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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the "Board") of directors (the "Directors") of Brilliant Circle Holdings International Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2015 (the "Period under Review") together with the comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited and restated)
	Note	***HK$'000***	*HK$'000*
Continuing operations			
Revenue	4	**723,746**	785,464
Cost of sales		**(469,632)**	(518,767)
Gross profit		**254,114**	266,697
Other income		**12,501**	5,734
Other gains and losses		**3,098**	(2,485)
Selling and distribution expenses		**(16,762)**	(17,599)
Administrative expenses		**(55,120)**	(54,622)
Other expenses		**(13,561)**	(5,357)
Finance costs		**(24,721)**	(26,791)
Share of profit of an associate		**90,359**	86,351

	Notes	Six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited and restated) HK$'000
Profit before taxation		**249,908**	251,928
Taxation	*6*	**(39,680)**	(42,371)
Profit for the period from continuing operations	*7*	**210,228**	209,557
Discontinued operations			
Loss for the period from discontinued operations	*8*	**(6,078)**	(10,222)
Profit for the period		**204,150**	199,335
Other comprehensive income (expense):			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**2,281**	(69,656)
Total comprehensive income for the period		**206,431**	129,679
Profit for the period attributable to:			
Owners of the Company		**203,656**	186,143
Non-controlling interests		**494**	13,192
		204,150	199,335
Total comprehensive income attributable to:			
Owners of the Company		**205,901**	120,373
Non-controlling interests		**530**	9,306
		206,431	129,679
Earnings per share	*10*	*HK$*	*HK$* (Restated)
From continuing and discontinued operations			
Basic		**0.14**	0.13
From continuing operations			
Basic		**0.14**	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*
Non-current assets			
Property, plant and equipment		**728,966**	688,597
Prepaid lease payments		**83,159**	84,184
Investment properties		**63,194**	65,648
Goodwill		**1,097,093**	1,096,481
Intangible assets		**302,441**	324,977
Interest in an associate		**596,850**	715,766
Long-term receivables	*8*	**37,873**	–
Deposits for property, plant and equipment		**18,188**	6,149
		2,927,764	2,981,802
Current assets			
Inventories		**72,509**	119,832
Prepaid lease payments		**2,222**	2,220
Trade and bills receivables	*11*	**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
		1,417,308	1,361,309
Assets classified as held for sale		**–**	140,050
		1,417,308	1,501,359
Current liabilities			
Trade and bills payables	*12*	**196,030**	191,339
Other payables and accruals		**95,778**	208,169
Amounts due to non-controlling interests		**–**	24,741
Bank borrowings		**669,033**	740,662
Income tax payable		**47,291**	62,057
		1,008,132	1,226,968
Liabilities directly associated with assets classified as held for sale		**–**	4,694
		1,008,132	1,231,662
Net current assets		**409,176**	269,697
Total assets less current liabilities		**3,336,940**	3,251,499

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

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 (the "Listing Rules").

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

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	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	*(Unaudited and restated)*	***(Unaudited)***	*(Unaudited and restated)*
Continuing operations				
Segment revenue and segment results:				
Printing of cigarette packages	**703,327**	762,218	**254,864**	266,768
Manufacturing of laminated papers	**20,419**	23,246	**5,112**	4,954
	723,746	785,464	**259,976**	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			**249,908**	251,928

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

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

Segment liabilities

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

6. TAXATION

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

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
	55,050	73,380
Cost of inventories recognised as expenses	**438,803**	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.

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:

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss on provision of printing of books operations	**–**	(10,222)
Loss on disposal of provision of printing of books operations	**(6,078)**	–
	(6,078)	(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	**(6,078)**	–
Attributable income tax income	**–**	58
Loss for the period from discontinued operations (attributable to owners of the Company)	**(6,078)**	(10,222)
Cash flows from discontinued operations		
Net cash inflow from operating activities	**–**	406
Net cash inflow (outflow) from investing activities	**12,375**	(1,108)
Net cash inflow (outflow)	**12,375**	(702)

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

	HK$'000
Current assets	
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
Non-current assets	
Property, plant and equipment	55,361
Current liabilities	
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)
	134,278
Loss on disposal	(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:

(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.

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	2014
	(Unaudited)	(Unaudited and restated)
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic earnings per share	**203,656**	186,143
Number of shares:	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,488,469**	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	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings figures are calculated as follows:		
Profit for the period attributable to the owners of the Company	**203,656**	186,143
Add: Loss for the period from discontinued operations	**6,078**	10,222
Earnings for the purpose of calculating basic earnings per share from continuing operations	**209,734**	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.

11. TRADE AND BILLS RECEIVABLES

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

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

12. TRADE AND BILLS PAYABLES

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

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

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.

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.

REVIEW OF OPERATIONS

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' unrealisaed 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).

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 this announcement.

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.

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.

Looking ahead, as mentioned in "PROSPECTS" section, 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.

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, David (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.

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.

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.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to our customers and shareholders for their continuing support as well as our staff for their dedication and hard work.

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

Hong Kong, 28 August 2015

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Cai Xiao Ming, David (Chairman), Mr. Qin Song 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.