



**中國瀚亞**  
**CHINA HANYA**

**CHINA HANYA GROUP HOLDINGS LIMITED**

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

Stock Code: 8312

**2018  
INTERIM  
REPORT**

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 Hanyu Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the 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 the information contained in this report 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 report misleading.*

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 31 March 2018

	Note	Three months ended 31 March		Six months ended 31 March	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>48,475</b>	1,596	<b>75,490</b>	3,160
Cost of sales		<b>(44,049)</b>	(1,506)	<b>(68,487)</b>	(3,070)
<b>Gross profit</b>		<b>4,426</b>	90	<b>7,003</b>	90
Other income, gains and losses		<b>45</b>	115	<b>88</b>	313
Selling and distribution expenses		<b>(448)</b>	—	<b>(729)</b>	(231)
Administrative and other operating expenses		<b>(4,013)</b>	(7,576)	<b>(7,241)</b>	(17,006)
Finance costs	4(c)	<b>(46)</b>	—	<b>(90)</b>	—
<b>Loss before tax</b>	4	<b>(36)</b>	(7,371)	<b>(969)</b>	(16,834)
Income tax	5	<b>53</b>	(2)	<b>(171)</b>	(2)
<b>Profit/(loss) for the period attributable to owners of the Company</b>		<b>17</b>	(7,373)	<b>(1,140)</b>	(16,836)
<b>Other comprehensive income</b>					
Exchange differences arising on translation of foreign operations, with no income tax effects		<b>411</b>	51	<b>598</b>	51
<b>Total comprehensive income/(expense) for the period attributable to owners of the Company</b>		<b>428</b>	(7,322)	<b>(542)</b>	(16,785)
<b>Profit/(loss) per share</b>					
<b>Basic and diluted (HK cents)</b>	7	<b>0.002</b>	(0.996)	<b>(0.154)</b>	(2.275)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	31 March 2018 HK\$'000 (unaudited)	30 September 2017 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	563	648
Investment property		836	845
		<b>1,399</b>	1,493
<b>Current assets</b>			
Trade receivables, deposits, other receivables and prepayments	9	59,654	18,687
Bank balances and cash		15,026	15,479
		<b>74,680</b>	34,166
<b>Current liabilities</b>			
Trade payables	10	47,380	11,033
Tax payable		1,243	520
Other payables and accrued charges	11	1,342	1,561
Loans from a shareholder		10,000	5,889
		<b>59,965</b>	19,003
<b>Net current assets</b>		<b>14,715</b>	15,163
<b>Net assets</b>		<b>16,114</b>	16,656
<b>Capital and reserves</b>			
Share capital	12	7,400	7,400
Reserves		8,714	9,256
<b>Total equity</b>		<b>16,114</b>	16,656

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2018

	Attributable to owners of the Company							Total
	PRC							
	Share capital	Share premium	statutory reserve	Capital reserve	Merger reserve	Translation reserve	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2016 (audited)	7,400	45,342	—	3,718	(383)	226	(17,516)	38,787
Loss for the period	—	—	—	—	—	—	(16,836)	(16,836)
Other comprehensive expenses	—	—	—	—	—	51	—	51
At 31 March 2017 (unaudited)	7,400	45,342	—	3,718	(383)	277	(54,352)	22,002
At 1 October 2017 (audited)	<b>7,400</b>	<b>45,342</b>	—	<b>3,718</b>	<b>(383)</b>	<b>461</b>	<b>(39,882)</b>	<b>16,656</b>
Loss for the period	—	—	—	—	—	—	(1,140)	(1,140)
Other comprehensive income	—	—	—	—	—	598	—	598
Transfer of reserve	—	—	583	—	—	—	(583)	—
At 31 March 2018 (unaudited)	<b>7,400</b>	<b>45,342</b>	<b>583</b>	<b>3,718</b>	<b>(383)</b>	<b>1,059</b>	<b>(41,605)</b>	<b>16,114</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2018

	<b>2018</b> <b>HK\$'000</b> <b>(unaudited)</b>	2017 HK\$'000 (unaudited)
Net cash used in from operating activities	<b>(4,756)</b>	(16,374)
Net cash generated from investing activities	—	166
Net cash generated from financing activities	<b>3,727</b>	—
Net decrease in cash and cash equivalents	<b>(1,029)</b>	(16,208)
Effect of foreign exchange rate changes	<b>576</b>	—
Cash and cash equivalents at the beginning of period	<b>15,479</b>	35,625
Cash and cash equivalents at the end of period	<b>15,026</b>	19,417
<b>Analysis:</b>		
Cash and bank balance	<b>15,026</b>	19,417

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 March 2018*

## **1. CORPORATE INFORMATION**

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

The Company is an investment holding company. The Company's subsidiaries are principally engaged in distribution of apparel products and household products.

## **2. BASIS OF PREPARATION**

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Company. There has been no significant change to the accounting policies applied in these financial statements for the period presented as a result of these developments.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgments in the process of applying the Group's accounting policies.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements were consistent with those applied for the financial statements of the Group for the year ended 30 September 2017.

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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 March 2018*

## **2. BASIS OF PREPARATION (Continued)**

The condensed consolidated financial statements have not been reviewed nor audited by the Company's auditors, but have been reviewed by the Company's audit committee.

## **3. REVENUE AND SEGMENT INFORMATION**

Information reported to the chief executive officer of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focusing on the types of goods distributed by the Group.

The Group's operating and reportable segments under HKFRS 8 are (i) distribution of household products and (ii) distribution of garment products. The CODM reviews the financial performance of different product mix separately.

The revenue streams and results from these segments are the basis of the internal reports about components of the Group that are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance.

No segment assets or liabilities is presented as the CODM does not review segment assets and liabilities.

The following is an analysis of the Group's revenue and results by operating and reportable segment.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2018

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

For the six months ended 31 March 2018

	Distribution of household products HK\$'000 (Unaudited)	Distribution of garment products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue			
External sales	53,875	21,615	75,490
Segment profit	5,377	1,626	7,003
Other income, gains and losses			88
Unallocated expenses			(8,060)
Loss before taxation			(969)

For the six months ended 31 March 2017

	Distribution of household products HK\$'000 (Unaudited)	Distribution of garment products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue			
External sales	1,236	1,924	3,160
Segment profit	67	23	90
Other income, gains and losses			313
Unallocated expenses			(17,237)
Loss before taxation			(16,834)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2018

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 2. Segment result represents the profit earned by each product mix segment without allocation of other income, gains and losses, selling and distribution expenses, administrative and other operating expenses, finance costs and taxation. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

### Segment revenue and results

#### Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	For the six months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Household products	53,875	1,236
Clothing products (other than innerwear)	20,864	—
Innerwear	751	1,924
	<b>75,490</b>	<b>3,160</b>

### Geographical information

The Group's operation is mainly carried out in Hong Kong and the People's Republic of China (the "PRC"). The Group's revenue is mainly derived from customers located in the PRC and Hong Kong (2017: Sweden, the United Kingdom (the "U.K.") and the PRC).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2018

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Geographical information (Continued)

The Group's revenue from external customers by geographical location of customers irrespective of the origin of the goods is detailed below:

	For the six months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
PRC	70,709	1,596
Hong Kong	4,781	—
The U.K.	—	1,085
Sweden	—	479
	<b>75,490</b>	<b>3,160</b>

### Information about major customers

Revenue from external customers of the corresponding year contributing over 10% of total revenue of the Group are as follows:

	For the six months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Customer A	—	1,085
Customer B <sup>(Note)</sup>	2,719	842
Customer C	—	741
Customer D	39,150	—
Customer E	16,083	—
Customer F	12,756	—

Note: The revenue from the customer contributed less than 10% of total revenue during the current period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2018

## 4. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

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

	For the six months ended 31 March	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Salaries, wages and other benefits	5,104	10,584
Contributions to defined contribution retirement plans	91	155
	<b>5,195</b>	10,739

### (b) Other items

	For the six months ended 31 March	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Auditor's remuneration	512	462
Cost of inventories	68,487	3,070
Operating lease charges	63	54
Exchange loss, net	172	29
Depreciation on property, plant and equipment	71	116
Depreciation on an investment property	9	—
Write-off of items of property, plant and equipment	17	—

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2018

## 4. LOSS BEFORE TAXATION (Continued)

### (c) Finance costs

	For the six months ended 31 March	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Interests on loan from a shareholder	90	—

## 5. INCOME TAX

	For the six months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current tax charge in the PRC	171	—

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No Hong Kong Profits Tax has been provided for in the consolidated financial statements as the Group has no assessable profits for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC group entities is 25% for both periods.

## 6. DIVIDEND

The Directors do not declare any dividend for the six months ended 31 March 2018 (2017: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2018

## 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\$1,140,000 (2017: HK\$16,836,000) and the weighted average of 740,000,000 shares in issue for the six months ended 31 March 2018 (2017: 740,000,000).

### (b) Diluted loss per share

The computation of diluted loss per share does not assume the exercise of the Company's share options outstanding during the period as the exercise price of those options is higher than the average market price for shares for both 2017 and 2018.

## 8. PROPERTY, PLANT AND EQUIPMENT

	<b>Computer</b> <i>HK\$'000</i>	<b>Furniture, fixtures and office equipment</b> <i>HK\$'000</i>	<b>Motor vehicles</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>COST</b>				
At 1 October 2017	54	49	704	807
Write-off	(5)	(49)	—	(54)
Exchange realignment	4	—	—	4
At 31 March 2018	53	—	704	757
<b>DEPRECIATION</b>				
At 1 October 2017	6	36	117	159
Provided for the period	12	—	59	71
Write-off	(1)	(36)	—	(37)
Exchange realignment	1	—	—	1
At 31 March 2018	18	—	176	194
<b>CARRYING VALUES</b>				
At 31 March 2018	35	—	528	563
At 30 September 2017	48	13	587	648

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2018

## 9. TRADE RECEIVABLES, DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	<b>31 March 2018 HK\$'000 (unaudited)</b>	30 September 2017 HK\$'000 (audited)
Trade receivables	<b>58,292</b>	10,478
Deposit made to a supplier	—	7,454
Other receivables and prepayments	<b>1,362</b>	755
	<b>59,654</b>	18,687

The Group's trading terms with its customers are mainly on credit with credit period normally ranging from one to three months depending on a number of factors including trade practice and collection history. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to monitor credit risk. Overdue balances are reviewed regularly by the senior management. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

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

### Ageing analysis

Included in trade receivables are trade 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:

	<b>31 March 2018 HK\$'000 (unaudited)</b>	30 September 2017 HK\$'000 (audited)
Within 90 days	<b>49,809</b>	10,478
91–180 days	<b>8,483</b>	—
	<b>58,292</b>	10,478
Less: allowance for doubtful debts	—	—
	<b>58,292</b>	10,478

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2018

## 10. TRADE PAYABLES

Trade payables of approximately HK\$47,380,000 as at 31 March 2018 (30 September 2017: HK\$11,033,000) are substantially with an age within six months.

## 11. OTHER PAYABLES AND ACCRUED CHARGES

	<b>31 March 2018 HK\$'000 (unaudited)</b>	30 September 2017 HK\$'000 (audited)
Other payables and accrued charges	<b>1,342</b>	1,561
Financial liabilities measured at amortised cost	<b>1,342</b>	1,561

## 12. SHARE CAPITAL

	<b>Number of shares '000</b>	<b>HK\$'000</b>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 October 2016, 30 September 2017 and 31 March 2018	10,000,000	100,000
Issued and fully paid:		
At 1 October 2016, 30 September 2017 and 31 March 2018	740,000	7,400



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

For the six months ended 31 March 2018, the Group's revenue was approximately HK\$75.5 million, which was 23.9 times of the revenue in last year's corresponding period. The loss of the Group for the six months ended 31 March 2018 was approximately HK\$1.1 million as compared to the loss of approximately HK\$16.8 million for the six months ended 31 March 2017. The increase in sales order of household products and garment products of the distribution business made great contribution to the significant increase in the Group's revenue.

The strategic business development helped the Group to diversify its markets of distribution business and focus on the growing market. For the six months ended 31 March 2018, the Group's revenue contributed from household products, innerwear and clothing products (other than innerwear) were HK\$53.9 million, HK\$0.75 million and HK\$20.9 million respectively (2017: HK\$1.2 million, HK\$1.9 million and Nil).

## FINANCIAL REVIEW

The revenue of the Group for the six months ended 31 March 2018 was approximately HK\$75.5 million, representing an increase of 22.9 times from the same period last year. Cost of sales of the Group increased by 21.3 times from HK\$3.1 million for the six months ended 31 March 2017 to HK\$68.5 million for the six months ended 31 March 2018. The increase in cost of sales was mainly due to the increase in sales order during the period.

## LIQUIDITY AND FINANCIAL POSITION

As at 31 March 2018, cash and bank balances of the Group amounted to approximately HK\$15.0 million (as at 30 September 2017: HK\$15.5 million). The current ratios (current asset divided by current liabilities) of the Group were 1.2 times and 1.8 times as at 31 March 2018 and 30 September 2017 respectively.

## **CAPITAL MANAGEMENT**

The Group's objectives when managing capital are to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Company will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

The Group monitors when managing capital on the basis of the gearing ratio. As at 31 March 2018, the gearing ratio was 62.1% (2017: 0%). This ratio is calculated as total debt divided by total capital.

## **UPDATE ON THE LISTING STATUS**

The Company has received a letter dated 16 March 2018 from the Stock Exchange (the "Letter"), which serves as a notice pursuant to Rule 9.15 of the GEM Listing Rules, that the Stock Exchange has decided to commence the procedures to cancel the Company's listing under Rule 9.14 of the GEM Listing Rules (the "Decision") since the Stock Exchange is of the view that the Company has failed to maintain a sufficient level of operations or assets under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of the Shares.

The Company has submitted a written request to the GEM Listing Committee of the Stock Exchange pursuant to Chapter 4 of the GEM Listing Rules for reviewing of the Decision on 26 March 2018. Please refer to the announcements of the Company dated 19 March 2018 and 26 March 2018 for more details.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK

The Group's revenue for the six months ended 31 March 2018 was significantly improved compared to the corresponding period in 2017 as a result of the continuous improvement of the distribution of household products and garment products carried out in Mainland China and Hong Kong recorded during the period. The Group will continue to develop its distribution business to strive growth in both revenue and profit of the Group and explore new opportunities for future growth.

The management of the Company is in view of the acquisition of China Hanya Asset Management Limited is not proper in the current circumstances, therefore the Company determined to abandon such acquisition.

The Company is now dedicated to strengthen and expand the principal business of the Group. Great efforts would be put into further development of the distribution business and the Company will make full use of its resources to facilitate the development. Some actions have been taken by the Company. For instance, as is known to all, human resource is core of commercial activities, taking this into consideration the Company has recruited 3 full time employees since March this year. All of these three employees are experts in the garment industry with extensive and different experience. The Company believes that the introduction of talents will make positive changes in and bring growth to the garment business. The Company will continue adding competent and experienced personnel to its existing team when there is such opportunity.

Meanwhile, the Company will also step up further efforts to enhance the profitability of the Group by improving the profit margin, management capability and so on to promote the sustainable development of the Group.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group has 6 directors and 14 employees. Total staff costs, including Directors' emoluments, amounted to approximately HK\$5.2 million for the six months ended 31 March 2018. 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

# MANAGEMENT DISCUSSION AND ANALYSIS

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 optimising their future contributions to the Group.

## **CORPORATE GOVERNANCE PRACTICE**

The Company has complied with the required code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules during the six months ended 31 March 2018, except for the following:

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

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

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors’ securities transactions in securities of the Company. Upon the Company’s specific enquiry, each Director confirmed that during the six months ended 31 March 2018, he/she had fully complied with the required standard of dealings and there was no event of non-compliance.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 31 March 2018, 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

<b>Name</b>	<b>Capacity and nature of interest</b>	<b>Number of shares</b>	<b>Percentage of the Company's issued share capital</b>
Mr. Yun Liguó <i>(Note)</i>	Interest of controlled corporation	515,000,000 (Long Position)	69.59%

*Note:* Handsome Global Investments Limited ("Handsome Global") is wholly-owned by Mr. Yun Liguó and Mr. Yun Liguó is therefore deemed to be interested in the Shares held by Handsome Global.

Save as disclosed above, as at 31 March 2018, none of the Directors or chief executive of the Company or their respective associates any other interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provision of the SFO), or to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 31 March 2018, so far as is known to the Directors, the following persons (not being the Directors or chief executive of the Company) had or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

### Long positions in the Shares

Name	Capital and nature of interest	Number of shares	Percentage of the Company's issued share capital
Handsome Global <i>(Note 1)</i>	Beneficial owner	515,000,000 (Long Position)	69.59%
Tang Xiuxia <i>(Note 2)</i>	Interests of spouse	515,000,000 (Long Position)	69.59%

#### Notes:

1. Handsome Global is wholly-owned by Mr. Yun Ligu.
2. Ms. Tang Xiuxia is the spouse of Mr. Yun Ligu. Therefore, Ms. Tang Xiuxia is deemed to be interested in the Shares which Mr. Yun Ligu is interested in.

Save as disclosed above, as at 31 March 2018, so far as is known to the Directors or chief executive of the Company, no persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **CONTRACT OF SIGNIFICANCE**

As at 31 March 2018, 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 six months ended as at 31 March 2018, the Directors were not aware of any business or interest of the Directors and their respective associates (as defined under the GEM Listing Rules) that competed or might compete with the business of the Group and any other conflict of interest which any such person had or might have with the Group.

## **SHARE OPTION SCHEME**

A share option scheme (the “Scheme”) was adopted by the shareholders of the Company by way of written resolutions passed on 3 November 2010. Pursuant to the Scheme, the Board may at its discretion offer options to any eligible participants including, but not limited to, any employee including any executive or non-executive Director or any affiliate, any consultant, agent, representative, adviser, customer, contractor, business ally or joint venture partner of the Company or any affiliate.

The Scheme will remain valid for a period of 10 years commencing from 3 November 2010. During the six months ended 31 March 2018, no share option had been granted under the Scheme and there was no outstanding share option under the Scheme as at the date of this report.

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

Neither the Company nor any one of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the six months ended 31 March 2018.

## 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 controls, risk management and internal control systems of the Group. The audit committee currently comprises three independent non-executive Directors, namely, Mr. Leung Ka Wo (chairman of the audit committee), Mr. Zhang Tianbao and Mr. Christopher Francisco.

The audit committee has reviewed the financial statements of the Company for the six months ended 31 March 2018 pursuant to the relevant provisions contained in the CG Code of the GEM Listing Rules and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

By Order of the Board  
**China Hanya Group Holdings Limited**  
**Lu Zhuo**  
*Chairman*

Hong Kong, 9 May 2018

*As at the date of this report, the Board comprises Ms. Lu Zhuo and Mr. Yun Ligu as executive Directors, Ms. Yang Haibi as non-executive Director, and Mr. Leung Ka Wo, Mr. Zhang Tianbao and Mr. Christopher Francisco as independent non-executive Directors.*

*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 its posting and on the Company’s website at [www.chinahanya.com.hk](http://www.chinahanya.com.hk).*