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CHINA HANYA GROUP HOLDINGS LIMITED

中國瀚亞集團控股有限公司

(Formerly known as Brilliance Worldwide Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8312)

PLACING OF NEW SHARES UNDER GENERAL MANDATE SUPPLEMENTAL AGREEMENT TO REVISE THE NUMBER OF PLACING SHARES RESUMPTION OF TRADING

The Board wishes to inform that on 24 August 2016, the Company and the Placing Agent entered into the Supplemental Agreement to the Placing Agreement, pursuant to which the Company and the Placing Agent agreed to amend the number of Placing Shares under the Placing from 80,000,000 new Shares to 48,000,000 new Shares.

Save for the amendment of the number of Placing Shares, there is no other change to the Placing Agreement and all other terms of the Placing Agreement remain in full force and effect.

Shareholders and potential investors should note that the completion of the Placing is subject to condition under the Placing Agreement (as supplemented by the Supplemental Agreement) to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Reference is made to the announcement of China Hanya Group Holdings Limited (the “**Company**”) dated 23 August 2016 in relation to the proposed placing of new shares under general mandate (the “**Announcement**”). Unless otherwise specified, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

The Board wishes to inform that on 24 August 2016, the Company and the Placing Agent entered into the Supplemental Agreement (the “**Supplemental Agreement**”) to the Placing Agreement, pursuant to which the Company and the Placing Agent agreed to amend the number of Placing Shares under the Placing from 80,000,000 new Shares to 48,000,000 new Shares.

The amended number of Placing Shares of 48,000,000 new Shares represents (i) approximately 6.9% of the issued share capital of the Company of 692,000,000 Shares in issue as at the date of the Announcement; and (ii) approximately 6.5% of the issued share capital of the Company of 740,000,000 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares will be HK\$480,000.

The gross proceeds and estimated net proceeds (net of the estimated expenses for the Placing of approximately HK\$907,000) from the Placing will be approximately HK\$30,240,000 and HK\$29,333,000, respectively. Accordingly, the net price of each Placing Share to the Company is approximately HK\$0.6111 per Placing Share.

Save for the amendment of the number of Placing Shares, there is no other change to the Placing Agreement and all other terms of the Placing Agreement remain in full force and effect.

REASONS FOR THE PLACING AND USE OF NET PROCEEDS

Based on the amended number of Placing Shares of 48,000,000 Shares, the gross proceeds and estimated net proceeds (net of the estimated expenses for the Placing of approximately HK\$907,000) from the Placing will be approximately HK\$30,240,000 and HK\$29,333,000, respectively.

As shown in the interim report of the Company for the six months ended 31 March 2016, the Group’s cash and bank balances as at 31 March 2016 was approximately HK\$9,615,000 and is mainly for financing the payment to the suppliers and administrative expenses of the Group. Taking into account the introduction of new board members and additional staffs, the Group’s expected potential funding needs for the next 12 months would be about HK\$15,000,000, including salaries and professional expenses for business development and hence it is in the interest of the Group to raise fund to satisfy the funding required for daily operation for the next 12 months. In addition, the Group is principally engaged in garment distribution which is capital intensive in nature and the Directors are of the view that additional capital is required for improving the performance of the garment distribution business. In order to expand the Group’s garment business in the PRC market, the Group intends to set up a new subsidiary in Qianhai, the PRC for the garment distribution with registered capital of RMB10,000,000 (equivalent to approximately HK\$11,600,000) (based on the exchange rate of RMB 1=HK\$1.160). As stated in the composite document dated 29 April 2016 jointly issued by the Company and China Merit International Investment Inc., the Group is in consideration of broadening its sources of income, which may cover, among others, the financial services industry, including but not limited to financing and asset management services, in the PRC or Hong Kong and the net proceeds from Placing will help the Group to broaden its sources of income.

The net proceeds from the Placing, after deducting the related expenses, are estimated to be HK\$29,333,000. The Directors intend that the net proceeds will be applied as follows:

- approximately 39.6% of the net proceeds, or approximately HK\$11.6 million, for the set up of a new subsidiary in Qianhai, the PRC for the garment distribution business. In order to expand the Group's garment distribution business to the PRC, the set up of subsidiary in Qianhai in the PRC offers the Group's local presence to necessitate the establishment of sales and distribution network. Qianhai is selected considering its rising importance in the commerce of Southern China as well as close proximity to Hong Kong for management convenience. The start-up costs of the Qianhai subsidiary are expected to include, among others, salaries of personnel, office overheads and pre-marketing expenses. On the other hand, the proposed registered capital of the Qianhai subsidiary of RMB10,000,000 aims to instill confidence to potential business partners which helps establishing local sales and distribution network and to provide greater flexibility for credit periods to be offered to potential suppliers and customers in the PRC;
- approximately 51.1% of the net proceeds, or approximately HK\$15.0 million, for the payment of administrative expenses. The Group's potential funding needs for the next 12 months of about HK\$15,000,000 mainly comprises director remunerations and staff salaries of approximately HK\$12,000,000 and legal and professional fees of approximately HK\$1,500,000. The director remunerations and staff salaries are estimated with reference to (i) director remunerations of HK\$7,440,000 per annum following the introduction of new members of the Board on 20 May 2016; (ii) the recruitment of 6 new staff with, among others, accounting, finance and company secretarial background, which has led to additional staff salaries of approximately HK\$2,702,000 per annum; and (iii) the anticipated recruitment of additional staff to cater for the establishment of a subsidiary in Qianhai, the PRC as well as the anticipated acquisition of an insurance brokerage company;
- approximately 6.8% of the net proceeds, or approximately HK\$2.0 million, for the acquisition of an insurance brokerage company that on 28 July 2016, the Company and an independent third party entered into a non-legally binding memorandum of understanding, pursuant to which the independent third party agreed to sell and the Company agreed to acquire an aggregate of up to 80% of the equity interest in a company which is principally engaged in insurance broker business for a total consideration of not more than HK\$2,000,000; and
- approximately 2.5% of the net proceeds, or approximately HK\$733,000, for the Group's general working capital.

The Directors are of the view that the Placing will provide a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its existing and future development. The Directors consider that the terms of the Placing Agreement (as supplemented by the Supplemental Agreement) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CLARIFICATION OF EFFECTS OF THE PLACING ON SHAREHOLDING STRUCTURE OF THE COMPANY

Due to inadvertent oversight, the Shares held by China Merit International Investment Inc. was counted as public float in the shareholding structure of the Company before and after the completion of the Placing as stated in page 5 of the Announcement. The shareholding structure of the Company, based on the amended number of Placing Shares of 48,000,000 new Shares, as well as correct treatment of Shares held by China Merit International Investment Inc., before and after the completion of the Placing are as follows:

Shareholders	As at the date of the Announcement		Immediately after completing the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
China Merit International Investment Inc. (Note 1)	515,000,000	74.4	515,000,000	69.6
Other public Shareholders	177,000,000	25.6	177,000,000	23.9
Placees (Note 2)	<u>—</u>	<u>—</u>	<u>48,000,000</u>	<u>6.5</u>
Total	<u><u>692,000,000</u></u>	<u><u>100.00</u></u>	<u><u>740,000,000</u></u>	<u><u>100.00</u></u>

Note:

1. 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 is wholly owned by Mr. Liu Sit Lun, the executive Director.
2. The Placees, being independent individual(s), institutional or professional investor(s), who and whose ultimate beneficial owners will be third parties independent of and not connected with the Company and its connected persons. Upon completion of the Placing, none of the Placees will become a substantial shareholder of the Company.

Shareholders and potential investors should note that the completion of the Placing is subject to condition under the Placing Agreement (as supplemented by the Supplemental Agreement) to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted from 9:00 a.m. on 24 August 2016 pending the release of this announcement with respect to amendment of the number of Placing Shares under the Placing Agreement, which constitutes inside information of the Company. Trading in the Shares on the Stock Exchange will resume from 9:00 a.m. on 26 August 2016.

By order of the Board
China Hanya Group Holdings Limited
Liu Sit Lun
Chairman

Hong Kong, 25 August 2016

As at the date of this announcement, the Board comprises of Mr. Liu Sit Lun, Mr. Ling Wing Shan, Mr. Law Kin Wah, Kenneth and Ms. Sun Wing Man, Doris as executive Directors and Mr. Lau Tak Wai, Davie, Ms. Lau Yat Ying, Karen, and Ms. Chan Hau Man as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and 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 (www.hkgem.com) for at least 7 days from its date of its posting and on the Company’s website at www.brillianceww.com.