INTERIM REPORT 2012

BRILLIANCE WORLDWIDE HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8312

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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 the 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 report is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

The board of Directors (the "Board") is pleased to present the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2012 together with the unaudited comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2012

	Note	Three months ended 30 June		Six months ended 30 June	
		2012	2011	**2012**	2011
		HK$'000	HK$'000	**HK$'000**	HK$'000
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
TURNOVER	3	**29,280**	39,621	**53,220**	73,882
Cost of sales		**(26,865)**	(34,296)	**(48,774)**	(64,321)
GROSS PROFIT		**2,415**	5,325	**4,446**	9,561
Other revenue and other net income		**49**	7	**76**	77
Selling and distribution expenses		**(548)**	(1,027)	**(1,394)**	(2,678)
Administrative and other operating expenses		**(4,080)**	(2,553)	**(6,760)**	(4,001)
(LOSS)/PROFIT FROM OPERATIONS		**(2,164)**	1,752	**(3,632)**	2,959
Finance costs	5(c)	**(382)**	(62)	**(618)**	(123)
(LOSS)/PROFIT BEFORE TAXATION	5	**(2,546)**	1,690	**(4,250)**	2,836
Income tax	6	**–**	(189)	**–**	(284)
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(2,546)**	1,501	**(4,250)**	2,552
(Loss)/Earnings per share					
Basic and diluted (HK$)	8	**(0.004)**	0.002	**(0.006)**	0.004

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	**30 June 2012 HK$'000 (unaudited)**	31 December 2011 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	9	**4,965**	5,823
Current assets			
Inventories		**12,871**	16,934
Trade and other receivables	10	**15,408**	19,071
Amount due from ultimate holding company		**445**	195
Tax recoverable		**157**	—
Pledged bank deposits		**3,000**	8,002
Cash and bank balances		**23,962**	19,482
		55,843	63,684
Current liabilities			
Trade and other payables	11	**8,722**	16,498
Bank borrowings		**9,053**	5,653
Tax payables		**—**	73
		17,775	24,280
Net current assets		**38,068**	41,460
Total assets less current liabilities		**43,033**	47,283
Non-current liabilities			
Deferred tax liabilities		**441**	441
NET ASSETS		**42,592**	46,842
EQUITY			
Share capital	12	**6,920**	6,920
Reserves		**35,672**	39,922
Total Equity attributable to owners of the Company		**42,592**	46,842

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June 2012

	Attributable to owners of the Company					
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Merger reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2011	6,920	16,489	3,718	(383)	16,831	43,575
Profit and total comprehensive income for the year	—	—	—	—	3,267	3,267
At 31 December 2011 and 1 January 2012	6,920	16,489	3,718	(383)	20,098	46,842
Loss and total comprehensive expense for the period	—	—	—	—	(4,250)	(4,250)
At 30 June 2012	6,920	16,489	3,718	(383)	15,848	42,592

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**(3,671)**	1,059
NET CASH USED IN INVESTING ACTIVITIES	**(251)**	(1,359)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**2,661**	82
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,261)**	(218)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**23,691**	19,811
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**22,430**	19,593
Analysis:		
Cash and bank balance	**26,962**	21,185
Bank overdraft	**(4,532)**	(1,592)
	22,430	19,593

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. CORPORATE INFORMATION

Brilliance Worldwide Holdings Limited (the "Company") was 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. Its shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 25 November 2010.

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 years 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 31 December 2011.

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 accounts have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

3. TURNOVER AND SEGMENT INFORMATION

The principal activity of the Group is garment manufacturing. Turnover represents sales value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover for the six months ended 30 June 2011 and 2012 is as follows:

Geographical information

In presenting information on the basis of geographical, segments revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

The Group comprises the following main geographical segments:

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Sweden	**18,605**	40,063
U.K.	**12,188**	8,254
Spain	**9,035**	10,644
Germany	**3,397**	5,965
Hong Kong	**5,727**	8,699
Japan	**474**	257
Others	**3,794**	—
Total turnover	**53,220**	73,882

Information about products

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Innerwear	**26,159**	28,700
Casual wear	**13,991**	33,010
Baby and children wear	**13,070**	12,172
Total turnover	**53,220**	73,882

4. OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 June 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Other revenue		
Bank interests income	76	—
Total interest income on financial assets not at fair value through profit or loss	76	—
Other net income		
Net foreign exchange gain	—	21
Gain on disposal of property, plant and equipment	—	54
Others	—	2
	—	77
	76	77

5. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging the following:

(a) Staff costs

	Six months ended 30 June 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Salaries, allowances and other benefit (including directors' remuneration)	14,117	16,732
Mandatory provident fund contributions	29	43
	14,146	16,775

5. PROFIT BEFORE TAXATION (CONTINUED)

(b) Other items

	Six months ended 30 June 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Auditor's remuneration	**160**	160
Cost of inventories (note i)	**48,774**	64,321
Processing fees (note ii)	**14,306**	17,084
Depreciation	**1,108**	2,423
Operating lease charges	**389**	375
Gain on disposal of property, plant and equipment	**—**	(54)
Exchange loss/(gain), net	**2**	(21)

(c) Finance costs

	Six months ended 30 June 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Interest on bank advances wholly repayable within five years	**618**	123
Total interest expense on financial liabilities not at fair value through profit or loss	**618**	123

Notes:

(i) Cost of inventories includes HK$13,057,000 (2011: HK$18,781,000) relating to staff cost, depreciation and operating lease charges, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.

5. PROFIT BEFORE TAXATION (CONTINUED)

Notes: (Continued)

(ii) The processing fees include the following items which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses:

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Staff cost		
— Salaries, allowances and other benefits	**1,791**	202
Cost of inventories		
— Direct labour	**11,576**	15,982
— Utilities	**550**	525
— Rental	**389**	375

6. TAXATION

(a) Income tax in the consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax — Hong Kong profits tax		
Provision for the period	**—**	284
	—	284

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 30 June 2012. The provision for Hong Kong Profits Tax for the six months ended 30 June 2011 is calculated at 16.5% of estimated assessable profits for the period.

No provision for profits tax in the Cayman Islands and British Virgin Islands ("BVI") has been made as the Group has no income assessable for tax for the period in these jurisdictions (2011: Nil).

7. DIVIDEND

The Directors do not recommend payment of any dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the period attributable to owners of the Company of approximately HK$4,250,000 (profit attributable to owners of the Company for the six months ended 30 June 2011: HK$2,552,000) and the weighted average of 692,000,000 shares (six months ended 30 June 2011: 644,275,000 shares after adjusting for the capitalization issue in 2011) in issue during the six months period.

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is equal to basic (loss)/earnings per share as there were no dilutive potential ordinary shares outstanding for the six months period ended 30 June 2012 and 2011.

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group acquired property, plant and equipment with a cost of approximately HK$251,000 (2011: HK$1,583,000).

10. TRADE AND OTHER RECEIVABLES

	30 June 2012 HK$'000 (unaudited)	31 December 2011 HK$'000 (audited)
Trade receivables	**9,947**	17,048
Bills discounted with recourse	**5,219**	1,860
Loans and receivables	**15,166**	18,908
Deposits and prepayments	**242**	163
	15,408	19,071

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

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

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:

	30 June 2012 HK$'000 (unaudited)	31 December 2011 HK$'000 (audited)
0–90 days	**15,066**	18,883
91–180 days	**78**	—
181–365 days	**22**	25
	15,166	18,908

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

11. TRADE AND OTHER PAYABLES

	30 June 2012 HK$'000 (unaudited)	31 December 2011 HK$'000 (audited)
Trade payables	**5,890**	12,416
Accruals and other payables	**2,832**	4,082
Financial liabilities measured at amortised cost	**8,722**	16,498

11. TRADE AND OTHER PAYABLES (CONTINUED)

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

	30 June 2012 HK$'000 (unaudited)	31 December 2011 HK$'000 (audited)
0–90 days	5,825	11,476
91–180 days	57	940
181–365 days	—	—
Over 365 days	8	—
	5,890	12,416

12. SHARE CAPITAL

	Note	Number of ordinary shares	Nominal value ordinary shares HK$
Authorised:			
As at 1 January 2011, 31 December 2011 and 30 June 2012		10,000,000,000	100,000,000
Issued and fully paid:			
As at 1 January 2011, 31 December 2011 and 30 June 2012		692,000,000	6,920,000

On 19 January 2012, as approved by the Board of Directors, a total of 13,800,000 Options, have been granted to 2 executive directors at an exercise price of HK$0.087 per Share. As at the date of this report, a total of 55,400,000 Options, representing 8.0% 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 13,800,000 Options have not yet been exercise by the grantees.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an apparel manufacturer and exporter established in Hong Kong with its principal business of manufacturing and distributing a wide range of innerwear as well as other apparel products on an original equipment manufacturing basis.

The Group's turnover contributed from innerwear, casual wear and baby and children wear for the six months ended 30 June 2012 are HK$26.1 million, HK$14.0 million and HK$13.1 million (2011: HK$28.7 million, HK$33.0 million and HK$12.2 million) respectively.

The product mix of the Group reflects that the portion of sales of casual wear to the total sales has dropped from 44.7% to 26.3%. Due to the significant drop of sales in casual wear, the portion of sales of innerwear has increased from 38.8% to 49.1%. The portion of sales of baby and children wear has also increased from 16.5% to 24.6%. The innerwear products of the Group will remain the main products of the Group.

FINANCIAL REVIEW

During the period of review, the turnover of the Group for the six months ended 30 June 2012 was approximately HK$53.2 million, representing a decrease of 28.0% from the same period last year due to the lower demands and the critical offered purchase price with thin margin, from most of the Group's European customers. Sales to most of the European customers reflect a decline except for sales to UK. Sales to UK have increased by 47.7% year to year and it may be due to the additional money supply in the country stimulating the demand for products including the imported goods.

Cost of sales of the Group decreased by approximately 24.2% from approximately HK$64.3 million for the six months ended 30 June 2011 to approximately HK$48.8 million for the six months ended 30 June 2012. The decrease in cost of sales was mainly due to the decrease in sales order during the period. The gross profit has dropped to HK$4.4 million, representing a decrease of 53.5% from the same period last year. In line with the drop of sales, the selling and distribution expenses have been decreased by 47.9%. The increase of administrative and other operating expenses are mainly contributed from the termination compensation to staff for contraction of business and reallocation of management staff cost from cost of sale.

The financial turmoil in Europe and the unstable worldwide economic environment have continuously affecting the Group's turnover and profitability during the six months ended 30 June 2012. The poor economic environment in Europe has pushed the European importers, our main customers, to purchase relatively cheaper products. In addition to the selling price pressure, the Group is also suffering from the effect of increase in labor costs, raw material costs and the appreciation of Renminbi. As a result, the gross margin of the Group has dropped from 12.9% to 8.4%. In order to maintain our normal operation, we have to unavoidably accept some more relatively lower margin orders.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, cash and bank balances of the Group amounted to approximately HK$24.0 million (As at 31 December 2011: HK$19.5 million). The current ratio (current asset divided by current liabilities) of the Group maintained at 1.5 times as at 31 December 2011 and 30 June 2012. 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

In the first half-year of 2012, the overall exports of Guangdong Province have a double digit fall and our Group has also suffered from a 28% drop in turnover. Closure of factories in the area is obvious. The economic environment of Europe has not shown any improvements if not worsen. During the period, most of our major customers have reduced their purchase in China turning to purchase in other South East Asia countries, where cheaper products are manufactured. In the past years, through the testing orders to the South East Asia countries, our customers seem to have developed confidence over their products and switching a major part of their orders to those countries during the period. Worse still, with the current de-valuation of Euro, we do not hold any optimistic view in raising prices from their purchases.

In line with the appreciation of Renminbi, labor and the raw materials costs have shown an upward trend. The manufacturing market in the area has entered into another period of getting rid of the weak player while retaining those strong player.

The Group has strategically turned to those relatively strong customers in other European countries and hopefully to develop a diversified stronger customer base through this critical period. Bearing in mind of the risk, we will accept bank's bills payment as the prerequisite terms for accepting new customers' orders. On the other hand, we start to accept other relatively difficult pattern's orders aiming to diversify of our products which may have difficulties in manufacturing by other South East Asia countries. Further, we have started to cut labors in order to reduce operation costs.

During the period, through the acquisition of a brandname "JAZZ BOAT", our products, innerwear for man, have successfully entered into the biggest supermarket group in Dongguan with over 60 shops. In the coming days, we will target to put our products into other big supermarket groups in China and more variety of products will be supplied. A range of product line is now under design to cope with our Group's development plan.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

OUTLOOK (CONTINUED)

To keep in line with our predetermined strategy, we will speed up the sales in China. We will increase the promotion activities and we set our target that China sales will be one of the main sources of income of the Group in coming future. Although competition in this sector is keen, with our experience of manufacturing and our quality production, we are confidence in the prospect of China sales.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as stated in the Prospectus with the Group's actual business progress for the period from 1 January 2012 to 30 June 2012 is set out below:

Business objectives for the six month period from the 1 January 2012 to 30 June 2012 as stated in the Prospectus	Actual business progress up to 30 June 2012
Development of self-owned brandnames or acquisition of brandnames	A self-developed brandname has been registered in PRC. Another brandname "JAZZ BOAT" has been acquired
Promotion of brand awareness	Supermarket involves a significant sales portion in the consumer market. Product has been put in the supermarket to popularize the brandname.
Establishment of fabric design and development team	A team of five sales executives and coordinators have been set up mainly for business development and product design
Establishment of concessions and retail outlets	Establishment of concessions in department stores is exploring.
Expansion of production capacity	No additions are required in consideration to the current downturn of group's sales

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS (CONTINUED)

The business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied in accordance with the actual development of the market. During the period from 1 June 2012 to 30 June 2012, the net proceeds from issuance of new shares of the Company had been applied as follows:

	Planned use of proceeds as stated in the Prospectus from 1 January 2012 to 30 June 2012 HK$'000	Actual use of proceeds from 1 January 2012 to 30 June 2012 HK$'000
Development of self-owned brandnames and/or acquisition of brandnames	4,000	761
Promotion of brand awareness	1,500	81
Establishment of fabric design and development team	500	39
Establishment of concessions and retail outlets	1,000	15
Expansion of production capacity	1,600	—

The Group has fixed its first target market for launching the Group's products to be in supermarkets, as the Directors believe that it is an efficient and effective way to popularize the brandname within a short period of time together with a lower costs. Under such strategy, certain expansion and development activities were postponed or re-structured, the net proceeds applied during the year are less than forecasted. The Directors expect that most of the business objectives stated in the Prospectus will be revisited and re-scheduled aiming to act for the best interest of the Group.

Owing to the unexpected economic environment changes in Europe, the sales order from our European customers has been dropped and production capacity is adequate for the current operation. No expansion of production capacity is required.

All the remaining proceeds as at 30 June 2012 has been placed as interest bearing deposits in banks.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CONTINGENT LIABILITIES

As at 30 June 2012 and 31 December 2011, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS

As at 30 June 2012 and 31 December 2011, the Group did not have any significant investment plans.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2012 and 31 December 2011.

MATERIAL ACQUISITIONS OR DISPOSALS

During the six months ended 30 June 2012, there was no material acquisition or disposal of subsidiaries and associated companies by the Group.

CHARGES ON ASSETS

As at 30 June 2012 and 31 December 2011, the banking facilities of the Group are secured by the bank deposits and leasehold land and building of the Company.

CAPITAL COMMITMENT

As at 30 June 2012 and 31 December 2011, the Group does not have any significant capital commitment.

FOREIGN CURRENCY EXPOSURE

Presently, there is no hedging policy with respect policy with respect to the foreign exchange exposure. The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Renminbi and United States dollar.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

The debt to equity ratio of the Company as at 30 June 2012 and 31 December 2011 are as follows:

	30 June 2012 HK$'000 (unaudited)	31 December 2011 HK$'000 (audited)
Bank borrowings and overdraft	**9,053**	5,653
Less: cash and bank balances	**(23,962)**	(19,482)
Net cash	**(14,909)**	(13,829)
Total equity	**42,592**	46,842
Net debt to equity	**N/A**	N/A

Neither the Company nor any its subsidiaries are subject to externally imposed capital requirements.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

GROUP'S EMOLUMENT POLICY

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group.

Each Director may also receive a year-end bonus in respect of each financial year. The amount of such bonus will be determined by the remuneration committee of the Board, subject to shareholders' approval at general meeting.

The emolument policy of the Group is on the basis of the qualifications and contributions of individuals to the Group. The Company has adopted a share option scheme as an incentive to eligible participants.

CORPORATE GOVERNANCE REPORT

The Company endeavors in maintaining high standard of corporate governance for the enhancement of shareholders' value and provide transparency, accountability and independence. The Company has complied with the required code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") during the six months ended 30 June 2012.

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 six months ended 30 June 2012, he or she had fully complied with the required standard of dealings and there was no event of non-compliance.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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

At 30 June 2012, 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	Capacity 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%
Madam Liu Lai Kuen	3	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.

3. Ms. Liu Lai Kuen is deemed to be interested in 519,000,000 Shares held by Magic Ahead Investments Limited under the SFO.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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

During the six months ended 30 June 2012, there were no debt securities issued by the Group and the Company at any time.

As at 30 June 2012, 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

As at 30 June 2012, 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	Capacity 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, Mr. Ko Chun Hay, Kelvin and Madam Liu Lai Kuen in the proportion of 51.39%, 48.15% and 0.46% respectively as at 30 June 2012.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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

For the six months ended 30 June 2012, there were no debt securities issued by the Group and the Company at any time.

Save as disclosed above, as at 30 June 2012, 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 30 June 2012, 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 six months ended 30 June 2012, 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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.

(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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

SHARE OPTION SCHEME (CONTINUED)

(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 the nominal value of one Share.

(viii) Remaining life of the Option Scheme

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

On 19 January 2012, as approved by the Board of Directors, a total of 13,800,000 Options, have been granted to 2 executive directors at an exercise price of HK$0.087 per Share. As at the date of this report, a total of 55,400,000 Options, representing 8.0% 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 13,800,000 Options have not yet been exercise by the grantees.

CORPORATE GOVERNANCE REPORT (CONTINUED)

INTERESTS OF THE COMPLIANCE ADVISERS

As notified by TC Capital Asia Limited ("TC Capital"), the Company's compliance adviser, neither TC Capital nor its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 June 2012.

Pursuant to the agreement dated 1 April 2012 entered into between TC Capital and the Company, TC Capital will receive fee for acting as the Company's compliance adviser with effect from 1 April 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the six months ended 30 June 2012.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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 six month period ended 30 June 2012 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, 13 August 2012

As at the date of this report, the executive Directors are Mr. Ko Yuk Tong, Mr. Ko Chun Hay Kelvin, Ms. Liu Lai Kuen and Mr. Ko Kam Lun and the independent non-executive Directors are Mr. Li Kar Fai Peter, Mr. Li Xiao Dong and Mr. Zhang Qing.