



# THIRD QUARTERLY REPORT

For The Nine Months Ended 30 June 2016



**中國瀚亞**  
**CHINA HANYA**

**CHINA HANYA GROUP HOLDINGS LIMITED**

(Formerly known as "Brilliance Worldwide Holdings Limited")

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8312

## **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 higher investment risks 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 decisions to invest only after due and careful considerations. 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 natures of companies listed on GEM, there are risks that securities traded on GEM may be more susceptible to high market volatilities than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of China Hanya Group Holdings Limited (formerly known as “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 purposes 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 2016

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 2016 together with the comparative unaudited figures for the corresponding period in 2015, as follows:

		Three months ended 30 June		Nine months ended 30 June	
	Note	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Turnover	3	3,052	15,521	19,696	41,985
Cost of sales		(2,890)	(14,586)	(18,597)	(38,852)
Gross profit		162	935	1,099	3,133
Other revenue and other net income		33	52	65	59
Selling and distribution expenses		(132)	(651)	(861)	(1,732)
Administrative and other operating expenses		(2,525)	(1,771)	(5,898)	(4,061)
(Loss)/profit before operations		(2,462)	(1,435)	(5,595)	(2,601)
Finance costs		—	(39)	(26)	(162)
(Loss)/profit before tax	4	(2,462)	(1,474)	(5,621)	(2,763)
Income tax	5	—	—	—	139
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b>(2,462)</b>	<b>(1,474)</b>	<b>(5,621)</b>	<b>(2,624)</b>
Other comprehensive income/ (expenses):					
Exchange differences arising on translation of foreign operations, with no income tax effects		(12)	—	(14)	(5)
<b>Total comprehensive (expenses)/ income for the period attributable to owners of the Company</b>		<b>(2,474)</b>	<b>(1,474)</b>	<b>(5,635)</b>	<b>(2,629)</b>
<b>(Loss)/earnings per share</b>					
<b>HK cent — Basic and diluted</b>	7	<b>(0.004)</b>	<b>(0.002)</b>	<b>(0.008)</b>	<b>(0.004)</b>

# NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the nine months ended 30 June 2016*

## 1. Corporate Information

The Company's principal place of business in Hong Kong is located at Room 1001, 10/F., Golden Gate Commercial Building, 136–138 Austin Road, Kowloon, Hong Kong and was registered as a non-Hong Kong company under part XI 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 manufacturing and distributing apparel products.

## 2. Basis of Preparation

The Group's unaudited condensed consolidated statement of comprehensive income has 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 policy applied in this financial statement for the period presented as a result of these developments.

The unaudited condensed consolidated statement of comprehensive income has 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 2015.

## NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the nine months ended 30 June 2016*

### **2. Basis of Preparation (continued)**

This unaudited condensed consolidated statement of comprehensive income is 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 has not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

### **3. Turnover and Segment Information**

#### **Segment revenue and results**

The Group is principally engaged in manufacturing and distributing 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.

## NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 June 2016

### 3. Turnover and Segment Information (continued)

#### 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	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
U.K.	9,436	17,081
Spain	3,605	12,881
Sweden	3,031	5,487
Hong Kong	2,608	5,146
Others	1,016	1,390
Total turnover	19,696	41,985

#### Information about products

	For the nine months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Innerwear	12,795	23,026
Casual wear	2,503	5,931
Baby and children wear	4,398	13,028
Total turnover	19,696	41,985

## NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the nine months ended 30 June 2016*

### 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	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Customer A	9,436	16,071
Customer B	3,604	12,881
Customer C	3,031	5,362
Customer D	1,908	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	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Salaries, wages and other benefits	1,736	1,614
Contributions to defined contribution retirement plans	32	23
	1,768	1,637



# NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 June 2016

## 4. Loss Before Tax (continued)

### (b) Other items

	For the nine months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Auditor's remuneration	200	240
Cost of inventories	18,329	39,071
Depreciation on property, plant and equipment	127	123
Amortisation of intangible assets	—	51
Operating lease charges	139	156
Exchange loss, net	13	19

### (c) Finance costs

	For the nine months ended 30 June	
	2016	2015
	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	26	162



## NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the nine months ended 30 June 2016*

### 5. Income Tax

No Hong Kong profits tax and PRC enterprise income tax have been provided as the Group had no assessable profits for the nine months ended 30 June 2015 and 2016.

No provision for profits tax in the Cayman Islands and British Virgin Islands had been made as the Group has no assessable profits for the period in these jurisdictions (2015: Nil).

### 6. Dividend

The Directors do not recommend payment of any dividend for the nine months ended 30 June 2016 (2015: 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\$5,635,000 (2015: HK\$2,629,000) and the weighted average of 692,000,000 shares issued for the nine-month period ended 30 June 2016.

#### (b) Diluted loss per share

Diluted loss per share equals to the basic loss per share for both nine month-periods ended 30 June 2015 and 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

The Group's turnovers contributed from innerwear, casual wear and baby and children wear for the nine months ended as at 30 June 2016 were HK\$12.8 million, HK\$2.5 million and HK\$4.4 million (2015: HK\$23.0 million, HK\$5.9 million and HK\$13.0 million) respectively.

Comparing this period ended as at 30 June 2016 with the one ended as at 30 June 2015, the turnover on European market, which was 86.8% (2015: 96.7%) over the total turnover decreased in 53.6%. Hence, this caused that total turnover dropped 53.1% as at the end of the period.

## Financial Review

The turnover of the Group for the nine months ended as at 30 June 2016 was approximately HK\$19.7 million, representing a decrease in 53.1% from the same period last year. Cost of sales of the Group decreased in 52.1% from HK\$38.9 million for the nine months ended as at 30 June 2015 to HK\$18.6 million for the nine months ended as at 30 June 2016. 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 2016, cash and bank balances of the Group amounted to approximately HK\$9.5 million (At 30 September 2015: HK\$9.3 million). The current ratios (current asset divided by current liabilities) of the Group were 19.5 times and 11.6 times as at 30 June 2016 and 30 June 2015 respectively. As the Group has continually suffered the net losses, the funds generated internally from our current operations may only be sufficient to meet its financial needs for its current operations but not for exploring new market and new business.

### 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.

### Outlook

During the period, the Group focused on the business of apparel distribution to its main customers in Europe. As the world factory shifting to South East Asia countries is a trend, the new management of the Group has been reviewing the profile of the company's business and trying to diversify it so as to minimize the risks of businesses and maximize the value of the company.

The Group is planning to develop sales in China, which will not be limited to selling of apparel products. During the period, the Group had also been exploring, in depth, other businesses. The Directors will prudently consider the costs and returns of each investment opportunity with the aim to achieve the best utilization of resources and to maximize the returns to shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Employees and Remuneration Policy

Total staff costs, including Directors' emoluments, amounted to approximately HK\$1.7 million for the nine months ended as at 30 June 2016. 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 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, there is no option existing under the share option scheme.

### Material Acquisitions or Disposals

During the nine months ended 30 June 2016, there was no material acquisition or disposal of subsidiaries and associated companies by the Group.

## CORPORATE GOVERNANCE REPORT

The Company 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 as at 30 June 2016.

### 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 as at 30 June 2016, he/she 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 2016, 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. Liu Sit Lun (Note)	Interest of controlled corporation	515,000,000 (L)	74.42%

Note: Mr. Liu Sit Lun is deemed to be interested in 515,000,000 Shares held by China Merit International Investment Inc. under the SFO.

## CORPORATE GOVERNANCE REPORT

### Directors' and Chief Executives' Interests and Short Positions in Shares and Debentures of the Company (continued)

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executive of the Company or their respective associates had registered any other interest or short position in the share, underlying share or debenture of the Company or any of its associated corporations that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

### Substantial Shareholders' Interests and Short Positions in Shares and Debentures of the Company

At 30 June 2016, so far as was known by the Directors, the following person, not being Director or chief executive of the Company 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 was 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
China Merit International Investment Inc. (Note)	Beneficial owner	515,000,000 (L)	74.42%

Note: China Merit International Investment Inc., a company incorporated in British Virgin Islands on 1 July 2015 with limited liability and an investment holding company where the entire issued share capital of which was wholly owned by Mr. Liu Sit Lun as at 30 June 2016.

### **Substantial Shareholders' Interests and Short Positions in Shares and Debentures of the Company (continued)**

Save as disclosed above, as at 30 June 2016, 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 was 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 2016, 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**

For the nine months ended as at 30 June 2016, 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 competed or might compete with the business of the Group and any other conflict of interest which any such person had or might 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 directors and officers of the Company or any affiliates, 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.



### Share Option Scheme (continued)

#### (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 be aggregately exceeded 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 be, in aggregate, exceeded 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 be exceeded 1% of the Shares of the Company in issue.

#### (v) Option period

The period which the share option must be taken up shall be determined by the Board at 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 be vested. 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.

### Share Option Scheme (continued)

#### (vii) Subscription price

The subscription price for the exercise of the option will be 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 per Share.

#### (viii) Remaining life of the option Scheme

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

Up to the date of this report, there is no such option existing under the share option scheme.

### Purchase, Sale or Redemption of Listed Securities

During the period under review, neither the Company nor any one of its subsidiaries purchased, redeemed or sold any of the Company's shares.

### Audit Committee

The Company has established an audit committee with written terms of reference 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 currently comprises three independent non-executive Directors, namely Ms. Chan Hau Man (chairman of the audit committee), Ms. Lau Tat Ying Karen and Mr. Lau Tak Wai Davie.

## CORPORATE GOVERNANCE REPORT

### Audit Committee (continued)

The audit committee has reviewed the financial statements of the Group for the nine months ended as at 30 June 2016 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

**China Hanya Group Holdings Limited**

(Formerly known as Brilliance Worldwide Holdings Limited)

**Liu Sit Lun**

*Chairman*

Hong Kong, 12 August 2016

*As at the date of this report, the executive directors are Mr. Liu Sit Lun, Mr. Ling Wing Shan, Mr. Law Kin Wah Kenneth and Madam Sun Wing Man, Doris and the independent non-executive directors are Madam Chan Hau Man, Madam Lau Yat Ying Karen and Mr. Lau Tak Wai Davie.*

*This report will remain on the “Latest Company Announcements” page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from its date of posting and the Company’s website at [www.brillianceww.com](http://www.brillianceww.com).*