



# **BRILLIANCE WORLDWIDE HOLDINGS LIMITED**

(incorporated in the Cayman Islands with limited liability)

**STOCK CODE : 8312**

## THIRD QUARTERLY REPORT

For The Nine Months Ended 30 June 2015

## **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.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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](http://www.brillianceww.com).*

# Condensed consolidated statement of comprehensive income

For the three months and nine months ended 30 June 2015

The board of Directors (the "Board") is pleased to present the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 June 2015 together with the comparative unaudited figures for the corresponding period in 2014, as follows:

	Note	Three months ended 30 June		Nine months ended 30 June	
		2015	2014	2015	2014
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Turnover	3	15,521	16,326	41,985	49,147
Cost of sales		(14,586)	(14,805)	(38,852)	(44,888)
Gross profit		935	1,521	3,133	4,259
Other revenue and other net income		52	(10)	59	39
Gain on disposal of subsidiaries		-	598	-	598
Selling and distribution expenses		(651)	(684)	(1,732)	(3,009)
Administrative and other operating expenses		(1,771)	(190)	(4,061)	(5,326)
(Loss)/profit before operations		(1,435)	1,235	(2,601)	(3,439)
Finance costs		(39)	(90)	(162)	(245)
(Loss)/profit before tax	4	(1,474)	1,145	(2,763)	(3,684)
Income tax	5	-	-	139	(95)
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b>(1,474)</b>	<b>1,145</b>	<b>(2,624)</b>	<b>(3,779)</b>
Other comprehensive income/(expenses):					
Exchange differences arising on translation of foreign operations, with no income tax effects		-	271	(5)	362
<b>Total comprehensive (expenses)/income for the period attributable to owners of the Company</b>		<b>(1,474)</b>	<b>1,416</b>	<b>(2,629)</b>	<b>(3,417)</b>
<b>(Loss)/earnings per share HK cent — Basic and diluted</b>	7	<b>(0.002)</b>	<b>0.002</b>	<b>(0.004)</b>	<b>(0.005)</b>

# Notes to the condensed consolidated Statement of comprehensive income

For the nine months ended 30 June 2015

## 1. CORPORATE INFORMATION

The Company's principal place of business in Hong Kong locate 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 statement of comprehensive income 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 statement of comprehensive income have been prepared under the historical cost convention.

The preparation of statement of comprehensive income 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 statement of comprehensive income were consistent with those applied for the financial statements of the Group for the year ended 30 September 2014.

These unaudited condensed consolidated statement of comprehensive income are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000), unless otherwise stated.

The condensed consolidated statement of comprehensive income 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 nine months ended 30 June 2015

## 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. Although the garments are sold to 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 by geographic allocation of the assets is detailed below:

	For the nine months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
U.K.	17,081	19,862
Spain	12,881	7,212
Sweden	5,487	8,395
Hong Kong	5,146	10,336
Others	1,390	3,342
Total turnover	41,985	49,147

### Information about products

	For the nine months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Innerwear	23,026	30,049
Casual wear	5,931	7,261
Baby and children wear	13,028	11,837
Total turnover	41,985	49,147

# Notes to the condensed consolidated Statement of comprehensive income

For the nine months ended 30 June 2015

## 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 nine months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer A	16,071	–
Customer B	12,881	–
Customer C	5,362	5,010
Customer D	4,210	–

## 4. LOSS BEFORE TAX

Loss before taxation is stated after charging the following:

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

	For the nine months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, wages and other benefits	1,614	8,939
Contributions to defined contribution retirement plans	23	20
	1,637	8,959

### (b) Other items

	For the nine months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Auditor's remuneration	240	240
Cost of inventories	39,071	41,196
Depreciation on property, plant and equipment	123	376
Amortisation of intangible assets	51	101
Operating lease charges	156	433
Exchange loss, net	19	362

# Notes to the condensed consolidated Statement of comprehensive income

For the nine months ended 30 June 2015

## 4. LOSS BEFORE TAX (CONTINUED)

### (c) Finance costs

	For the nine months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank advances wholly repayable within five years, being total interest expenses on financial liabilities not at fair value through profit or loss	162	245

## 5. INCOME TAX

No Hong Kong profit tax and PRC enterprise income tax has been provided as the Group has no assessable profits for the nine months ended 30 June 2014 and 2015.

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 (2014: Nil).

## 6. DIVIDEND

The Directors do not recommend payment of any dividend for the nine months ended 30 June 2015 (2014: 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\$2,624,000 (2014: HK\$3,779,000) and the weighted average of 692,000,000 shares in issue for the nine months ended 30 June 2014 and 2015.

### (b) Diluted loss per share

Diluted loss per share equals to the basic loss per share for both nine months period ended 30 June 2014 and 2015 because the outstanding share options had an anti-dilutive effect on the basic loss per share.

# Management discussion and analysis

## BUSINESS REVIEW

The Group's turnover contributed from innerwear, casual wear and baby and children wear for the nine months 30 June 2015 were HK\$23.0 million, HK\$5.9 million and HK\$13.0 million (2014: HK\$30.0 million, HK\$ 7.3 million and HK\$11.8 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 61.1% to 54.8% and 14.8% to 14.1%, respectively. The portion of sales of baby and children wear has increased from 24.1% to 31.0%. The innerwear products of the Group remain as the main products of the Group.

## FINANCIAL REVIEW

The turnover of the Group for the nine months 30 June 2015 was approximately HK\$42.0 million, representing a decrease of 14.6% from the same period last year. Cost of sales of the Group decreased by approximately 13.4% from approximately HK\$44.9 million for the nine months 30 June 2014 to approximately HK\$38.9 million for the nine months 30 June 2015. The decrease in cost of sales was mainly due to the decrease in sales order during the period.

## LIQUIDITY AND FINANCIAL POSITION

At 30 June 2015, cash and bank balances and pledged bank deposits of the Group amounted to approximately HK\$9.3 million (At 30 September 2014: HK\$9.6 million). The current ratio (current asset divided by current liabilities) of the Group was 11.6 times and 5.4 times as at 30 June 2015 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.

## 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.



# Management discussion and analysis

## OUTLOOK

During the period, the Group has focused on the business of apparel distribution to its main customers in Europe. World factory shifting to South East Asia countries is a trend and we are looking for cooperation with those manufacturers in the area.

The Group plans to develop sales in China, which will not be limited to selling of apparel products. Internet shopping is a prevalent mode of customers in China. It is an advancement of market segment that plan to be captured in future. During the period, we have studied in depth, two internet-related projects but final cooperation plan has not been fixed. 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.

## EMPLOYEES AND REMUNERATION POLICY

Total staff costs, including Directors' emoluments, amounted to approximately HK\$1.6 million for the nine months ended 30 June 2015. 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 42,900,000 share options have been granted but not yet exercised, to the following Directors and 2 employees under such share option scheme:

Name of Participants	No. of share option	Exercise price	Exercise Period
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
	6,900,000	HK\$0.222	13/7/2015 to 12/7/2020
Madam Lam Mei Nar Miller	6,900,000	HK\$0.222	13/7/2015 to 12/7/2020
Mr. Li Kar Fai Peter	1,000,000	HK\$0.222	13/7/2015 to 12/7/2020
Employees	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
	500,000	HK\$0.222	13/7/2015 to 12/7/2020

## MATERIAL ACQUISITIONS OR DISPOSALS

During the nine months ended 30 June 2015, there was no material acquisition or disposal of subsidiaries and associated companies by the Group.

# 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 nine months ended 30 June 2015.

## 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 nine months ended 30 June 2015, 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 30 June 2015, 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	Capital and nature of interest	Number of shares	Percentage of the Company's issued share capital
Mr. Ko Chun Hay, Kelvin (Note)	Interest of controlled corporation	519,000,000 (L)	75%

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

Save as disclosed above, as at 30 June 2015, 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.

# Corporate governance report

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

At 30 June 2015, 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 25.00% and 75.00% respectively as at 30 June 2015.

Save as disclosed above, as at 30 June 2015, 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 2015, there is no contract of significance between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

# Corporate governance report

## COMPETING INTEREST

For the nine months ended 30 June 2015, 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.

**(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

## 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 (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.

On 19 January 2012, as approved by the Board, a total of 13,800,000 options, have been granted to two participants 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 two participants at an exercise price of HK\$0.091 per Share. On 13 July 2015, as approved by the Board, a total of 15,300,000 options, have been granted to four participants at an exercise price of HK\$0.222 per Share.

Up to the date of this report, a total of 42,900,000 Shares, representing 6.2% of the existing issued share capital of the Group are available for issue to the Participants and the 42,900,000 options have not yet been exercised by the Participants.

# Corporate governance report

## **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 nine months ended 30 June 2015.

## **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 nine months ended 30 June 2015 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, 14 August 2015