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 2018

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 2018 (the "Period under Review") together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	NOTES	***HK$'000***	*HK$'000*
Revenue	*4*	**546,706**	615,506
Cost of sales		**(444,071)**	(451,824)
Gross profit		**102,635**	163,682
Other income		**17,140**	10,721
Other gains and losses		**2,526**	(4,087)
Impairment losses, net of reversal		**(1,348)**	–
Selling and distribution expenses		**(18,315)**	(13,195)
Administrative expenses		**(45,142)**	(32,296)
Other expenses		**(6,373)**	(2,837)
Finance costs		**(11,137)**	(10,376)
Share of profits of associates		**21,938**	13,098
Share of profit (loss) of a joint venture		**191**	(38)
Gain on disposal of subsidiaries		**90,101**	–
Profit before taxation		**152,216**	124,672
Taxation	*6*	**(15,321)**	(24,999)
Profit for the period	*7*	**136,895**	99,673

	NOTES	Six months ended 30 June **2018** **(Unaudited)** ***HK$'000***	 2017 (Unaudited) *HK$'000*
Other comprehensive (expense) income:			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		**(39,727)**	90,905
Total comprehensive income for the period		**97,168**	190,578
Profit for the period attributable to:			
Owners of the Company		**132,703**	98,050
Non-controlling interests		**4,192**	1,623
		136,895	99,673
Total comprehensive income attributable to:			
Owners of the Company		**93,467**	187,548
Non-controlling interests		**3,701**	3,030
		97,168	190,578
		HK$	*HK$*
Earnings per share			
Basic and diluted	*9*	**0.08**	0.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	NOTES	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Non-current Assets			
Property, plant and equipment		**712,981**	729,865
Prepaid lease payments		**79,822**	82,095
Investment properties		**44,295**	57,136
Goodwill		**1,037,037**	1,044,293
Intangible assets		**169,732**	193,875
Interests in associates		**474,666**	535,072
Interest in a joint venture		**8,652**	8,586
Amounts due from related parties		**9,575**	–
Deposits paid for acquisition of property, plant and equipment		**50,697**	8,675
		2,587,457	2,659,597
Current Assets			
Inventories		**101,909**	167,892
Prepaid lease payments		**2,260**	2,292
Trade receivables	*10*	**665,873**	796,248
Contract assets		**41,195**	–
Other receivables, prepayments and refundable deposits		**96,261**	56,562
Amounts due from related parties		**–**	9,866
Tax recoverable		**4,409**	3,267
Structured deposits		**–**	7,193
Pledged bank deposits		**14,054**	5,455
Bank balances and cash		**550,577**	292,511
		1,476,538	1,341,286
Assets classified as held for sale		**–**	197,623
		1,476,538	1,538,909

	NOTES	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Current Liabilities			
Trade and bills payables	*11*	**183,254**	265,364
Other payables and accruals		**88,404**	115,539
Contract liabilities		**2,004**	–
Purchase consideration payable for acquisition		**12,681**	11,103
Amounts due to non-controlling interests of subsidiaries		**3,579**	4,983
Dividends payables		**199,905**	–
Bank borrowings		**555,100**	621,916
Income tax payable		**32,595**	41,483
		1,077,522	1,060,388
Liabilities associated with assets classified as held for sale		**–**	39
		1,077,522	1,060,427
Net Current Assets		**399,016**	478,482
Total Assets less Current Liabilities		**2,986,473**	3,138,079
Non-current Liabilities			
Government grants		**32,646**	34,441
Bank borrowings		**37,500**	56,250
Deferred tax liabilities		**53,321**	55,133
Purchase consideration payable for acquisition		**–**	11,745
		123,467	157,569
Net assets		**2,863,006**	2,980,510
Capital and Reserves			
Share capital		**7,839**	7,839
Share premium and reserves		**2,809,418**	2,909,793
Equity attributable to owners of the Company		**2,817,257**	2,917,632
Non-controlling interests		**45,749**	62,878
Total Equity		**2,863,006**	2,980,510

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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 1201A, 12/F, Capital 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 the provision of printing of cigarette package, manufacturing of laminated papers, manufacturing and sale of radio frequency identification ("RFID") products, 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 ("HKAS") 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 of Hong Kong Limited (the "Listing Rules").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate.

Other than changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provision in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as describes below.

3.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources:

(1) provision of printing of cigarette package;

(2) manufacturing of laminated papers; and

(3) manufacturing and sale of radio frequency identification ("RFID") products.

The Group's contracts with customers for printing of cigarette package and manufacturing of laminated papers are tailor-made based on customers' specification with no alternative use to the Group. Taking into account the contract terms, the legal and regulatory environment in the PRC, all the contracts provide the Group's enforceable right to payment for performance completed to date and hence the revenue is recognised over time. Under HKAS 18, revenue from provision of printing of cigarette package and revenue from manufacture of laminated papers are recognised when goods are delivered and titles have passed.

Revenue from manufacturing and sale of RFID products is recognised at a point in time upon delivery of products to the customers.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract;
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

3.1.2 Summary of effects arising from initial application of HKFRS 15

The following table summarises the impact of transition to HKFRS 15 on retained profits at 1 January 2018.

	Impact of adopting HKFRS 15 at 1 January 2018 *HK$'000*
Retained profits	639,017
Made-to-order products with no alternative use recognised over time	18,105
Tax effects	(2,553)
Impact at 1 January 2018	654,569

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Notes	Carrying amount previously reported at 31 December 2017	Reclassification	Remeasurement	Carrying amount under HKFRS 15 at 1 January 2018*
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Non-current asset					
Investments in associates	*(a)*	535,072	–	1,086	536,158
Current assets					
Contract assets	*(a)*	–	–	64,905	64,905
Inventories	*(a)*	167,892	–	(47,886)	120,006
Current liabilities					
Other payables and accruals	*(a), (b)*	115,539	(857)	–	114,682
Contract liabilities	*(b)*	–	857	–	857
Non-current liability					
Deferred tax liabilities	*(a)*	55,133	–	2,553	57,686
Capital and Reserves					
Retained profits	*(a)*	639,017	–	15,552	654,569

* The amounts in this column are before the adjustment from the application of HKFRS 9.

(a) The measurement is due to the application of HKFRS 15. HK$47,886,000 and HK$15,552,000 have been adjusted from inventories and opening retained profits, respectively with corresponding adjustments of HK$64,905,000, HK$2,553,000 and HK$1,086,000 to contract assets, deferred tax liabilities and investments in associates, respectively.

(b) As at 1 January 2018, advances from customers of HK$857,000 previously included in other payables and accruals were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

	As reported *HK$'000*	Adjustments *HK$'000*	Amounts without application of HKFRS 15 *HK$'000*
Non-current asset			
Investments in associates	474,666	(1,800)	472,866
Current assets			
Contract assets	41,195	(41,195)	–
Inventories	101,909	31,743	133,652
Current liabilities			
Other payables and accruals	88,404	2,004	90,408
Contract liabilities	2,004	(2,004)	–
Non-current liability			
Deferred tax liabilities	53,321	(1,425)	51,896
Capital and Reserves			
Retained profits	577,663	(9,827)	567,836

	As reported *HK$'000*	Adjustments *HK$'000*	Amounts without application of HKFRS 15 *HK$'000*
Revenue	546,706	23,662	570,368
Cost of sales	(444,071)	(16,143)	(460,214)
Gross profit	102,635	7,519	110,154
Impairment losses, net of reversal	(1,348)	(28)	(1,376)
Share of profits of associates	21,938	(714)	21,224
Profit before taxation	152,216	6,777	158,993
Taxation	(15,321)	(1,128)	(16,449)
Profit for the period	136,895	5,649	142,544
Total comprehensive income for the period	97,168	5,649	102,817

3.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments"

In the current period, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and contract assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivable arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. There is no any change of classification compared to prior year.

Impairment under ECL model

The Group assesses for ECL on assets which are subject to impairment under HKFRS 9 (including trade receivables, contract assets, other receivables and deposits, amounts due from related parties, pledged bank deposits and bank balances). The assessment is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings basing on internal credit ratings after considering historical default records, aging and length of customer relationship.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in Note 3.2.2.

3.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Note	Trade receivables HK$'000	Contract assets HK$'000	Other receivables and refundable deposits HK$'000	Deferred tax liabilities HK$'000	Retained profits HK$'000
Closing balance at 31 December 2017 — HKAS 39		796,248	–	56,562	55,133	639,017
Effect arising from initial application of HKFRS 15		–	64,905	–	2,553	–
Effect arising from initial application of HKFRS 9						
Remeasurement						
Impairment under ECL model	*(a)*	(10,117)	(76)	(815)	(1,519)	(9,489)
Opening balance at 1 January 2018		786,131	64,829	55,747	56,167	629,528

Note:

(a) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets and trade receivables. To measure the ECL, contract assets and trade receivables have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortised cost mainly include other receivables and refundable deposits, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition, except for these receivables which are past due over 30 days are measured on lifetime ECL basis as those credit risk had increased significantly since initial recognition.

As at 1 January 2018, the additional credit loss allowance of HK$11,008,000 and related deferred tax credit of HK$1,519,000 has been recognised against retained profits. The additional loss allowance is charged against the respective assets.

All loss allowances for financial assets including trade receivables, contract assets and other receivables and deposits as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

	Trade receivables *HK$'000*	**Contract assets** *HK$'000*	**Other receivables and refundable deposits** *HK$'000*
At 31 December 2017 — HKAS39	–	N/A	–
Amounts remeasured adjusted to opening retained profits	10,117	76	815
At 1 January 2018	10,117	76	815

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

3.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

Because of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

	31 December 2017 (Audited) *HK$'000*	**HKFRS 15** *HK$'000*	**HKFRS 9** *HK$'000*	**1 January 2018** (Restated) *HK$'000*
Non-current Asset				
Interests in associates	535,072	1,086	–	536,158
Current Assets				
Trade receivables *(note)*	796,248	–	(10,117)	786,131
Contract assets	–	64,905	(76)	64,829
Inventories	167,892	(47,886)	–	120,006
Other receivables, prepayments and refundable deposits	56,562	–	(815)	55,747
Current Liabilities				
Other payables and accruals	115,539	(857)	–	114,682
Contract liabilities	–	857	–	857
Non-current Liability				
Deferred tax liabilities	55,133	2,553	(1,519)	56,167
Capital and Reserves				
Retained profits	639,017	15,552	(9,489)	645,080

Note: Trade related amounts due from related parties previously presented separately were reclassified and included in trade receivables.

4. REVENUE

Disaggregation of revenue

Types of goods or services

	Six months ended 30 June 2018 (Unaudited) ***HK$'000***
Printing of cigarette packages	**482,549**
Manufacturing of laminated papers	**22,498**
Sales of RFID products	**41,659**
	546,706

Timing of revenue recognition

	For the six months ended 30 June 2018			
	Printing of cigarette packages (Unaudited)	**Manufacturing of laminated papers (Unaudited)**	**Sales of RFID products (Unaudited)**	**Total (Unaudited)**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
A point in time	**–**	**–**	**41,659**	**41,659**
Over time	**482,549**	**22,498**	**–**	**505,047**
Total	**482,549**	**22,498**	**41,659**	**546,706**

Geographical markets

Information about the Group's revenue from external customers is presented based on the geographical market irrespective of the origin of goods/services.

	For the six months ended 30 June 2018		
	Printing of cigarette packages (Unaudited)	**Manufacturing of laminated papers (Unaudited)**	**Sales of RFID products (Unaudited)**
	HK$'000	***HK$'000***	***HK$'000***
PRC	**480,464**	**22,498**	**22,927**
Others *(Note)*	**2,085**	**–**	**18,732**
Total	**482,549**	**22,498**	**41,659**

Note: Others included the Republic of Indonesia, the United States of America and the Republic of Korea.

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, (ii) manufacturing of laminated papers and (iii) sales of RFID products. The CODM considered the Group has three (2017: 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:

For the six months ended 30 June 2018

	Printing of cigarette packages *HK$'000*	**Manufacturing of laminated papers** *HK$'000*	**Sales of RFID products** *HK$'000*	**Total** *HK$'000*
Segment revenue	**482,549**	**22,498**	**41,659**	**546,706**
Segment profit	**88,716**	**5,677**	**11,203**	**105,596**
Unallocated — other income and other gains and losses				**19,666**
Unallocated expenses				**(74,139)**
Finance costs				**(11,137)**
Share of profits of associates				**21,938**
Share of profit of a joint venture				**191**
Gain on disposal of subsidiaries				**90,101**
Profit before taxation				**152,216**

For the six months ended 30 June 2017

	Printing of cigarette packages *HK$'000*	Manufacturing of laminated papers *HK$'000*	Sales of RFID products *HK$'000*	Total *HK$'000*
Segment revenue	597,098	18,408	–	615,506
Segment profit	167,324	4,348	–	171,672
Unallocated — other income and other gains and losses				6,634
Unallocated expenses				(56,318)
Finance costs				(10,376)
Share of profits of associates				13,098
Share of loss of a joint venture				(38)
Profit before taxation				124,672

Segment profit represents the profit earned by each segment without allocation of corporate management expenses, directors' emoluments, share of profits of associates, share of profit/loss of a joint venture, finance costs, taxation, unallocated other income, other gains and losses, amortisation of intangible assets, gain on disposal of subsidiaries 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 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Printing of cigarette packages	**1,381,777**	1,546,750
Manufacturing of laminated papers	**31,283**	42,817
Sales of RFID products	**94,495**	85,076
Total segment assets	**1,507,555**	1,674,643
Unallocated assets	**2,556,440**	2,523,863
Total assets	**4,063,995**	4,198,506

Segment liabilities

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Printing of cigarette packages	**162,061**	246,126
Manufacturing of laminated papers	**7,988**	4,251
Sales of RFID products	**15,209**	14,987
Total segment liabilities	**185,258**	265,364
Unallocated liabilities	**1,015,731**	952,632
Total liabilities	**1,200,989**	1,217,996

Segment assets represent certain property, plant and equipment, trade receivables, contract assets and inventories which are directly attributable to the relevant operating and reportable segments. Segment liabilities represent trade and bills payables and contract liabilities which are directly attributable to the relevant operating and reportable segments. 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	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**13,897**	35,504
Withholding tax	**4,993**	17,347
Overprovision of EIT in prior year	**(2,312)**	(2,215)
	16,578	50,636
Deferred tax	**(1,257)**	(25,637)
	15,321	24,999

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% (2017: 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% from 2016 to 2018.

Upon the New Tax Law and Implementation Regulations, the 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 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.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	**1,683**	1,504
Other staff costs		
Salaries and other benefits	**50,461**	44,744
Contributions to retirement benefits schemes	**7,594**	5,197
Total staff costs	**59,738**	51,445
Less: capitalised in inventories	**(2,099)**	(38,831)
included in cost of sales	**(47,126)**	N/A
	10,513	12,614
Depreciation of property, plant and equipment	**37,557**	39,060
Release of prepaid lease payments	**1,175**	1,086
Amortisation of intangible assets (included in cost of sales and administrative expenses)	**22,858**	22,842
Total depreciation and amortisation	**61,590**	62,988
Less: capitalised in inventories	**(2,434)**	(31,237)
included in cost of sales	**(53,881)**	(22,624)
	5,275	9,127
Depreciation of investment properties	**1,824**	3,436
Operating lease rentals in respect of rented premises	**1,325**	885
Research and development costs recognised as an expense (included in other expenses)	**1,107**	1,951
Share of taxation of associates	**4,822**	3,409
Impairment loss reversed recognised in respect of contract assets and trade and other receivables, net	**1,348**	–
Interest income on long-term receivables	**–**	(467)
Gross rental income from investment properties	**(3,435)**	(1,595)
Less: direct operating expenses incurred for investment properties that generated rental income during the period	**1,824**	1,022
	(1,611)	(573)
Net foreign exchange losses (gains)	**228**	(680)
Gain on disposals of property, plant and equipment	**2,755**	60

8. DIVIDENDS

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

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the period:		
— 2018 special dividend	**199,905**	–
— 2016 final — HK15.30 cents per share	**–**	239,886

During the current interim period, a special dividend of HK12.75 cents per share, amounting approximately HK$199,905,000 (2017: nil), was declared to the shareholders whose names appeared on the register of members of the Company on 26 June 2018.

During the six months ended 30 June 2017, the final dividend of HK15.30 cents in respect of the year ended 31 December 2016 per share, amounting approximately HK$239,886,000 has been paid to shareholders.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	**132,703**	98,050
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	**1,567,885**	1,567,885

No dilutive earnings per share is presented for the six months ended 30 June 2018 and 2017 since there were no potential ordinary shares in issue during both periods.

10. TRADE RECEIVABLES

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
	HK$'000	*HK$'000*
Trade receivables		
— third parties	**669,208**	787,329
— related parties	**3,595**	3,595
— an associate	**4,442**	5,324
	677,245	796,248
Less: allowance for doubtful debts	**(11,372)**	–
	665,873	796,248

As at 30 June 2018, bills amounting to HK$7,838,000 (31 December 2017: HK$46,104,000) are held by the Group for future settlement of trade balances due from third parties.

The amounts due from related parties derive from the companies controlled by a director.

The Group allows a credit period ranging from 60 days to 90 days to its trade customers. The following is an aged analysis of trade 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 2018 (Unaudited)	31 December 2017 (Audited)
	HK$'000	*HK$'000*
0–90 days	**518,075**	683,882
91–180 days	**46,621**	38,776
181–365 days	**65,691**	20,888
Over 365 days	**35,486**	52,702
	665,873	796,248

The movement in the allowance for impairment in respect of trade receivables during the current interim period was as follow:

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
	HK$'000	*HK$'000*
Balance at the beginning of the period/year*	**–**	2,213
Remeasurement of loss allowance adjusted to opening retained earnings	**10,117**	–
Impairment loss	**1,255**	–
Amounts written off as uncollectible	**–**	(2,297)
Exchange difference	**–**	84
Balance at the end of the period/year	**11,372**	–

* The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated.

11. TRADE PAYABLES

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

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
0–30 days	**79,811**	175,398
31–90 days	**55,718**	73,409
91–180 days	**39,073**	12,654
181–365 days	**8,350**	3,570
Over 365 days	**302**	333
	183,254	265,364

Included in trade payables are bills amounting to HK$4,346,000 (31 December 2017: HK$4,208,000) for settling the trade payables.

12. CONTINGENT LIABILITIES

As at 31 December 2017, the Group received a Notice of Arbitration from Shenzhen Court of International Arbitration that Shenzhen Court of International Arbitration had 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 has sought 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$546.7 million with profit attributable to owners of the Company amounting to approximately HK$132.7 million and basic earnings per share of approximately HK8.5 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, the Group remained subject to price pressure brought by the mandatory tendering. Several new major tenders of high tier products awarded with higher selling price had not yet shipped in its full fledge in the first half of 2018. Meanwhile, customers' continued destocking has drove the Group's business volume down and in turn lift the unit cost and further dampened the gross profit during the Period under Review. Profit is expected to be much improved in the second half of 2018 when the orders of various new orders were shipped out.

Manufacturing of Laminated Papers

The segment profit of laminated paper manufacturing has increased mainly due to increase in business volume.

During the Period under Review, the Group has successfully entered into agreement in acquiring a strategic supplier, Shenzhen Jin Sheng Cai Packaging Materials Co., Ltd. ("Jin Sheng Cai") (深圳市金升彩包裝材料有限公司). The acquisition marked the Group's significant step for upstream vertical integration into its lamination product supplies.

Sales of RFID products

The IOT company, Jiangsu HY-Link Science & Technology Co. Ltd., ("HY-Link") acquired during the second half of 2017 has increased its contribution to profit of the Group during the Period under Review.

PROSPECTS

Despite the months-long threat of trade conflict with U.S. and China government's campaign to control credit and clean-up financial system, statistics still showed that China economy remained intact for the first half of 2018 and the retail sales of consumer goods even grew at faster rate than same period last year. However, as the conflict with the U.S. is poised to escalate, fine-tuning shift by China government in spurring domestic demand seems to be an unavoidable option to counter those external uncertainties. The uncertainties of trade conflict, if yet to impact in near future, is expected to affect the Group's business only indirectly and to a minimal extent as long as the China's consumption market, which counts for the Group's major business, remains vigorous.

During the Period under Review, the China National Tobacco Corporations maintained the momentum to intensify mandatory tendering and destocking within its system while still targeting low single-digit growth in sales volume for whole 2018. It is expected that the stock level along the product chain has already been driven to a very low level where demand for stock replenishment is expected to resume normal for the second half of 2018.

The Directors expect that the Group's cigarette packages printing business will become more encouraging when the newly awarded tenders have shipped in full fledge in the second half of the year. The sales mix is expected to improve which in turn lift the profitability. Meanwhile the Group will also benefit from the recovery of overall sale volume when investments in intelligent manufacturing in recent years allow greater flexibility to quicker production cycle at lower cost.

With completion of expansion of production capacity in HY-Link to overcome the production bottleneck, the Group's IOT business will keep growing at fast stance in the second half of 2018. Synergy with the smart-packaging campaign in the Group's cigarette package printing business is already in pipeline and provides new fronts for the Group to tap new demand from the conventional market. By adding interactive IOT features, the Group is now also exploring for business from the non-cigarette package printing customers such as those of pharmaceuticals and electronics etc..

The acquisition of Jin Sheng Cai was completed in August 2018. It will provide the Group a stronghold in the production and sales of laminated paper products and further ensure stable supplies to the Group at lower cost and boost the profitability of the Group's cigarette package printing business. Besides, leveraging on the existing technology and marketing network of Jin Sheng Cai, the Group is planning to enhance its existing production facilities to cater for new business of processing of various lamination materials such as laser film (鐳射膜), plastic film and aluminum films etc..

FINANCIAL REVIEW

REVENUE

During the Period under Review, the revenue of the Group was approximately HK$546.7 million (six months ended 30 June 2017: HK$615.5 million), which represents a decrease of approximately HK$68.8million or 11.2% as compared to the same period in 2017. The revenue of our three business segments, namely cigarette package printing business, manufacturing of laminated papers and sales of RFID products were approximately HK$482.5 million (six months ended 30 June 2017: HK$597.1 million), HK$22.5 million (six months ended 30 June 2017: HK$18.4 million) and HK$41.7 million (six months ended 30 June 2017: NIL) respectively.

The decrease in revenue was mainly attributable to the decrease in business volume during the Period under Review as a result of customers' destocking. However, this was partially alleviated by the increase in average selling price and the shift for the high tier products brought by the tenders newly awarded during the Period under Review.

GROSS PROFIT

During the Period under Review, gross profit of the Group decreased by 37.3% to approximately HK$102.6 million (six months ended 30 June 2017: HK$163.7 million) as compared to the same period in 2017. Meanwhile, the gross profit margin also dropped to 18.8% during the first half of 2018 (six months ended 30 June 2017: 26.6%).

Although the average selling price has increased due to the new orders, the unit cost of sales has increased more than proportionately compared to the same period in 2017 because of low business volume which in turn suppressed the gross profit. The favorable effect of investment in automated machineries is expected to yield its full potentials in cost saving when the business volume rebound in the second half of 2018.

OTHER INCOME

Other income increased by approximately HK$6.4 million to HK$17.1 million as compared with the same period in 2017. It was mainly attributable to increase in scrap materials sales, government grant and rental income by approximately HK$2.4 million, HK$1.8 million and HK$1.0 million respectively.

OTHER GAINS AND LOSSES

No hedging loss occurred during the Period under Review while hedging losses of HK$4.8 million were recorded in the same period last year. Besides, the gain from disposal of obsolete machineries increased by HK$2.7 million during the Period under Review.

SELLING AND DISTRIBUTION EXPENSES

The selling and distribution expenses increased by approximately HK$5.1 million to HK$18.3 million or 38.8% mainly because of increase in marketing activities during the Period under Review.

ADMINISTRATIVE EXPENSES AND OTHER EXPENSES

During the Period under Review, administrative expenses and other expenses increased by approximately HK$12.8 million or 39.8% to HK$45.1 million which was mainly due to increase in non-production staff cost of HK$9.7 million associated with new subsidiaries and the increased staff bonus, the agency fee and professional fee of about HK$5.0 million related to the merger and acquisitions and lawsuit during the Period under Review.

FINANCE COSTS

Finance costs increased by approximately HK$0.8 million or 7.3% as compared with the same period in 2017. Such increase was mainly due to interest rate hike of bank borrowings during the Period under Review.

SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates increased by approximately HK$8.8 million to HK$21.9 million during the Period under Review. Revenue and net profit of Changde Goldroc Rotogravure Printing Co., Limited ("Changde Goldroc") were approximately HK$546.5 million (six months ended 30 June 2017: HK$508.9 million) and HK$102.9 million during the Period under Review (six months ended 30 June 2017: HK$73.7 million) respectively.

The increase in net profit of Changde Goldroc was mainly due to the increase in average selling price brought by favorable shift in product mix towards high-tier cigarette package.

TAXATION

The effective tax rate of the Group decreased from approximately 20.1% to 10.5% during the Period under Review. Such decrease was mainly to the increase in non-assessable profit related to the disposal of subsidiaries.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to the owners of the Company was approximately HK$132.7 million, an increase of approximately HK$34.7 million or 35.3% as compared with the same period in 2017. It was mainly due to the one off gain on disposal of subsidiaries partially setoff by the fall in revenue and gross profit during the Period under Review.

SEGMENT INFORMATION

During the Period under Review, the revenue from the printing of cigarette packages, manufacturing of laminated papers and sales of RFID products were approximately HK$482.5 million (six months ended 30 June 2017: HK$597.1 million) and approximately HK$22.5 million (six months ended 30 June 2017: HK$18.4 million) and approximately HK$41.7 million (six months ended 30 June 2017: NIL) respectively. Earnings from the printing of cigarette packages accounted for approximately 84.0% of the total segment earnings before unallocated items. The earnings before unallocated items from cigarette packages printing services decreased by approximately 47.0% while earnings from manufacturing of laminated papers increased by 30.6%. During the Period under Review, earnings before unallocated items from sales of RFID products was HK11.2 million while no earnings was recorded before completion of acquisition of HY-Link in same period last year.

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated resources and banking facilities. As at 30 June 2018, the Group had net current assets of approximately HK$399.0 million (as at 31 December 2017: HK$478.5 million) while the Group's cash and cash equivalents amounted to approximately HK$550.6 million (as at 31 December 2017: HK$292.5 million).

As at 30 June 2018, short-term interest-bearing bank borrowings (repayable within one year) of the Group amounted to approximately HK$555.1 million (as at 31 December 2017: HK$621.9 million). Carrying amounts of trade receivables, non-current assets classified as held for sale and bank deposits pledged for securing these credit facilities amounted to approximately HK$433.7 million (as at 31 December 2017: HK$451.5 million), NIL (as at 31 December 2017: HK$197.4 million) and HK$14.1 million (as at 31 December 2017: HK$5.5 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 20.7% (as at 31 December 2017: 22.8%).

CAPITAL COMMITMENTS

As at 30 June 2018, the Group had capital commitments in respect of the acquisition of property, plant, equipment contracted for but not provided in the financial statements amounting to approximately HK$17.6 million (as at 31 December 2017: HK$4.6 million), mainly related to upgrade of the existing machineries.

MATERIAL ACQUISITION AND DISPOSAL

On 13 July 2018, Shenzhen Kecai Printing Company Limited (深圳市科彩印務有限公司), a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with an independent third party in relation to the acquisition of the entire equity interest of Jin Sheng Cai at the cash consideration of RMB130,000,000. Such acquisition constituted a discloseable transaction for the Company and was subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Save 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 bank borrowings. As at 30 June 2018, 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 2018, assets with carrying amount of approximately HK$447.8 million (31 December 2017: HK$654.4 million) were pledged to banks in respect of banking facilities granted to the Group.

SIGNIFICANT INVESTMENT AND FUTURE PLAN

The Group beneficially owns certain equity interests of Changde Goldroc and Tianjin Rong Lian Hui Zhi Intelligence Packaging Technology Co., Ltd which are classified as investment in associates.

Looking ahead, as mentioned in the paragraph headed "PROSPECTS" above, the Group endeavours to generate high value adding service to our stakeholders, be geared with growth driver by organic growth and explore opportunities for strategic and synergetic partners including but not limited to merger and acquisition(s), and formation of joint venture(s) or other corporate action(s) 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 when it is needed or opportunity arises.

HUMAN RESOURCES

As at 30 June 2018, the Group had 13 and 1,229 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 Ms. Li Li (the non-executive Director) and Mr. Lui Tin Nang (the independent non-executive Director) were unable to attend the annual general meeting of the Company held on 1 June 2018 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 control, 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 has 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 2018

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.