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 2016

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 2016 (the "Period under Review") together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
Revenue	*4*	**605,157**	723,746
Cost of sales		**(442,267)**	(469,632)
Gross profit		**162,890**	254,114
Other income		**6,618**	12,501
Other gains and losses		**(1,099)**	3,098
Selling and distribution expenses		**(10,597)**	(16,762)
Administrative expenses		**(44,024)**	(55,120)
Other expenses		**(3,094)**	(13,561)
Finance costs		**(14,046)**	(24,721)
Share of profits of associates		**51,366**	90,359
Share of loss of a joint venture		**(43)**	–

	Notes	Six months ended 30 June **2016** **(Unaudited)** ***HK$'000***	 2015 (Unaudited) *HK$'000*
Profit before taxation		**147,971**	249,908
Taxation	*6*	**(25,010)**	(39,680)
Profit for the period from continuing operations	*7*	**122,961**	210,228
Discontinued operations			
Loss for the period from discontinued operations	*8*	**–**	(6,078)
Profit for the period		**122,961**	204,150
Other comprehensive (expense) income:			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		**(31,396)**	2,281
Total comprehensive income for the period		**91,565**	206,431
Profit for the period attributable to:			
Owners of the Company		**122,450**	203,656
Non-controlling interests		**511**	494
		122,961	204,150
Total comprehensive income attributable to:			
Owners of the Company		**91,538**	205,901
Non-controlling interests		**27**	530
		91,565	206,431
		HK$	*HK$*
Earnings per share	*10*		
From continuing and discontinued operations			
Basic		**0.08**	0.14
From continuing operations			
Basic		**0.08**	0.14

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	**30 June 2016 (Unaudited) *HK$'000***	31 December 2015 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**799,684**	806,049
Prepaid lease payments		**75,238**	77,246
Investment properties		**181,618**	185,636
Goodwill		**1,054,070**	1,061,335
Intangible assets		**259,499**	283,503
Interests in associates		**535,876**	643,224
Interest in a joint venture		**8,492**	8,644
Long-term receivables		**16,083**	15,720
Deposits for property, plant and equipment		**27,263**	21,966
		2,957,823	3,103,323
Current assets			
Inventories		**76,964**	116,504
Prepaid lease payments		**2,065**	2,092
Trade and bills receivables	*11*	**758,805**	783,185
Other receivables, prepayments and deposits		**77,435**	54,747
Amount due from a shareholder		**5,243**	3,449
Tax recoverable		**3,165**	3,164
Pledged bank deposits		**12,855**	2,173
Bank balances and cash		**161,123**	299,771
		1,097,655	1,265,085
Current liabilities			
Trade and bills payables	*12*	**260,426**	282,158
Other payables and accruals		**109,258**	120,231
Bank borrowings		**381,618**	536,013
Income tax payable		**30,099**	54,927
		781,401	993,329
Net current assets		**316,254**	271,756
Total assets less current liabilities		**3,274,077**	3,375,079

	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
Non-current liabilities		
Government grants	**38,813**	36,164
Bank borrowings	**333,579**	277,660
Deferred tax liabilities	**68,661**	78,141
	441,053	391,965
Net assets	**2,833,024**	2,983,114
Capital and reserves		
Share capital	**7,839**	7,839
Share premium and reserves	**2,774,273**	2,922,621
Equity attributable to owners of the Company	**2,782,112**	2,930,460
Non-controlling interests	**50,912**	52,654
Total equity	**2,833,024**	2,983,114

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 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 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 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 ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Printing of cigarette packages	**585,420**	703,327
Manufacturing of laminated papers	**19,737**	20,419
	605,157	723,746

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 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 8.

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 profit Six months ended 30 June	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Continuing operations				
Segment revenue and segment profit:				
Printing of cigarette packages	**585,420**	703,327	**169,643**	254,864
Manufacturing of laminated papers	**19,737**	20,419	**5,274**	5,112
	605,157	723,746	**174,917**	259,976
Unallocated — other income and other gains and losses			**5,519**	15,599
Unallocated expenses			**(69,742)**	(91,305)
Finance costs			**(14,046)**	(24,721)
Share of profits of associates			**51,366**	90,359
Share of loss of a joint venture			**(43)**	–
Profit before taxation from continuing operations			**147,971**	249,908

Segment profit represents the profit earned by each segment without allocation of corporate management expenses, directors' emoluments, share of profits of associates, share of loss 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 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 2016 *HK$'000* (Unaudited)	31 December 2015 *HK$'000* (Audited)
Continuing operations		
Printing of cigarette packages	**1,495,658**	1,569,605
Manufacturing of laminated papers	**33,226**	36,660
Total segment assets	**1,528,884**	1,606,265
Unallocated property, plant and equipment	**106,569**	99,473
Prepaid lease payments	**77,303**	79,338
Investment properties	**181,618**	185,636
Goodwill	**1,054,070**	1,061,335
Intangible assets	**259,499**	283,503
Interests in associates	**535,876**	643,224
Interest in a joint venture	**8,492**	8,644
Long-term receivables	**16,083**	15,720
Deposits for property, plant and equipment	**27,263**	21,966
Other receivables, prepayments and deposits	**77,435**	54,747
Amount due from a shareholder	**5,243**	3,449
Tax recoverable	**3,165**	3,164
Pledged bank deposits	**12,855**	2,173
Bank balances and cash	**161,123**	299,771
Consolidated assets	**4,055,478**	4,368,408

Segment liabilities

	30 June 2016 *HK$'000* (Unaudited)	31 December 2015 *HK$'000* (Audited)
Continuing operations		
Printing of cigarette packages	**259,243**	278,389
Manufacturing of laminated papers	**1,183**	3,769
Total segment liabilities	**260,426**	282,158
Other payables and accruals	**109,258**	120,231
Bank borrowings	**715,197**	813,673
Income tax payable	**30,099**	54,927
Deferred tax liabilities	**68,661**	78,141
Government grants	**38,813**	36,164
Consolidated liabilities	**1,222,454**	1,385,294

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	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
The People's Republic of China (the "PRC")		
Enterprise Income Tax ("EIT")	**24,372**	33,488
Withholding tax	**12,621**	25,630
Overprovision of EIT in prior years	**(2,933)**	(1,323)
Deferred tax	**(9,050)**	(18,115)
	25,010	39,680

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 tax has been provided on undistributed earnings of all subsidiaries, associates and a joint venture.

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

7. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period from continuing operations has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	**1,695**	1,368
Other staff costs		
Salaries and other benefits	**49,080**	48,310
Contributions to retirement benefits schemes	**4,625**	5,372
Total staff costs	**55,400**	55,050
Less: capitalised in inventories	**(37,005)**	(38,061)
	18,395	16,989
Cost of inventories recognised as expenses	**415,218**	438,803
Depreciation of property, plant and equipment	**38,779**	34,572
Less: capitalised in inventories	**(33,047)**	(29,696)
	5,732	4,876
Release of prepaid lease payments	**1,052**	1,107
Depreciation of investment properties	**3,286**	2,510
Amortisation of intangible assets (included in cost of sales and administrative expenses)	**22,848**	22,624
Operating lease rentals in respect of rented premises	**1,674**	1,579
Write-down on obsolete inventories (included in cost of sales)	**168**	–
Research and development costs recognised as an expense (included in other expenses)	**3,094**	11,815
Share of taxation of associates	**8,782**	14,624
Legal and professional fee relating to business combination	**–**	1,746
and after crediting to other income:		
Interest income	**(1,187)**	(4,864)
Processing fee income	**(1,524)**	(376)
Sales of scrap materials	**(879)**	(767)
Government grants *(Note)*	**(1,666)**	(1,956)
Interest income on long-term receivables	**(519)**	(1,124)
Gross minimum rental income from investment properties	**(945)**	(1,393)
Less: direct operating expenses incurred for investment properties that generated rental income	**184**	84
and after (crediting) charging to other gains and losses:		
Net foreign exchange gains	**(54)**	–
Loss (gain) on disposal of property, plant and equipment	**1,153**	(63)

Note: 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 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 the current and preceding interim periods are analysed as follows:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	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	**–**	12,375

9. DIVIDENDS

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the period:		
2015 special dividend	**239,886**	–

During the current interim period, 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.

Apart from the special dividend, no interim dividends were declared or proposed during the current interim period (2015: HK25.50 cents per share). No final dividends in respect of the year 31 December 2015 were paid during the interim period (2015: nil).

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	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of calculating basic earnings per share (Profit for the period attributable to owners of the Company)	**122,450**	203,656
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,567,885**	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	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings figures are calculated as follows:		
Profit for the period attributable to the owners of the Company	**122,450**	203,656
Add: Loss for the period from discontinued operations	**–**	6,078
Earnings for the purpose of calculating basic earnings per share from continuing operations	**122,450**	209,734

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 period from discontinued operations of nil (2015: HK$6,078,000) 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 2016 *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
0–90 days	**581,530**	684,153
91–180 days	**82,395**	49,687
181–365 days	**56,340**	35,915
Over 365 days	**38,540**	13,430
	758,805	783,185

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 2016 *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
0–30 days	**129,620**	206,218
31–90 days	**68,008**	57,427
91–180 days	**59,635**	17,256
181–365 days	**2,276**	1,153
Over 365 days	**887**	104
	260,426	282,158

BUSINESS REVIEW

During the Period under Review, the Company achieved revenue of approximately HK$605.2 million with profit attributable to owners of the Company amounting to approximately HK$122.5 million and basic earnings per share of approximately HK7.8 cents. The Board did not recommend the payment of an interim dividend for the Period under Review.

Cigarette Packages Printing

In the first half of the year, the cigarette packages printing industry was being affected by the decrease in overall cigarette sales in PRC as a result of slow down of PRC economy; the over-accumulation of cigarette inventories by customers as of end of last year and the price pressure under intensifying tendering system. Such factors generally pulled down our average selling price and particularly hit our significant mid-tier business. However, the Board expects that the demand for cigarette package printing will pick up substantially after the depletion of customers' inventory level in the second half of 2016 which is expected to help the Group's business to improve. Due to the endeavor in opening up new markets, the Group ended up with a slight increase in total sales volume. The Group has been actively seeking to diversify and broaden income source in procuring orders from overseas cigarette manufacturers and non-cigarette packaging markets. At the same time, strenuous cost saving measures particularly evident in curbing administrative expenses played a central role during the Period under Review to enable the Group to withstand market adversity.

Manufacturing of Laminated Papers

The segment profit of laminated paper manufacturing has increased by 3.2% mainly due to increase in volume of higher margin aluminum foil from few major customers while maintaining cost at a stable level.

PROSPECTS

Amid the slow down of China economy, the uncertainties of the global economy and the evolving environment, 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. In light of these, the Group is devoted to providing not only products of printed packages but also full chain 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.

To echo and commercialize Internet + strategy

Leveraging on the QR code platform, the Group is set to benefit from developing online to offline ("O2O") business, e-commerce and m-commerce. Leveraging on numerous consumers of different CNTC 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.

As announced by the Company in June 2016, the Group's joint venture company, Shenzhen Keju Internet Technology Limited won the first place tender for the provision of service for QR Code printing, data collection, data analysis, information application, etc for Anhui CNTC which embarks our Internet + strategy is being commercialized.

To embrace "Made in China 2025" strategy, develop intelligent factory and promote intelligent production solutions

Leveraging on the Group accredited national tobacco packaging research and development qualification, the Group is developing intelligent factory in order to push up efficiency and drive down production cost in the long run.

As part of further utilizing our application of QR Code in operation, after the upgrade of our enterprise resource planning system, the Group is now capable of using QR code as a control tool starting from the procurement cycle to sales cycle to strengthen corporate efficiency, reduce lead time and increase competitiveness.

It is envisaged that such production factory could become a role-model and be promoted as a production solution to other players in the printing and packaging industry.

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. With a long operating history and a sound financial position, the Group is set to overcome the challenges and obstacles brought by the changing eco-system of the industry and macroeconomy by positioning itself as a "Printing + Internet + Value" enterprise which integrate our core printing and packaging competence with the strategic use of internet, O2O, to transform ourselves to an all-in-one service provider, amid the PRC economy transitional period to generate high value added service to our stakeholders, 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 then circumstance and information available which may involve the change 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. Notwithstanding the Group's intention to explore any potential new business(es), it is the firm intention of the Group to strive to further develop its principal business of cigarette packages printing and manufacturing of laminated paper in the PRC.

FINANCIAL REVIEW

REVENUE

During the Period under Review, the revenue of the Group was approximately HK$605.2 million (six months ended 30 June 2015: HK$723.7 million), which represents a decrease of approximately HK$118.6 million or 16.4% as compared to the same period in 2015. The revenues of our two business segments, namely cigarette package printing business and manufacturing of laminated papers were approximately HK$585.4 million (six months ended 30 June 2015: HK$703.3 million), and HK$19.7 million (six months ended 30 June 2015: HK$20.4 million) respectively.

The decrease in revenue was mainly attributable to the drop in average selling price for the top tier products and subcontracting products during the Period under Review. This was due to the price pressure brought by the mandatory tendering system in China tobacco industry; accumulation of mid-tier inventory as at end of 2015 and the sluggish cigarette sales of our CNTC customers. This was partially offset by a mild output growth as the Group attempted to boost volume of low-tier products and to diversify into subcontracting business in sluggish market.

GROSS PROFIT

During the Period under Review, gross profit of the Group decreased by approximately HK$91.2 million or 35.9% to HK$162.9 million as compared to the same period in 2015. Meanwhile, the gross profit margin also decreased from 35.1% during the first half of 2015 to 26.9% during the first half of 2016.

The decrease in gross profit was mainly due to the decrease in revenue as described above. The decrease in gross profit margin was mainly because of (i) price pressure of intensifying tendering system; and (ii) decrease in average selling price outweighed the decrease in production costs.

Under the sluggish market during the Period under Review, the Group's strenuous cost saving measures to save production cost had been outweighted by the decrease in average selling price of higher-tier products and subcontracting business while the Group's pursuits to restructure towards intelligent manufacturing is yet to complete to yield its full potentials in cost saving.

OTHER INCOME

Other income decreased by approximately HK$5.9 million as compared with the same period in 2015. It was mainly attributable to decrease in interest income and rental income by approximately HK$4.3 million and HK$0.5 million respectively.

OTHER GAINS AND LOSSES

Other gains and losses mainly represent losses on disposal of property, plant and equipment during two periods.

SELLING AND DISTRIBUTION EXPENSES

The selling and distribution expenses dropped by approximately HK$6.2 million or 36.8% which was consistent with the decrease in revenue.

ADMINISTRATIVE EXPENSES AND OTHER EXPENSES

During the Period under Review, administrative expenses and other expenses decreased by approximately HK$21.6 million or 31.4% to HK$47.1 million mainly because of the success of our cost saving measures.

FINANCE COSTS

Finance costs decreased by approximately HK$10.7 million or 43.2% as compared with the same period in 2015. Such decrease was mainly due to a decrease in bank borrowings through repayment and lower borrowing cost brought by improvement of the Group's bank loan portfolio.

SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates decreased by approximately HK$39.0 million to HK$51.4 million during the Period under Review. Revenue and net profit of Changde Goldroc Rotogravure Printing Co., Limited ("Changde Goldroc") were approximately HK$605.0 million (six months ended 30 June 2015: HK$1,015.3 million) and HK$169.8 million (six months ended 30 June 2015: HK$294.4 million) respectively.

In the first half of 2016, in view of the worsening eco-system of the cigarette industry, Changde Goldroc with high-tier cigarette packaging as its primary business had been hard hit. This was mainly due to (i) the decrease in volume of high-tier cigarette packaging demanded by its customers as a result of sluggish end market sales; and (ii) the imminent changes in tobacco package design relating to the health warning labels, which had not been finalized in the first half of 2016, has caused delays in placement of orders by its major customer.

TAXATION

The effective tax rate of the Group remained stable for the Group. It increased slightly from approximately 15.9% in the first half of 2015 to 16.9% during the Period under Review.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to the owners of the Company was approximately HK$122.5 million, an decrease of approximately HK$81.2 million or 39.9% as compared with the same period in 2015. It was mainly due to the decrease of average selling price of top tier products and subcontracting products, and the decrease of share of net profits from our associates.

SEGMENT INFORMATION

During the Period under Review, the revenue from the printing of cigarette packages, and manufacturing of laminated papers were approximately HK$585.4 million (six months ended 30 June 2015: HK$703.3 million) and approximately HK$19.7 million (six months ended 30 June 2015: HK$20.4 million) respectively. Earnings from the printing of cigarette packages accounted for approximately 97.0% of the total segment earnings before unallocated items. The earnings from cigarette packages printing services decreased by approximately 33.4% 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 2016, the Group had net current assets of approximately HK$316.3 million (as at 31 December 2015: HK$271.8 million) while the Group's cash and cash equivalents amounted to approximately HK$161.1 million (as at 31 December 2015: HK$299.8 million).

As at 30 June 2016, the short-term interest-bearing bank borrowings (repayable within one year) of the Group amounted to approximately HK$381.6 million (as at 31 December 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 these credit facilities amounted to approximately HK$502.0 million (as at 31 December 2015: HK$483.5 million), HK$98.2 million (as at 31 December 2015: HK$113.9 million), HK$4.6 million (as at 31 December 2015: HK$4.8 million), HK$123.1 million (as at 31 December 2015: HK$123.8 million) and HK$12.9 million (as at 31 December 2015: HK$2.2 million) respectively. As at 30 June 2016, the Group's gearing ratio, represented by the amount of interest-bearing borrowings divided by shareholders equity, was approximately 25.2% (as at 31 December 2015: 27.3%). The decrease in the gearing ratio was mainly attributable to the repayment of the bank loan during the Period under Review.

CAPITAL COMMITMENTS

As at 30 June 2016, 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$28.1 million (as at 31 December 2015: HK$40.2 million), mainly related to upgrade of the existing machineries and investment in share capital of an associate.

CONTINGENT LIABILITIES AND GUARANTEES

The Group did not provide any guarantees to third party and had no material contingent liabilities as at 30 June 2016.

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition or disposal of subsidiaries or associated companies 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 2016, the bank borrowings were mainly denominated in Hong Kong dollars ("HK$") and Renminbi ("RMB"), while the cash and cash equivalents held by the Group were mainly denominated in HK$ and RMB. The Group's turnover is mainly denominated in RMB, while its costs and expenses are mainly denominated in HK$ and RMB. 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 as and when appropriate.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2016, assets with carrying amount of approximately HK$740.8 million (31 December 2015: HK$728.2 million) were pledged to banks in respect of banking facilities granted to the Group.

SIGNIFICANT INVESTMENT AND FUTURE PLAN

The Group beneficially owns certain shareholding interest of Changde Goldroc which is classified as an investment in an associate.

Looking ahead, as mentioned in the paragraph headed "PROSPECTS" above, 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 acquisitions and formation of joint ventures or other corporate actions 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 2016, the Group had 9 and 1,046 full-time staff based in Hong Kong and the PRC respectively. The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Group operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' base salaries. The Group also made contributions to provident funds, elderly insurance, medical insurance, unemployment insurance and work-related injury insurance in accordance with appropriate laws and regulations in the PRC. The Group has adopted a share option scheme as a reward to eligible high-caliber employees and to attract similar high quality personnel that are valuable to the Group.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Period under Review.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange. 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. Peng Guoyi and Ms. Li Li (the non-executive Directors) were unable to attend the annual general meeting of the Company held on 3 June 2016 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, risk management 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, 24 August 2016

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 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.