreased by approximately HK$92.2 million to HK$86.4 million during 2016. It was mainly because the Group's major associate, Changde Goldroc Rotogravure Printing Co., Limited, has experienced unprecedented adversity from: (i) the decrease in volume of high-tier cigarette packaging demanded by its major customers and (ii) the changes in tobacco package design relating to the health warning labels and (iii) the price pressure prevailing in the whole cigarette packaging industry. Though the issue of health warning labels has been resolved and the associate's market share had resumed stable after completion of new round of tendering in Hunan at the end of 2016, the associate's business is expected to remain challenging in the near future.

Taxation

The effective tax rate of the Group increased from 16.7% to 19.5% in 2016. It was primarily due to increase in relative proportion of expenses not deductible for tax purpose.

Profit for the year Attributable to Owners of the Company

Profit attributable to the owners of the Company decreased by 26.0% or by HK$101.0 million to HK$285.8 million, mainly because of the decrease from the share of profits of associates of HK$92.2 million as described above.

Segment Information

During the year, the revenue from the printing of cigarette packages, and manufacturing of laminated papers were approximately HK$1,365.8 million (2015: HK$1,446.4 million) and HK$41.4 million (2015: HK$48.5 million) respectively. The earnings from the printing of cigarette packages and manufacturing of laminated papers were decreased by 10.7% to approximately HK$400.9 million (2015: HK$448.8 million) and 12.8% to approximately HK$10.9 million (2015: HK$12.5 million) respectively. Earnings from the printing of cigarette packages accounted for approximately 97.4% of the total segment earnings before unallocated items.

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated resources and banking facilities. As at 31 December 2016, the Group had net current assets of HK$396.5 million (2015: HK$271.8 million), while the Group's cash and cash equivalents amounted to HK$199.7 million (2015: HK$299.8 million). As at 31 December 2016, the short-term interest-bearing bank borrowings of the Group amounted to HK$419.6 million (2015: HK$536.0 million). Carrying amounts of trade receivables, property, plant and equipment, prepaid lease payments, investment properties and bank deposits pledged for securing credit facilities amounted to approximately HK$574.6 million (2015: HK$483.5 million), HK$80.8 million (2015: HK$113.9 million), HK$Nil (2015: HK$4.8 million), HK$121.3 million (2015: 123.8 million) and HK$6.7 million (2015: HK$2.2 million) respectively. As at 31 December 2016, the Group's gearing ratio, represented by the amount of interest-bearing borrowings divided by shareholders equity, was reduced to 23.6% (as at 31 December 2015: 27.3%). As at 31 December 2016, the Group had capital commitments for purchase of property, plant and equipment amounted to HK$7.9 million (2015: HK$40.2 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 2016.

MATERIAL ACQUISITION AND DISPOSAL

There is no material acquisition or disposal of subsidiaries or associated companies by the Group during the year ended 31 December 2016.

TREASURY POLICIES

The Group adopted a prudent strategy towards the treasury and funding policies, with strong emphasis on 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

The Group's operation was mainly financed by funds generated from its operations and borrowings. As at 31 December 2016, 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 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 and the volatile foreign exchange market, the Group is exposed to the foreign exchange rate risk. An exchange loss was arisen due to the translation of functional currency of Renminbi to presentation currency of Hong Kong dollar during the reporting period when Renminbi depreciated against Hong Kong dollar. However, such translation is a non-cash item in nature and has no practical effect to our daily operation as majority of our revenue and cost are all denominated in Renminbi. Therefore, the Group did not enter into any foreign currency hedging arrangements. The Group will closely monitor the volatility of foreign exchange rate and apply the appropriate hedging strategy when appropriate.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2016, assets with carrying amounts of approximately HK$783.4 million (31 December 2015: HK$728.2 million) were pledged to banks in respect of banking facilities granted to Group.

HUMAN RESOURCES

As at 31 December 2016, the Group had 6 (2015: 11) and 1,072 (2015: 1,130) 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.

PROSPECTS

The packaging printing industry being one of the traditional industries is pushed to evolve (i) from low-end packaging to high-end packaging; (ii) from traditional packaging to smart packaging; (iii) from standardized packaging to custom-made packaging; (iv) from non-environmental friendly packaging to environmental friendly packaging; and (v) from scaled production to flexible production. Acknowledging such, on the well-established foundation, the Group is pursuing to equip itself by the following ways to cultivate and explore business opportunities:

To provide all-in-one and value adding service

Regional China National Tobacco Corporations ("CNTC"), being major customers of the Group, are affected by counterfeit products, price controlling measures and tobacco market reform. The Group is then actively expanding research and development on full chain value-adding and customized services from products design development, brand building to marketing. Apart from the exquisite, innovative and customized packaging that aids CNTC to gear towards top tier or higher margin segments, unique QR Code (one of 2D barcodes) on each cigarette pack, "One Pack, One Code" is introduced for product identification combating counterfeit products. Simultaneously, the Group will strive to incorporate IOT eco-system into traditional industries which would help CNTC to analyze their customers using big data in order to enhance the effectiveness of their marketing campaign. IOT eco-system not only improves the accuracy of strategic strategy, it also increases customer stickiness resulting in win-win situation for all of our customers and shareholders of the Group.

To embrace "Made in China 2025" strategy

With accredited national tobacco packaging research and development qualification, the Group will put more emphasis on implementation of the "Made in China 2025" plan, promoting products in cutting-edge technology through the application of big data, cloud computing and internet of things in traditional industries, and smart packaging in particular.

Furthermore, the Group will push forward integration of the internet and manufacturing as the priority of "Made in China 2025", an effort to improve competitiveness in traditional packaging industries.

To diversify to overseas and non-cigarette packaging markets

The Group is seeking to widen its revenue stream by extending to overseas cigarette packaging market as well as non-cigarette packaging markets by adopting above strategies to strengthen its competitiveness and advancing itself as a solution provider for high-end packaging and/or smart packaging and/or environmental friendly packaging for the new packaging printing industry.

Synergetic co-operations and developments

Having a well established foundation and knowing the challenges and obstacles ahead, the Group will strive to explore opportunities for strategic and synergetic collaboration, including but not limited to mergers and acquisitions, formation of joint ventures and/or strategic diversification and/or other corporate actions in the future should they be in the interest of the Company and its shareholders as a whole to achieve win-win result and to be geared with growth drivers.

It is the Group's corporate mission to continue to explore ways to improve its financial performance, to equip the Group with growth momentum, to diversify its operations internationally into new and more profitable businesses and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in or diversifying into other profitable business as long as it is in the interest of the Company and its shareholders as a whole. Also, as part of its routine exercise, the Company reviews the performance of its existing investment portfolio and evaluates the investment potentials of other investment opportunities available to the Company from time to time. Subject to the results of such reviews, the Company may make suitable investment decisions according to the circumstances and information available which may involve the changes of the asset allocation of its investment portfolio and/or expanding its investment with a view of realising and/or optimising the expected return and minimising the risks. Meanwhile, the Company does not preclude the possibility that the Company may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK$0.153 per share for the year ended 31 December 2016 (2015: Nil) to those shareholders whose names appear on the register of member on 12 June 2017. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company (the "2017 AGM"), the final dividend will be paid on or about 19 June 2017.

A special dividend of HK$0.153 per share was declared on 12 February 2016 and paid in March 2016 to the shareholders whose names appear on the Company's register of members at the close of business on 1 March 2016.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the "Code") contained in Appendix 14 of the Listing Rules. For the year ended 31 December 2016, 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. Peng Guoyi were unable to attend the annual general meeting of the Company held on 3 June 2016 due to their other business engagement.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee consisted of the three independent non-executive Directors and one non-executive Director. 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 and risk management 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 2016, the Audit Committee held two meetings and has reviewed, among other matters, the Company's financial statements and the Group's consolidated financial statements for the year ended 31 December 2015 and for the six months ended 30 June 2016, including the accounting principles and practices adopted by the Company and the Group.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 2016.

ANNUAL GENERAL MEETING

The 2017 AGM will be held in Hong Kong on or about 2 June 2017. Notice of the 2017 AGM will be issued and disseminated to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2017 AGM, the register of members of the Company will be closed from 26 May 2017 to 2 June 2017 (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 2017 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 4:30 p.m. on 25 May 2017.

For determining the entitlement to receive the proposed final dividend, the register of members of the Company will be closed from 9 June 2017 to 12 June 2017 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to receive the proposed final dividend, all transfer of shares of the Company accompanied by the relevant share certificates and 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 4:30 p.m. on 8 June 2017.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express their sincere thanks to our shareholders, customers, suppliers and to our staff for their support, commitment and diligence during the year.

By Order of the Board of
Brilliant Circle Holdings International Limited
Cai Xiao Ming, David
Chairman

Hong Kong, 24 March 2017

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Cai Xiao Ming, David (Chairman), Mr. Qin Song (Vice Chairman and the Chief Executive Officer) and Mr. Peng Guoyi, one non-executive Director, namely, Ms. Li Li, and three independent non-executive Directors, namely, Mr. Lui Tin Nang, Mr. Lam Ying Hung, Andy and Mr. Siu Man Ho, Simon.