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## **CHINA HANYA GROUP HOLDINGS LIMITED**

### **中國瀚亞集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8312)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2017**

#### **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 on 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.**

*This announcement, for which the directors (the “Directors”) of China Hanyang Group 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 (the “GEM Listing Rules”) 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 announcement 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 announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website (<http://www.hkgem.com>) for at least seven days from the date of its posting and on the website of the Company at [www.chinahanya.com.hk](http://www.chinahanya.com.hk).*

## INTERIM RESULTS (UNAUDITED)

The board of Directors of the Company (the “Board”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 31 March 2017 together with the unaudited comparative figures for the corresponding period in 2016 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months and six months ended 31 March 2017*

		Three months ended 31 March		Six months ended 31 March	
		2017	2016	2017	2016
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>TURNOVER</b>	3	<b>1,596</b>	3,166	<b>3,160</b>	16,644
Cost of sales		<u>(1,506)</u>	<u>(3,094)</u>	<u>(3,070)</u>	<u>(15,707)</u>
<b>GROSS PROFIT</b>		<b>90</b>	72	<b>90</b>	937
Other income, gains and losses		<b>115</b>	(329)	<b>313</b>	(236)
Selling and distribution expenses		—	(338)	<b>(231)</b>	(729)
Administrative and other operating expenses		<u>(7,576)</u>	<u>(1,791)</u>	<u>(17,006)</u>	<u>(3,020)</u>
<b>LOSS FROM OPERATIONS</b>		<b>(7,371)</b>	(2,386)	<b>(16,834)</b>	(3,048)
Finance costs	4(c)	<u>—</u>	<u>(14)</u>	<u>—</u>	<u>(112)</u>
<b>LOSS BEFORE TAXATION</b>	4	<b>(7,371)</b>	(2,400)	<b>(16,834)</b>	(3,160)
Income tax	5	<u>(2)</u>	<u>—</u>	<u>(2)</u>	<u>—</u>
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>(7,373)</b></u>	<u>(2,400)</u>	<u><b>(16,836)</b></u>	<u>(3,160)</u>
<b>Other comprehensive expenses</b>					
Exchange differences arising on translation of foreign operations, with no income tax effects		<u><b>51</b></u>	<u>(14)</u>	<u><b>51</b></u>	<u>(4)</u>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><u><b>(7,322)</b></u></u>	<u><u>(2,414)</u></u>	<u><u><b>(16,785)</b></u></u>	<u><u>(3,164)</u></u>
<b>Loss per share</b>					
Basic and diluted (HK\$)	7	<u><u><b>(0.010)</b></u></u>	<u><u>(0.003)</u></u>	<u><u><b>(0.023)</b></u></u>	<u><u>(0.005)</u></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

		31 March 2017 <i>HK\$'000</i> (unaudited)	30 September 2016 <i>HK\$'000</i> (audited)
	Note		
<b>Non-current assets</b>			
Property, plant and equipment		1,504	882
Deposit paid for acquisition of a subsidiary		—	200
Deposit paid for acquisition of plant and equipment		—	704
		<b>1,504</b>	<b>1,786</b>
<b>Current assets</b>			
Trade and other receivables		2,849	2,147
Investments held-for-trading		—	1,349
Cash and bank balances		19,417	35,625
		<b>22,266</b>	<b>39,121</b>
<b>Current liabilities</b>			
Trade payables		—	824
Tax payable		13	—
Accruals and other payables	10	1,755	1,296
Bank borrowings		—	—
		<b>1,768</b>	<b>2,120</b>
<b>Net current assets</b>		<b>20,498</b>	<b>37,001</b>
<b>Net assets</b>		<b>22,002</b>	<b>38,787</b>
<b>Equity</b>			
Share capital	11	7,400	7,400
Reserves		14,602	31,387
<b>Total Equity attributable to owners of the Company</b>		<b>22,002</b>	<b>38,787</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2017

	Attributable to owners of the Company							
	Share capital	Share premium	Share-based compensation reserve	Capital reserve	Merger reserve	Translation reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2015 (audited)	6,920	16,489	3,124	3,718	(383)	228	(10,053)	20,043
Other comprehensive expenses	—	—	—	—	—	(4)	—	(4)
Loss for the period	—	—	—	—	—	—	(3,160)	(3,160)
Loss and total comprehensive expense for the period	—	—	—	—	—	(4)	(3,160)	(3,164)
Forfeiture of share options	—	—	(3,124)	—	—	—	3,124	—
At 31 March 2016 (unaudited)	<u>6,920</u>	<u>16,489</u>	<u>—</u>	<u>3,718</u>	<u>(383)</u>	<u>224</u>	<u>(10,089)</u>	<u>16,879</u>
At 1 October 2016 (audited)	<b>7,400</b>	<b>45,342</b>	—	<b>3,718</b>	<b>(383)</b>	<b>226</b>	<b>(17,516)</b>	<b>38,787</b>
Other comprehensive income	—	—	—	—	—	<b>51</b>	—	<b>51</b>
Loss for the period	—	—	—	—	—	—	(16,836)	(16,836)
At 31 March 2017 (unaudited)	<u><b>7,400</b></u>	<u><b>45,342</b></u>	<u>—</u>	<u><b>3,718</b></u>	<u><b>(383)</b></u>	<u><b>277</b></u>	<u><b>(34,352)</b></u>	<u><b>22,002</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 31 March 2017*

	<b>2017</b> <b><i>HK\$'000</i></b> <b>(unaudited)</b>	2016 <i>HK\$'000</i> (unaudited)
Net cash (used in)/generated from operating activities	<b>(16,374)</b>	5,934
Net cash generated from investing activities	<b>166</b>	—
Net cash used in financing activities	<u>—</u>	<u>(3,110)</u>
Net (decrease)/increase in cash and cash equivalents	<b>(16,208)</b>	2,824
Effect of foreign exchange rate changes	—	(4)
Cash and cash equivalents at the beginning of period	<u><b>35,625</b></u>	<u>6,795</u>
Cash and cash equivalents at the end of period	<u><b>19,417</b></u>	<u>9,615</u>
<b>Analysis:</b>		
Cash and bank balance	<b>19,417</b>	9,615
Bank overdraft	<u>—</u>	<u>—</u>
	<u><b>19,417</b></u>	<u>9,615</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 March 2017*

## 1. CORPORATE INFORMATION

The Company's principal place of business in Hong Kong is Room 2404, 24/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong and the Company was registered as a non-Hong Kong company under part XVI of the Hong Kong Companies Ordinance on 12 November 2010.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in distribution of apparel products and household 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 has been no significant change 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 2016.

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 reviewed nor audited by the Company's auditors, but have been reviewed by the Company's audit committee.

## 3. TURNOVER AND SEGMENT INFORMATION

### **Segment revenue, results, assets and liabilities**

The Group is principally engaged in distributing apparel products and in December 2016, the Group established a new business in distributing household products. For management purposes, the Group operates in one business unit based on its products. Although the goods are sold to domestic and overseas customers, the Group's Board of Directors, being the chief operating decision-maker ("CODM"), regularly reviews their consolidated financial information to assess the performance and makes resource allocation decisions. Accordingly, no segmental revenue and results are presented.

## Geographical information

The Group's operations are located in Hong Kong.

The Group's turnover from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Turnover from external customers		Non-current assets	
	Six months ended 31 March		As at 31 March	As at 30 September
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
Sweden	479	2,203	—	—
U.K.	1,085	7,213	—	—
Spain	—	3,604	—	—
Hong Kong	—	2,608	1,504	882
The PRC, excluding Hong Kong	1,596	—	—	—
Others	—	1,016	—	—
	<u>3,160</u>	<u>16,644</u>	<u>1,504</u>	<u>882</u>
Total turnover/non-current assets	<u>3,160</u>	<u>16,644</u>	<u>1,504</u>	<u>882</u>

## Information about products

	For the six months ended 31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Innerwear	1,924	9,993
Casual wear	—	2,253
Baby and children wear	—	4,398
Household products	1,236	—
	<u>3,160</u>	<u>16,644</u>
Total turnover	<u>3,160</u>	<u>16,644</u>

## Information about major customers

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

	For the six months ended 31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Customer A	1,085	7,213
Customer B	842	3,604
Customer C	741	2,203
Customer D	—	1,908
	<u>—</u>	<u>1,908</u>

#### 4. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

**(a) Staff costs (including directors' and chief executive officer's remuneration)**

	<b>For the six months ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Salaries, wages and other benefits	<b>10,584</b>	570
Contributions to defined contribution retirement plans	<b>155</b>	14
	<b>10,739</b>	584

**(b) Other items**

	<b>For the six months ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Depreciation on property, plant and equipment	<b>116</b>	84
Amortisation of intangible assets	—	—

**(c) Finance costs**

	<b>For the six months ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest on bank advances wholly repayable within five years, being total interest expenses on financial liabilities not at fair value through profit or loss	—	112

#### 5. INCOME TAX

No provision for Hong Kong Profit tax has been made in the financial statement as the Group has no assessable profits for the six months ended 31 March 2016 and 2017.

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 (2016: Nil).

#### 6. DIVIDEND

The Directors do not recommend payment of any dividend for the six months ended 31 March 2017 (2016: Nil).

## 7. 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\$16,785,000 (2016: HK\$3,160,000) and the weighted average of 740,000,000 shares in issue for the six months ended 31 March 2017 (2016: 692,000,000).

### (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 as the exercise price of those options is higher than the average market price for shares for both 2016 and 2017.

## 8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>COST</b>				
At 1 October 2016	1,000	49	700	1,749
Addition	—	35	703	738
At 31 March 2017	1,000	84	1,403	2,487
<b>DEPRECIATION</b>				
At 1 October 2016	135	32	700	867
Provided for the period	20	37	59	116
At 31 March 2017	155	69	759	983
<b>CARRYING VALUES</b>				
At 31 March 2017	845	15	644	1,504
At 30 September 2016	865	17	—	882

## 9. TRADE AND OTHER RECEIVABLES

	31 March 2017 <i>HK\$'000</i> (unaudited)	30 September 2016 <i>HK\$'000</i> (audited)
Trade receivables	746	1,975
Less: allowance for doubtful debts	—	—
Loans and receivables	746	1,975
Deposits, prepayments and other receivables	2,103	172
	<b>2,849</b>	<b>2,147</b>

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

## Ageing analysis

Included in trade and other receivables are trade and bills receivables (net of allowance for doubtful debts) with the following ageing analysis presented based on invoice date as of the end of the reporting period:

	31 March 2017 <i>HK\$'000</i> (unaudited)	30 September 2016 <i>HK\$'000</i> (audited)
0–30 days	726	748
30–60 days	20	1,227
	<u>746</u>	<u>1,975</u>
Less: allowance for doubtful debts	—	—
	<u>746</u>	<u>1,975</u>

Trade and bills receivables are normally due within 15 to 60 days from the date of billing.

## 10. ACCRUALS AND OTHER PAYABLES

	31 March 2017 <i>HK\$'000</i> (unaudited)	30 September 2016 <i>HK\$'000</i> (audited)
Accruals and other payables	<u>1,755</u>	<u>1,296</u>
Financial liabilities measured at amortised cost	<u>1,755</u>	<u>1,296</u>

## 11. SHARE CAPITAL

	Number of shares '000	<i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 October 2015, 30 September 2016 and 31 March 2017	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 October 2015	692,000	6,920
Share capital issued under placing ( <i>Note</i> )	<u>48,000</u>	<u>480</u>
At 30 September 2016 and 31 March 2017	<u>740,000</u>	<u>7,400</u>

*Note:* On 9 September 2016, an aggregate of 48,000,000 placing shares were placed to not less than six placees at the placing price of HK\$0.63 per placing share. The gross proceeds and net proceeds from the placing were approximately HK\$30,240,000 and HK\$29,333,000, respectively.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

The turnover of the Group for the six months ended 31 March 2017 was approximately HK\$3.2 million, representing a decrease of 81.0% from the same period last year. Cost of sales of the Group decreased by 80.5% from HK\$15.7 million for the six months ended 31 March 2016 to HK\$3.1 million for the six months ended 31 March 2017. The decrease in cost of sales was mainly due to the decrease in sales order during the period.

### **BUSINESS REVIEW**

For the six months ended 31 March 2017, the Group's turnover was approximately HK\$3.2 million (2016: HK\$16.6 million), in which 50% was contributed by the sales in mainland China, a new sales area of the Group. In December 2016, the Group started to set up distribution business of garment and other products in Mainland China, in view of significant decrease of European customers' orders since early 2016 resulting from the continuing economic downturn in Europe and unstable political environment. Such strategic business development helped the Group to diversify its markets of distribution business and focus on the growing market. On the other hand, the Group also diversified its product mix by distributing household products in mainland China market, with a total sales amount of HK\$1.2 million for the six months ended 31 March 2017, which accounted for 39% of the Group's turnover.

### **LIQUIDITY AND FINANCIAL POSITION**

As at 31 March 2017, cash and bank balances of the Group amounted to approximately HK\$19.4 million (as at 30 September 2016: HK\$35.6 million). The current ratios (current asset divided by current liabilities) of the Group were 12.6 times and 18.5 times as at 31 March 2017 and 30 September 2016 respectively.

### **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 shareholders 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 its capital on the basis of the gearing ratio. As at 31 March 2017, the gearing ratio was 0% (2015: 0%). This ratio is calculated as total debt divided by total capital.

### **FUND RAISING ACTIVITY**

On 9 September 2016, an aggregate of 48,000,000 shares were placed at the placing price of HK\$0.63 per share by the Company. The net proceeds from the placing were HK\$29,333,000. In which HK\$2 million from the net proceeds was used to acquire companies in finance industry (HK\$1 million to acquire Just In Time Finance Limited, which is principally engaged in money lending business; another HK\$1 million paid as deposit to acquire Shining Securities Company Limited, which is principally engaged in securities and futures brokerage business) which was consistent with the Group's strategy of investing in finance industry but it was changed from the original plan of investing in insurance brokerage business as no suitable target company was identified. Besides, HK\$5 million

was used to set up 深圳前海瀚亞貿易有限公司 (which is principally engaged in distribution business of garment and household products in the PRC). The rest of the proceeds was used to finance the Company's administrative and other operating expenses (operating loss for September 2016 amounting to HK\$2.3 million, operating loss for six months ended 31 March 2017 amounting to HK\$9.8 million) and acquisition of fixed assets amounting to HK\$0.7 million for business use. A remaining balance of the unutilized net proceeds of HK\$9.5 million was included in cash and bank balances as at 31 March 2017, which will be used with the proposed allocations as set out in the announcement dated 9 September 2016.

## **EVENT AFTER THE REPORTING PERIOD**

On 3 November 2016, the Company entered into a sale and purchase agreement (the "SPA") to conditionally acquire Shining Securities Company Limited (the "Acquisition"). Details of the Acquisition are disclosed in the announcement of the Company dated 3 November 2016.

As not all of the conditions precedent as stated in the announcement dated 3 November 2016 have been fulfilled on or before 3 May 2017, being six months from the date of the SPA, the SPA lapsed on the same date, pursuant to the terms of the SPA (the "Termination"). Details of the Termination are disclosed in the announcement of the Company dated 4 May 2017.

## **OUTLOOK**

On 16 January 2017, Handsome Global Investments Limited ("Handsome Global"), a company wholly-owned by Yun Ligu, acquired 69.59% of the issued capital of the Company and became a new controlling shareholder of the Company.

In view of the significant decrease in turnover of the Group for the six months ended 31 March 2017, the Group will remain open and prudent, and order to promote the sustainable and steady development of the Company. The Group intends to maintain the principal business of distribution of apparels and household products, and will explore suitable investment and possible opportunities in the financial industry for bringing returns for all shareholders of the Company. Subject to the future business development plan and the market conditions, the Group shall consider utilizing additional personnel, technology, financial and other resources to support the Group's existing or new development plan.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2017, the Group has 7 directors and 6 employees. Total staff costs, including Directors' emoluments, amounted to approximately HK\$10.7 million for the six months ended 31 March 2017. 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 and provident fund 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 reward them for their contributions to the Group and give incentives to them for optimising their future contributions to the Group.

## CORPORATE GOVERNANCE PRACTICE

The Company has complied with the required code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “Code”) contained in Appendix 15 of the GEM Listing Rules during the six months ended 31 March 2017, except for the following:

Under code provision A.2.1, the roles of chairman and chief executive officer (the “CEO”) should be separated and should not be performed by the same individual. Mr. Liu Sit Lun (“Mr. Liu”), who acted as the chairman of the Board and the CEO of the Company, was responsible for the overall business strategy and development and management of the Group. With effect from 16 January 2017 and 27 March 2017, Mr. Liu has resigned as the CEO of the Company and the chairman of the Board respectively. In addition, Ms. Lu Zhuo has been appointed as the CEO of the Company and the chairman of the Board on 16 January 2017 and 27 March 2017 respectively. The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Directors. The roles of the other Directors complement the roles of the chairman and the CEO. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently. As such, the structure is beneficial to the Group and the shareholders of the Company as a whole.

Details of the above changes were disclosed in the announcements of the Company dated 16 January 2017 and 27 March 2017.

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

The Company has 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 Company’s specific enquiry, each Director confirmed that during the six months ended 31 March 2017, he/she had fully complied with the required standard of dealings and there was no event of non-compliance.

## DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2017, 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 (including interests or short positions which they have taken or deemed to have taken under such provision 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:

Name of Director	Capacity and nature of interest	Number of Shares	Percentage of the issued share capital
Yun Liguu ( <i>Note</i> )	Interest of controlled corporation	515,000,000 (Long Position)	69.59%

*Note:* Handsome Global is wholly-owned by Mr. Yun Liguu and Mr. Yun Liguu is therefore deemed to be interested in the Shares held by Handsome Global.

Save as disclosed above, as at 31 March 2017, none of the Directors or chief executive of the Company or their respective associates had any other interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 (including interests or short positions which they have taken or deemed to have taken under such provision 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 UNDERLYING SHARES OF THE COMPANY**

As at 31 March 2017, so far as is known to the Directors, the following persons (not being the 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

<b>Name</b>	<b>Capacity and nature of interest</b>	<b>Number of Shares</b>	<b>Percentage of the issued share capital</b>
Handsome Global (Note 1)	Beneficial owner	515,000,000 (Long Position)	69.59%
Tang Xiuxia (Note 2)	Interests of spouse	515,000,000 (Long Position)	69.59%
Tinmark Development Limited (Note 3)	Interest of controlled corporation	515,000,000 (Long Position)	69.59%
Yao Jianhui (Note 3)	Interest of controlled corporation	515,000,000 (Long Position)	69.59%
Goldjoy Holding Limited (Note 3)	Interest of controlled corporation	515,000,000 (Long Position)	69.59%
China Goldjoy Group Limited (Note 3)	Interest of controlled corporation	515,000,000 (Long Position)	69.59%
Stellar Result Limited (Note 3)	Interest of controlled corporation	515,000,000 (Long Position)	69.59%
China Goldjoy Credit Limited (Note 3)	Person having a security interest in shares	515,000,000 (Long Position)	69.59%
Great Sphere Developments Limited (Note 3)	Person having a security interest in shares	515,000,000 (Long Position)	69.59%

### *Notes:*

1. Handsome Global is wholly-owned by Mr. Yun Ligu.
2. Ms. Tang Xiuxia is the spouse of Mr. Yun Ligu. Therefore, Ms. Tang Xiuxia is deemed to be interested in the Shares which Mr. Yun Ligu is interested in.
3. Mr. Yao Jianhui holds 100% of the shares of Tinmark Development Limited, and Tinmark Development Limited holds 48.63% of the shares of China Goldjoy Group Limited, and China Goldjoy Group Limited holds 100% of the shares of Great Sphere Developments Limited, and Great Sphere Developments Limited holds 80% of the shares of Goldjoy Holding Limited, and Goldjoy Holding Limited holds 100% shares of the Stellar Result Limited, and

Stellar Result Limited holds 100% of the shares of China Goldjoy Credit Limited. Therefore, Mr. Yao Jianhui, Tinmark Development Limited, China Goldjoy Group Limited, Great Sphere Developments Limited, Goldjoy Holding Limited and Stellar Result Limited are deemed to be interested in the Shares.

## **CONTRACT OF SIGNIFICANCE**

As at 31 March 2017, there was no contract of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries.

## **COMPETING INTEREST**

During the six months ended 31 March 2017, the Directors were not aware of any business or interest of the Directors and their respective associates (as defined under the GEM Listing Rules) that competed or might compete with the business of the Group and any other conflict of interest which any such person has or might have with the Group.

## **SHARE OPTION SCHEME**

A share option scheme (the “Scheme”) was adopted by the shareholders of the Company 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.

### **(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 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 in issue.

**(v) Option period**

The period within which the Shares must be taken up under 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 the 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 Scheme**

The Scheme will remain valid for a period of 10 years commencing from 3 November 2010. As at the date of this announcement, the remaining life of the Scheme is around 3 years and 6 months.

During the six months ended 31 March 2017, no share option had been granted under the Scheme and there was no outstanding share option under the Scheme as at the date of this announcement.

**DIVIDEND**

The Board did not declare any interim dividend for the six months ended 31 March 2017.

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any one of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 31 March 2017.

**AUDIT COMMITTEE**

The Company established an audit committee on 3 November 2010 with written terms of reference in compliance with the GEM Listing Rules. The audit committee has four members comprising one non-executive Director, namely, Ms. Yang Haibi, and three independent non-executive Directors, namely, Ms. Sun Yuan as the chairman of the audit committee, Mr. Zhang Tianbao and Ms. Sun Huiyan.

The audit committee has reviewed the financial statements of the Company for the six months ended 31 March 2017 pursuant to the relevant provisions contained in the Code 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  
**China Hanya Group Holdings Limited**  
**Lu Zhuo**  
*Chairman*

Hong Kong, 8 May 2017

*As at the date of this announcement, the Board comprises two executive Directors, namely Ms. Lu Zhuo and Mr. Yun Ligu, two non-executive Directors, namely Mr. Lee Tin Yau Eugene and Ms. Yang Haibi, and three independent non-executive Directors, namely Ms. Sun Yuan, Mr. Zhang Tianbao and Ms. Sun Huiyan.*