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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 2017

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 2017 (the "Period under Review") together with the comparative figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**615,506**	605,157
Cost of sales		**(451,824)**	(442,267)
Gross profit		**163,682**	162,890
Other income		**10,721**	6,618
Other gains and losses		**(4,087)**	(1,099)
Selling and distribution expenses		**(13,195)**	(10,597)
Administrative expenses		**(32,296)**	(44,024)
Other expenses		**(2,837)**	(3,094)
Finance costs		**(10,376)**	(14,046)
Share of profits of associates		**13,098**	51,366
Share of loss of a joint venture		**(38)**	(43)

	Notes	Six months ended 30 June **2017** **(Unaudited)** ***HK$'000***	2016 (Unaudited) *HK$'000*
Profit before taxation		**124,672**	147,971
Taxation	*6*	**(24,999)**	(25,010)
Profit for the period	*7*	**99,673**	122,961
Other comprehensive income (expense):			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		**90,905**	(31,396)
Total comprehensive income for the period		**190,578**	91,565
Profit for the period attributable to:			
Owners of the Company		**98,050**	122,450
Non-controlling interests		**1,623**	511
		99,673	122,961
Total comprehensive income attributable to:			
Owners of the Company		**187,548**	91,538
Non-controlling interests		**3,030**	27
		190,578	91,565
Earnings per share (HK$)	*9*	**0.06**	0.08

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	**30 June 2017 (Unaudited) *HK$'000***	31 December 2016 (Audited) *HK$'000*
Non-current Assets			
Property, plant and equipment		**761,142**	768,048
Prepaid lease payments		**80,030**	78,217
Investment properties		**170,649**	172,070
Goodwill		**1,049,888**	1,029,637
Intangible assets		**213,141**	232,767
Interests in associates		**480,832**	551,899
Interest in a joint venture		**8,490**	8,222
Deposits for property, plant and equipment		**1,779**	1,732
		2,765,951	2,842,592
Current Assets			
Inventories		**108,480**	136,733
Prepaid lease payments		**2,203**	2,124
Trade and bills receivables	*10*	**850,466**	879,629
Other receivables, prepayments and deposits		**111,237**	68,551
Amounts due from related parties		**18,277**	19,042
Tax recoverable		**3,141**	3,028
Pledged bank deposits		**8,525**	6,731
Bank balances and cash		**200,124**	199,694
		1,302,453	1,315,532
Current Liabilities			
Trade and bills payables	*11*	**295,379**	313,160
Other payables and accruals		**141,378**	130,071
Amount due to non-controlling interest of a subsidiary		**–**	3,775
Bank borrowings		**485,927**	419,562
Income tax payable		**56,366**	52,418
		979,050	918,986
Net Current Assets		**323,403**	396,546
Total Assets less Current Liabilities		**3,089,354**	3,239,138

	30 June 2017 (Unaudited) *HK$'000*	31 December 2016 (Audited) *HK$'000*
Non-current Liabilities		
Government grants	**34,395**	34,396
Bank borrowings	**182,917**	258,248
Deferred tax liabilities	**47,317**	71,334
	264,629	363,978
Net assets	**2,824,725**	2,875,160
Capital and Reserves		
Share capital	**7,839**	7,839
Share premium and reserves	**2,768,791**	2,821,129
Equity attributable to owners of the Company	**2,776,630**	2,828,968
Non-controlling interests	**48,095**	46,192
Total Equity	**2,824,725**	2,875,160

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 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 (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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

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 HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Annual Improvements to HKFRSs 2014–2016 Cycle

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	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Printing of cigarette packages	**597,098**	585,420
Manufacturing of laminated papers	**18,408**	19,737
	615,506	605,157

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

	Segment revenue Six months ended 30 June		Segment profit Six months ended 30 June	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue and segment profit:				
Printing of cigarette packages	**597,098**	585,420	**167,324**	169,643
Manufacturing of laminated papers	**18,408**	19,737	**4,348**	5,274
	615,506	605,157	**171,672**	174,917
Unallocated — other income and other gains and losses			**6,634**	5,519
Unallocated expenses			**(56,318)**	(69,742)
Finance costs			**(10,376)**	(14,046)
Share of profits of associates			**13,098**	51,366
Share of loss of a joint venture			**(38)**	(43)
Profit before taxation			**124,672**	147,971

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 by operating and reportable segments:

Segment assets

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Printing of cigarette packages	**1,595,815**	1,651,533
Manufacturing of laminated papers	**30,449**	40,404
Total segment assets	**1,626,264**	1,691,937
Unallocated property, plant and equipment	**98,968**	99,279
Prepaid lease payments	**82,233**	80,341
Investment properties	**170,649**	172,070
Goodwill	**1,049,888**	1,029,637
Intangible assets	**213,141**	232,767
Interests in associates	**480,832**	551,899
Interest in a joint venture	**8,490**	8,222
Deposits for property, plant and equipment	**1,779**	1,732
Other receivables, prepayments and deposits	**111,237**	68,551
Amount due from a shareholder	**13,133**	12,236
Tax recoverable	**3,141**	3,028
Pledged bank deposits	**8,525**	6,731
Bank balances and cash	**200,124**	199,694
Consolidated assets	**4,068,404**	4,158,124

Segment liabilities

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Printing of cigarette packages	**293,329**	311,768
Manufacturing of laminated papers	**2,050**	1,392
Total segment liabilities	**295,379**	313,160
Other payables and accruals	**141,378**	130,071
Amount due to non-controlling interest of a subsidiary	**–**	3,775
Bank borrowings	**668,844**	677,810
Income tax payable	**56,366**	52,418
Deferred tax liabilities	**47,317**	71,334
Government grants	**34,395**	34,396
Consolidated liabilities	**1,243,679**	1,282,964

Segment assets represent certain property, plant and equipment, trade and bills receivables, amount due from a related company 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	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
The People's Republic of China (the "PRC")		
Enterprise Income Tax ("EIT")	**35,504**	24,372
Withholding tax	**17,347**	12,621
Overprovision of EIT in prior years	**(2,215)**	(2,933)
Deferred tax	**(25,637)**	(9,050)
	24,999	25,010

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% (2016: 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

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	**1,504**	1,695
Other staff costs		
Salaries and other benefits	**44,744**	49,080
Contributions to retirement benefits schemes	**5,197**	4,625
Total staff costs	**51,445**	55,400
Less: capitalised in inventories	**(38,831)**	(37,005)
	12,614	18,395
Cost of inventories recognised as expenses	**424,006**	415,218
Depreciation of property, plant and equipment	**39,060**	38,779
Less: capitalised in inventories	**(31,237)**	(33,047)
	7,823	5,732
Release of prepaid lease payments	**1,086**	1,052
Depreciation of investment properties	**3,436**	3,286
Amortisation of intangible assets (included in cost of sales and administrative expenses)	**22,842**	22,848
Operating lease rentals in respect of rented premises	**885**	1,674
Write-down on obsolete inventories (included in cost of sales)	**–**	168
Research and development costs recognised as an expense (included in other expenses)	**1,951**	3,094
Share of taxation of associates	**3,409**	8,782
Legal and professional fee relating to business combination	**886**	–
and after crediting to other income:		
Interest income	**(1,678)**	(1,187)
Processing fee income	**(271)**	(1,524)
Sales of scrap materials	**(1,196)**	(879)
Government grants *(Note)*	**(6,173)**	(1,666)
Interest income on long-term receivables	**(467)**	(519)
Gross minimum rental income from investment properties	**(1,595)**	(945)
Less: direct operating expenses incurred for investment properties that generated rental income	**1,022**	184
	(573)	(761)
Net foreign exchange gains	**(680)**	(54)
(Gain) loss on disposal of property, plant and equipment	**(60)**	1,153

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. DIVIDENDS

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

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the period:		
2015 special dividend	**–**	239,886
Cash dividend	**239,886**	–

No interim dividends were declared or proposed during the current interim period (2016: nil). During the interim period, the final dividend of HK15.30 cents in respect of the year ended 31 December 2016 (2016: nil) per share, amounting to approximately HK$239,886,000 (2016: nil), has been paid to shareholders.

9. EARNINGS PER SHARE

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	
	2017	2016
	(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)	**98,050**	122,450
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings per share	**1,567,885**	1,567,885

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

10. 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 2017 (Unaudited)	31 December 2016 (Audited)
	HK$'000	*HK$'000*
0–90 days	**730,428**	764,200
91–180 days	**51,218**	73,792
181–365 days	**55,443**	12,198
Over 365 days	**13,377**	29,439
	850,466	879,629

11. 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 2017 (Unaudited)	31 December 2016 (Audited)
	HK$'000	*HK$'000*
0–30 days	**141,852**	188,195
31–90 days	**106,887**	113,295
91–180 days	**36,167**	8,844
181–365 days	**8,375**	2,577
Over 365 days	**2,098**	249
	295,379	313,160

12. CONTINGENT LIABILITIES

During the current period, the Group has received a Notice of Arbitration from Shenzhen Court of International Arbitration that Shenzhen Court of International Arbitration has accepted the application (the "Application") for arbitration filed by an ex-staff of a subsidiary of the Company (the "Claimant"). According to the Application, the Claimant requests for the payment of: (i) a fund raising reward of about HK$108.9 million and the related overdue interest since April 2008; (ii) a service fee of RMB2.0 million (equivalent to approximately HK$2,305,000) and the related overdue interest since July 2007; (iii) legal fees incurred of about HK$47.0 million and RMB0.9 million (equivalent to approximately HK$1,037,000); and (iv) arbitration fee, in connection with an appointment contract and another agreement entered into between, among other party, a subsidiary of the Company and the Claimant in April 2005.

The directors of the Company consider that all allegations in the Application are unfounded and without merits. In this regard, the Group is seeking legal advice in response to the Application and will categorically defend and challenge all the claims by the Claimant during the judicial process. In the opinion of the directors of the Company, it is not probable that the Group has an obligation to settle the claims based on the legal advice and no provision is considered to be recognised to the condensed consolidated financial statements accordingly.

BUSINESS REVIEW

During the Period under Review, the Company achieved revenue of approximately HK$615.5 million with profit attributable to owners of the Company amounting to approximately HK$98.1 million and basic earnings per share of approximately HK6.3 cents. The Board did not recommend the payment of an interim dividend for the Period under Review.

Cigarette Packages Printing

During the Period under Review, price pressure brought by the mandatory tendering was particularly evident in the low-tier market. However, such challenge has been well contained by the Group with stable growth of in business volume and strenuous cost control. Meanwhile, cigarette industry shows a slight recovery in the mid-tier products. While austerity measure still in reign, the Group has fine tuned its strategy on top tier market focusing on improvement of profitability rather than expansion of market share. It is expected that the volume of top tier products will continue to pick up and become more important contributor to the profit for the rest of 2017.

Manufacturing of Laminated Papers

The segment profit of laminated paper manufacturing has decreased by 17.6% mainly due to slightly decrease in volume and increase in cost of production arising from increased cost of raw material.

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 to cultivate and explore business opportunities.

As announced in May 2017, the Group has entered into agreement to acquire 70% equity interest of Jiangsu HY-Link Science & Technology Co. Ltd, thereby further progressing towards “Smart Packaging”, which add interactive elements into the Group’s conventional packaging products on one hand, and strenghten their anti-counterfeiting functions on the other hand. At the same time, the Group will continue to gear up other additional technique of Smart Packaging to cater for increasingly competitive environment of traditional packaging industry. With the synergy from the acquired unit, the Group can broaden our market segment towards smart packaging as part of our long term development plans.

The Group will strive to incorporate IOT (“Internet of Things”) ecosystem into traditional industries which would help our major customers, Regional China National Tobacco Corporations (“CNTC”), to analyze their customers using big data to enhance the effectiveness of their marketing campaign. By leveraging IOT system, consumers can digitally interact with products allowing customised content and rewarding brand experience at point of sale, or post-purchase while manufacturers can operate every product as data-driven interactive media to drive brand attraction and differentiation.

In order to embrace "Made in China 2025" strategy, the Group is striving to move up the value chain, to brand ourselves as high quality manufacturer and push forward integration of the internet and manufacturing.

The Group's management are optimistic about its strategic shift into smart packaging which provide new impetus and opportunities in face of challenges prevailing in the conventional tobacco market. In the second half of 2017, the Group will proactively explore effective ways to increase organic growth and by acquisition, integrate its existing business resources and further reinforce its efforts in exploring unique and new types of functions and amenities for its business.

FINANCIAL REVIEW

REVENUE

During the Period under Review, the revenue of the Group was approximately HK$615.5 million (six months ended 30 June 2016: HK$605.1 million), which represents an increase of approximately HK$10.4 million or 1.7% as compared to the same period in 2016. The revenues of our two business segments, namely cigarette package printing business and manufacturing of laminated papers were approximately HK$597.1 million (six months ended 30 June 2016: HK$584.4 million), and HK$18.4 million (six months ended 30 June 2016: HK$19.7 million) respectively.

The increase in revenue was mainly attributable to the increase in volume for the mid to low tier products and subcontracting products during the Period under Review. However, this was partially offset by the decrease in average selling price for the mid to low tier products due to the price pressure brought by the mandatory tendering system in China tobacco industry.

GROSS PROFIT

During the Period under Review, gross profit of the Group remained stable at approximately HK$163.7 million (six months ended 30 June 2016: HK$162.9 million) as compared to the same period in 2016. Meanwhile, the gross profit margin also stabilized at 26.6% during the first half of 2017 (six months ended 30 June 2016: 26.9%).

The gross profit was consistent with the same period in 2016 mainly due to decrease in average selling price setoff by the Group's strenuous cost saving measures on production cost.

Although the average selling price was decreased, the decline as compared to the same period in 2016 was diminished. Despite the trend of current stable market, the Group still continues to restructure towards intelligent manufacturing which will yield its full potentials in cost saving.

OTHER INCOME

Other income increased by approximately HK$4.1 million as compared with the same period in 2016. It was mainly attributable to increase in government grants by approximately HK$4.5 million.

OTHER GAINS AND LOSSES

Other gains and losses mainly represent losses on exchange rate hedging in Renminbi during the Period under Review.

SELLING AND DISTRIBUTION EXPENSES

The selling and distribution expenses increased by approximately HK$2.6 million or 24.5% which was aligned with the increase in revenue.

ADMINISTRATIVE EXPENSES AND OTHER EXPENSES

During the Period under Review, administrative expenses and other expenses decreased by approximately HK$12.0 million or 25.4% to HK$35.1 million mainly because of the success of our cost saving measures.

FINANCE COSTS

Finance costs decreased by approximately HK$3.7 million or 26.1% as compared with the same period in 2016. Such decrease was mainly due to the 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$38.3 million to HK$13.1 million during the Period under Review. Revenue and net profit of Changde Goldroc Rotogravure Printing Co., Limited ("Changde Goldroc") were approximately HK$508.9 million (six months ended 30 June 2016: HK$605.0 million) and HK$51.2 million (six months ended 30 June 2016: HK$169.8 million) respectively.

The decrease in net profit of Changde Goldroc was mainly due to absence of reversal of bad debt in the first half of 2016 and the decrease in average selling price of high-tier cigarette packaging demanded by its customers.

TAXATION

The effective tax rate of the Group was increased due to decrease in relative proportion of share of profits of associates. It increased from approximately 16.9% in the first half of 2016 to 20.0% during the Period under Review.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to the owners of the Company was approximately HK$98.1 million, a decrease of approximately HK$24.4 million or 19.9% as compared with the same period in 2016. It was mainly due to the decrease for share of 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$597.1 million (six months ended 30 June 2016: HK$585.4 million) and approximately HK$18.4 million (six months ended 30 June 2016: HK$19.7 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 increased by approximately 2.0% while earnings from manufacturing of laminated papers decreased by 6.7%.

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated resources and banking facilities. As at 30 June 2017, the Group had net current assets of approximately HK$323.4 million (as at 31 December 2016: HK$396.5 million) while the Group's cash and cash equivalents amounted to approximately HK$200.1 million (as at 31 December 2016: HK$199.7 million).

As at 30 June 2017, the short-term interest-bearing bank borrowings (repayable within one year) of the Group amounted to approximately HK$485.9 million (as at 31 December 2016: HK$419.6 million). Carrying amounts of trade receivables, property, plant and equipment, investment properties and bank deposits pledged for securing these credit facilities amounted to approximately HK$537.0 million (as at 31 December 2016: HK$574.6 million), HK$80.0 million (as at 31 December 2016: HK$80.8 million), HK$119.4 million (as at 31 December 2016: HK$121.3 million) and HK$8.5 million (as at 31 December 2016: HK$6.7 million) respectively. As at 30 June 2017, the Group's gearing ratio, represented by the amount of interest-bearing borrowings divided by shareholders equity, remained stable at approximately 23.7% (as at 31 December 2016: 23.6%).

CAPITAL COMMITMENTS

As at 30 June 2017, the Group had capital commitments in respect of the acquisition of property, plant, equipment and investment in a subsidiary, contracted for but not provided in the financial statements amounting to approximately HK$19.7 million (as at 31 December 2016: HK$7.9 million) and approximately HK$51.8 million (as at 31 December 2016: Nil) respectively, mainly related to upgrade of the existing machineries and investment in an IOT industry.

MATERIAL ACQUISITION AND DISPOSAL

On 16 May 2017, Right Tech (China) Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into Sale and Purchase Agreement (the "SPA") with an independent third party (the "Vendor"), in relation to the acquisition of 70% equity interest of Jiangsu HY Link Science & Technology Co., Limited 江蘇聯恒物宇科技有限公司 (the "Target Company") at the total cash consideration of RMB44,982,000 (equivalent to approximately HK$51,849,000) or RMB46,410,000 (equivalent to approximately HK$53,494,000) subject to the financial results of Target Company for the years ending 31 December 2017 and 31 December 2018. Such acquisition did not constitute a notifiable transaction to the Company under the Listing Rules.

Saved as disclosed above, 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 2017, 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. 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 2017, assets with carrying amount of approximately HK$744.9 million (31 December 2016: HK$783.4 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 interests of Changde Goldroc and Tianjin Rong Lian Hui Zhi Intelligence Packaging Technology Co., Ltd ("Tianjin Rong Lian Hui Zhi") which are classified as investments in associates.

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 2017, the Group had 14 and 1,039 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 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. Peng Guoyi and Ms. Li Li (the non-executive Director) and Mr. Lam Ying Hung, Andy (the independent non-executive Director) were unable to attend the annual general meeting of the Company held on 2 June 2017 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, 25 August 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 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.