



BRILLIANCE WORLDWIDE HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8312

FIRST QUARTERLY REPORT

For The Three Months Ended 31 December 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed in the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Brilliance Worldwide Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this report misleading.

This report, in both English and Chinese versions, is available on the Company’s website at www.brillianceww.com.

Condensed consolidated statement of comprehensive income

For the three months ended 31 December 2014

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the "Board") is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 December 2014 together with the comparative unaudited figures for the corresponding period in 2013, as follows:

	Note	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
TURNOVER	3	19,373	22,188
Cost of sales		(17,726)	(20,036)
GROSS PROFIT		1,647	2,152
Other revenue and other net income		7	–
Selling and distribution expenses		(625)	(1,672)
Administrative and other operating expenses		(1,240)	(2,451)
LOSS FROM OPERATIONS		(211)	(1,971)
Finance costs		(100)	(111)
LOSS BEFORE TAXATION		(311)	(2,082)
Income tax	4	–	–
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(311)	(2,082)
Other comprehensive expense			
Exchange differences arising on translation of foreign operations, with no income tax effects		(4)	–
LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(315)	(2,082)
Loss per share			
Basic and diluted (HK cents)	6	(0.04)	(0.30)

Notes to the condensed consolidated statement of comprehensive income

For the three months ended 31 December 2014

1. CORPORATE INFORMATION

Brilliance Worldwide Holdings Limited (the “Company”) is incorporated and domiciled in the Cayman Islands as an exempted company with limited liability on 24 February 2010. The Company has established a principal place of business in Hong Kong at Flat 16, 1st Floor, Wah Yiu Industrial Centre, 30–32 Au Pui Wan Street, Fotan, New Territories, Hong Kong and has been registered as a non-Hong Kong company under part XI of the Hong Kong Companies Ordinance on 27 October 2010.

The Company is an investment holding company. The Company’s subsidiaries are principally engaged in distribution of apparel products.

2. BASIS OF PREPARATION

The Group’s unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the company. There have been no significant changes to the accounting policies applied in these financial statements for the period presented as a result of these developments.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgments in the process of applying the Group’s accounting policies.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements were consistent with those applied for the financial statements of the Group for the year ended 30 September 2014.

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000), unless otherwise stated.

The condensed consolidated financial statements have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

Notes to the condensed consolidated statement of comprehensive income

For the three months ended 31 December 2014

3. TURNOVER AND SEGMENT INFORMATION

Segment revenue and results

The Group is principally engaged in distribution of apparel products. For management purposes, the Group operates in one business unit based on their products, and has one operating segment which is distribution of apparel products.

Geographical information

The Group's operation is located in Hong Kong.

The Group's turnover from external customers by geographical location of the assets is detailed below:

	For the three months ended 31 December	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Sweden	2,787	4,302
U.K.	7,679	8,615
Spain	5,359	2,558
Hong Kong	2,762	4,752
Finland	322	1,219
France	464	742
Total turnover	19,373	22,188

Information about products

	For the three months ended 31 December	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Innerwear	10,211	12,485
Casual wear	3,204	4,387
Baby and children wear	5,958	5,316
Total turnover	19,373	22,188

Notes to the condensed consolidated statement of comprehensive income

For the three months ended 31 December 2014

3. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenues from external customers contributing 10% or more of the Group's total revenue are as follows:

	For the three months ended 31 December	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Customer A	7,234	7,977
Customer B	5,359	4,270
Customer C	2,123	2,558

4. INCOME TAX

No assessable profits for the three months ended 31 December 2013 and 2014.

No provision for profits tax in the Cayman Islands and British Virgin Islands has been made as the Group has no assessable profits for the period in these jurisdictions (2013: Nil).

5. DIVIDEND

The Directors do not recommend payment of any dividend for the three months ended 31 December 2014 (2013: Nil).

6. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$311,000 (2013: HK\$2,082,000) and the weighted average of 692,000,000 shares in issue for the three months ended 31 December 2013 and 2014.

(b) Diluted loss per share

The computation of diluted loss per share does not assume the exercise of the Company's share options outstanding during the period.

Notes to the condensed consolidated statement of comprehensive income

For the three months ended 31 December 2014

7. MOVEMENT OF RESERVE

Movement of reserves for the Group during the period is set out below:

	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Share-based compensation reserve HK\$'000	Capital reserve HK\$'000	Merger reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 October 2013 (audited)	6,920	16,489	1,319	3,718	(383)	81	(1,863)	26,281
Loss for the period	-	-	-	-	-	-	(2,082)	(2,082)
Total comprehensive expense for the period	-	-	-	-	-	-	(2,082)	(2,082)
At 31 December 2013 (unaudited)	6,920	16,489	1,319	3,718	(383)	81	(1,863)	24,199
At 1 October 2014 (audited)	6,920	16,489	1,319	3,718	(383)	239	(4,773)	23,529
Other comprehensive expenses	-	-	-	-	-	(4)	-	(4)
Loss for the period	-	-	-	-	-	-	(311)	(311)
Total comprehensive expense for the period	-	-	-	-	-	(4)	(311)	(315)
At 31 December 2014 (unaudited)	6,920	16,489	1,319	3,718	(383)	235	(5,084)	23,214

Management discussion and analysis

BUSINESS REVIEW

The Group's turnover contributed from innerwear, casual wear and baby and children wear for the three months ended 31 December 2014 were HK\$10.2 million, HK\$3.2 million and HK\$6.0 million (2013: HK\$12.5 million, HK\$ 4.4 million and HK\$5.3 million) respectively.

The product mix of the Group reflects that the portion of sales of innerwear and casual wear to the total sales has dropped from 56.3% to 52.7% and 19.8% to 16.5%, respectively. Due to the drop of sales in innerwear and casual wear, the portion of sales of baby and children wear has increased from 23.9% to 30.8%. The innerwear products remain as the main products of the Group.

FINANCIAL REVIEW

The turnover of the Group for the three months ended 31 December 2014 was approximately HK\$19.4 million, representing a decrease of 12.7% from the same period last year. Cost of sales of the Group decreased by approximately 11.5% from approximately HK\$20.0 million for the three months ended 31 December 2013 to approximately HK\$17.7 million the three months ended 31 December 2014. The decrease in cost of sales was mainly due to the decrease in sales order and shrinking of profit margin during the period. The gross profit has decreased by HK\$505,000, representing a decrease of 23.5 % from the same period last year.

During the period, the Group carried apparel distribution activities and has saved a lot of factory operation overheads comparing with garment manufacturing activities in 2013. Further, in changing mode of operation, the group focused on providing considerate services to the old and main customers in order to stabilise the business, and consequently sales promotional activities and expenses have been reduced.

LIQUIDITY AND FINANCIAL POSITION

At 31 December 2014, cash and bank balances and pledged bank deposits of the Group amounted to approximately HK\$3.6 million (At 30 September 2014: HK\$9.4 million). The current ratio (current asset divided by current liabilities) of the Group was 11.3 times and 5.4 times as at 31 December 2014 and 30 September 2014, respectively. In view of the Group's current level of cash and bank balances, funds generated internally from our operations and the banking facilities available, the Board is confident that the Group will have sufficient resources to meet its finance needs for its operations.

OUTLOOK

During the period, the Group has re-focused the business on apparel distribution. The Directors believe that the Group will be able to shift its resources to better serve its customers, which in turn to improve its profitability. Although competition is keen, we have valuable and long term relationships with our customers as our solid base for development. In order to strengthen our competitiveness, the Directors will cautiously control the risk and enhance the efficiency of the operation.

Management discussion and analysis

OUTLOOK (CONTINUED)

The Group will develop sales in China. Internet shopping is a prevalent mode of customers in China. It is an advancement of market segment that we will capture in future. The Directors will prudently consider the costs and returns of each investment opportunities with the aim to achieve the best utilization of resources and to maximize the returns to shareholders.

CAPITAL MANAGEMENT

The Group's objectives when managing capital are to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the company will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt/(cash) is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt, if any.

EMPLOYEES AND REMUNERATION POLICY

Total staff costs, including Directors' emoluments, amounted to approximately HK\$529,000 for the three months ended 31 December 2014. The Group's remuneration policies were determined with reference to the performance, qualification and experience of individual employee, as well as the results of the Group and the market conditions. The Group provided discretionary bonus, medical insurance, provident fund, education subsidy and training to its employees. The Company adopted a share option scheme on 3 November 2010, under which the Company can grant options to, among others, employees of the Group to subscribe for shares of the Company with a view to rewarding them for their contributions to the Group and giving incentives to them for optimizing their future contributions to the Group. Up to the date of this report, 27,600,000 share options have been granted but not yet exercised, to the following Directors under such share option scheme:

Name of Directors	No. of share option	Exercise price	Exercise Period
Mr. Ko Yuk Tong	6,900,000	HK\$0.087	20/1/2012 to 19/1/2017
	6,900,000	HK\$0.091	9/2/2013 to 8/2/2020
Mr. Ko Chun Hay, Kelvin	6,900,000	HK\$0.087	20/1/2012 to 19/1/2017
	6,900,000	HK\$0.091	9/2/2013 to 8/2/2020

Corporate governance report

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the Rules Governing the Listing Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") during the three months ended 31 December 2014.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

During the period, the Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions in securities of the Company. Upon the Group's specific enquiry, each Director confirmed that during the three months ended 31 December 2014, he had fully complied with the required standard of dealings and there was no event of non-compliance.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2014, the interests and short positions of the Directors and chief executive of the Company in the ordinary shares (the "Shares"), underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name	Notes	Capital and nature of interest	Number of shares	Percentage of the Company's issued share capital
Mr. Ko Yuk Tong	1	Interest of controlled corporation	519,000,000 (L)	75%
Mr. Ko Chun Hay, Kelvin	2	Interest of controlled corporation	519,000,000 (L)	75%

Notes:

1. Mr. Ko Yuk Tong is deemed to be interested in 519,000,000 Shares held by Magic Ahead Investments Limited under the SFO.
2. Mr. Ko Chun Hay, Kelvin is deemed to be interested in 519,000,000 Shares held by Magic Ahead Investments Limited under the SFO.

Corporate governance report

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND DEBENTURES OF THE COMPANY (CONTINUED)

During the three months ended 31 December 2014, there were no debt securities issued by the Group and the Company at any time.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company or their respective associates had registered any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND DEBENTURES OF THE COMPANY

At 31 December 2014, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the Shares

Name	Capital and nature of interest	Number of shares	Percentage of the Company's issued share capital
Magic Ahead Investments Limited (Note)	Beneficial owner	519,000,000 (L)	75%

Note: Magic Ahead Investments Limited, a company incorporated in British Virgin Islands on 15 October 2009 with limited liability and an investment holding company where the entire issued share capital of which is held by Mr. Ko Yuk Tong and Mr. Ko Chun Hay, Kelvin in the proportion of 25.0% and 75.0% respectively as at 31 December 2014.

For the three months ended 31 December 2014, there were no debt securities issued by the Group and the Company at any time.

Corporate governance report

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND DEBENTURES OF THE COMPANY (CONTINUED)

Save as disclosed above, as at 31 December 2014, the Directors were not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

CONTRACT OF SIGNIFICANCE

At 31 December 2014, there is no contract of significance between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

COMPETING INTEREST

For the three months ended 31 December 2014, the Directors were not aware of any business or interest of the Directors, the controlling shareholder, the management shareholder and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the Shareholders by way of written resolutions passed on 3 November 2010. Details of the Scheme are as follows:

(i) Purpose

The purpose of the Scheme is to attract and retain the best quality personnel for the development of the Company's businesses; to provide additional incentive to the employees including any executive or non-executive director and officer of the Company or any affiliate, consultants, agents, representatives, advisers, customers, contractors, business allies and joint venture partners; and to promote the long term financial success of the Company by aligning the interests of the option holders to the shareholders of the Company.

(ii) Qualifying participants

Any employee including any executive or non-executive director of the Company or any affiliate, any consultant, agent, representative, adviser, customer, contractor, business ally or joint venture partner of the Company or any affiliate.

Corporate governance report

SHARE OPTION SCHEME (CONTINUED)

(iii) Maximum number of shares

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme must not in aggregate exceed 10% of the issued share capital of the Company at the date of approval of the Scheme or 30% of the issued share capital of the Company from time to time. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme(s) of the Company must not, in aggregate, exceed 30% of the total number of issued shares of the Company from time to time.

(iv) Limit for each participant

The total number of Shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to each participant must not exceed 1% of the Shares of the Company in issue.

(v) Option period

The period within which the Shares must be taken up an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

The Board has the authority to determine the minimum period for which an option must be held before it can vest. The Scheme itself does not specify any minimum holding period.

(vi) Acceptance and payment on acceptance

The options will be offered for acceptance for a period of 28 days from the date on which the options are offered to an eligible person. Upon acceptance of the options, the eligible person shall pay HK\$1 to the Company as consideration for the grant.

(vii) Subscription price

The subscription price for each Share subject to and upon the exercise of the options will be a price determined by the Board and notified to each Participant and shall be at least the highest of (i) the closing price of each Share on GEM as stated in the daily quotations sheet of Stock Exchange on the date of grant of the options, which must be a business day; (ii) the average closing price of each Share on GEM as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of one Share.

(viii) Remaining life of the option Scheme

The Scheme will remain valid for a period of 10 years commencing from 3 November 2010.

Corporate governance report

SHARE OPTION SCHEME (CONTINUED)

On 19 January 2012, as approved by the Board, a total of 13,800,000 options, have been granted to 2 executive Directors at an exercise price of HK\$0.087 per Share. On 8 February 2013, as approved by the Board, a total of 13,800,000 options, have been granted to 2 executive Directors at an exercise price of HK\$0.091 per Share. As at 31 December 2014, a total of 27,600,000 Shares, representing 3.99% of the existing issued share capital of the Group are available for issue in respect of the remaining options which may be granted under the Scheme. Up to the date of this report, the 27,600,000 Options have not yet been exercised by the Participants.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the three months ended 31 December 2014.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference on in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Li Kar Fai, Peter (chairman of the audit committee), Mr. Zhang Qing and Mr. Li Xiao Dong.

The audit committee has reviewed the financial statements of the Group for the three months ended 31 December 2014 pursuant to the relevant provisions contained in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

By order of the Board
Brilliance Worldwide Holdings Limited
Ko Chun Hay, Kelvin
Chairman

Hong Kong, 10 February 2015

As at the date of this report, the executive directors are Mr. Ko Yuk Tong and Mr. Ko Chun Hay Kelvin and the independent non-executive directors are Mr. Li Xiao Dong, Mr. Zhang Qing and Mr. Li Kar Fai Peter.