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**UNION ASIA  
ENTERPRISE HOLDINGS LTD  
萬亞企業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8173)**

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 31 DECEMBER 2016**

The board (“**Board**”) of directors (the “**Directors**”) of Union Asia Enterprise Holdings Limited (the “**Company**”) is pleased to announce the third quarterly results of the Company and its subsidiaries (together as the “**Group**”) for the nine months ended 31 December 2016. This announcement, containing the full text of the Third Quarterly Report 2016/17 of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of third quarterly results.

By order of the Board  
**Union Asia Enterprise Holdings Limited**  
**Yip Man Yi**  
*Chairman*

Hong Kong, 10 February 2017

*As at the date of this announcement, the Board comprises two executive Directors, Ms. Yip Man Yi and Mr. Shiu Chi Tak, Titus, two non-executive Directors, Mr. Liang Tongwei and Mr. Wong Chi Man, and three independent non-executive Directors, Dr. Wan Ho Yuen, Terence, Mr. Li Kwok Chu and Mr. Lau Shu Yan.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“GEM”) 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 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 page of “Latest Company Announcement” on the GEM website for at least 7 days from the date of its posting and on the website of the Company [www.unionasiahk.com](http://www.unionasiahk.com).*

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 on The 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 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 UNION ASIA ENTERPRISE HOLDINGS LIMITED (THE “COMPANY”) COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY, INCLUDES PARTICULARS GIVEN IN COMPLIANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “GEM LISTING RULES”) FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO UNION ASIA ENTERPRISE HOLDINGS LIMITED. 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.*

## **MANAGEMENT DISCUSSIONS AND ANALYSIS**

### **MATERIAL ACQUISITIONS AND DISPOSALS**

Followings are the major acquisitions and disposals during the nine months ended 31 December 2016 (the "Period").

#### **Acquisition of subsidiaries**

On 19 April 2016, a wholly owned subsidiary of the Company, Allied Power Global Limited, entered into a memorandum of understanding ("MOU") in relation to a proposed acquisition with a vendor in which the target company will be principally engaged in the operation and management of a solar power plant. However, the MOU was terminated on 19 July 2016 upon expiry of the exclusive period.

On 10 June 2016, a wholly owned subsidiary of the Company, Zhanhui Limited, entered into an agreement with another vendor to acquire 100% of the issued share capital of Fu Hang Metal (Asia) Limited ("the Target") at the consideration of HK\$12,500,000 which has been satisfied by (i) HK\$4,000,000 in cash and (ii) HK\$8,500,000 by the issuance of the promissory note to the vendor. The Target is engaged in trading of stainless steel wires in Hong Kong and the People's Republic of China ("PRC").

On the other hand, on 25 August 2016, a wholly owned subsidiary of the Company, Diamond Year Limited, entered into an agreement with another vendor to acquire the entire issued share capital of the target company and the entire outstanding unsecured interest free shareholder's loan owed by the target company at the consideration of HK\$19,000,000 by issuance of a promissory note to the vendor. The target company owes a vessel that has been registered in Hong Kong.

For details of the above, please refer to the announcements of the Company dated 19 April 2016, 10 June 2016, 19 July 2016 and 25 August 2016.

#### **Termination of disposals of two subsidiaries**

On 17 June 2016, a wholly owned subsidiary of the Company, Black Sand Enterprises Limited ("BSE"), has entered into a sales and purchase agreements with an independent third party to sell all issued shares of Pan Asia Mining (Beijing) Company Limited ("PAM (BJ)"), a company incorporated in the PRC and is an indirect wholly-owned subsidiary of the Company before the disposal (the "Disclosable Disposal"), which is principally engaged in trading of bottled mineral water and tea products in the PRC. The total consideration is HK\$80,000, which shall be satisfied by cash within 10 days after completion of the transaction, which was subject to obtaining relevant approval from relevant PRC governmental authorities.

On the same day, BSE has entered into another sales and purchase agreement with Ms. Eva Wong (“Ms Wong”), the spouse of Mr. Michael Koh Tat Lee (“Mr Koh”) who was an ex-executive director of the Company, to sell all issued shares of Black Sand International (Singapore) Pte. Limited, a company incorporated in Singapore and is an indirect wholly-owned subsidiary of the Company before the disposal (the “Major Disposal”), which is principally engaged in trading of scrap metals in Singapore. The total consideration is HK\$5,000,000, which shall be satisfied by setting off against part of the loan provided by Kesterion Investments Limited (“Kesterion”) before (in which Kesterion is a company incorporated in the British Virgin Islands and is wholly-owned by Ms. Wong) at completion of the transaction, which was subject to obtaining relevant approval from relevant governmental authorities, the Board and the independent shareholders at the extraordinary general meeting of the Company.

Nevertheless, on 1 September 2016, parties to the sale and purchase agreement in relation to the Disclosable Disposal mutually agreed not to proceed with the Disclosable Disposal and entered into a termination agreement to terminate such. Also, the Company intended to terminate the Major Disposal and thus kept continuing to negotiate with Ms Wong. Then subsequently be terminated legally on the Long Stop Date on 30 October 2016. For details, please refer to the announcements of the Company dated 17 June 2016, 7 August 2016 and 1 September 2016.

With reference to the announcement of the Company dated 11 November 2016, it was made known to the Company by its legal advisor on 9 September 2016 that the government of the PRC has imposed a fine on 20 May 2016 to Aquaterra China Trading (Shanghai) Company Limited, an direct wholly-owned subsidiary of PAM (BJ), in the amount of approximately RMB7,116,000 (equivalent to approximately HK\$8,415,000) regarding the tampered production and expiry dates by supplier of certain bottled mineral water in its inventory. Accordingly, the relevant inventory has been fully impaired amounting to approximately RMB3,131,000 (equivalent to approximately HK\$3,702,000). This financial impact has been reflected in this quarterly results for the nine months ended 31 December 2016.

### **Surrender of leasehold property**

On 6 April 2016, an indirect wholly-owned subsidiary of the Company, Evotech (Asia) Pte. Limited (“Evotech”) and Jurong Town Corporation (“JTC”) had entered into the Surrender Agreement pursuant to which Evotech agreed to surrender a leasehold property to JTC at the consideration of S\$5,620,000 excluding goods and services tax in Singapore. Completion had taken place on 27 June 2016. The Surrender Agreement and the Transaction were only made known to the Company after trading hours on 2 September 2016 by the independent internal control advisor and have not been approved and authorized by the Company.

The Company's Singapore legal advisors have completed their investigation(s) into the circumstances relating to and leading to the Transaction and have concluded that:

- (i) the directors of Evotech have breached Section 160 of the Companies Act (Cap 50) Singapore (the "Act") in failing to obtain approval for the Transaction in general meeting of Evotech which constituted an offence under the Act; and
- (ii) there were misuse of Company funds by Evotech from the proceeds of the Transaction.

Upon the advice of the Company's Singapore legal advisors, Evotech has on 23 November 2016 commenced legal proceedings at the High Court of The Republic of Singapore against Mr. Koh for breaches of his duties as director and employee of Evotech and against Lily Bey Lay Lay for breaches of her duties as director of Evotech, for S\$2,285,000 and US\$1,070,000.

For details, please refer to the announcements of the Company dated 4 September 2016 and 23 November 2016.

## BUSINESS AND FINANCIAL REVIEW

The Group's revenue for the Period amounted to approximately HK\$52,030,000 (2015: approximately HK\$11,412,000), increased by approximately HK\$40,618,000 as compared to the same period in 2015. The significant increase in revenue was mainly attributed to the prospected trading businesses commenced during the Period.

During the Period, the Group has incurred a gross gain of approximately HK\$3,737,000 while it was a gross loss of approximately HK\$11,316,000 for the same period last year, which was mainly attributable to the prospected trading businesses commenced during the Period. Other operating expenses, net amounted to approximately HK\$10,612,000 (2015: other operating income, net amounted to approximately HK\$2,552,000) of which approximately HK\$8,583,000 was attributable to loss on disposal of leasehold property and approximately HK\$8,415,000 was provided for penalty for sale of expired inventories, resulting in loss for the period amounted to approximately HK\$74,919,000 (2015: profit for the period amounted to approximately HK\$135,262,000).

## CAPITAL STRUCTURE AND LIQUIDITY

### **Completion of rights issue and early redemption of convertible bonds**

On 18 May 2016, the Company completed a rights issue on the basis of eight rights shares for every one consolidated share held on 20 April 2016 at a subscription price of HK\$0.112 per rights share ("Rights Issue"). A total number of 2,529,776,120 ordinary shares of HK\$0.01 each were issued with net proceeds of approximately HK\$270,000,000. The Company used HK\$229,300,000 of the net proceeds to early redeem the outstanding convertible bonds issued on 12 May 2015 with the principal amounts of US\$30,000,000.

As a result of the completion of Rights Issue and early redemption of convertible bonds with the outstanding principal amount of US\$30,000,000 on 18 May 2016, the conversion price of the convertible bonds with the outstanding principal amount of US\$50,000,000 (equivalent to approximately HK\$390 million), due for full redemption on 12 May 2020, has been adjusted from HK\$4.0 per Share to HK\$1.73 per Share and the number of outstanding converted Shares has been adjusted from 97,500,000 Shares to 225,433,526 Shares.

### **Proposed capital reorganization**

On 4 July 2016, the Company proposed to implement the capital reorganization which involve:

- (i) the proposed share consolidation whereby every ten issued shares of the Company (“Share”) of HK\$0.08 each will be consolidated into one consolidated share of HK\$0.80 each (“Consolidated Share”);
- (ii) the proposed reduction of the issued share capital through a cancellation of the paid up capital to the extent of HK\$0.7999 on each of the Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.8 to HK\$0.0001 (“Capital Reduction”);
- (iii) the credit arising from the Capital Reduction shall be applied towards offsetting the accumulated deficit of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated deficit of the Company. The balance of credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate; and
- (iv) immediately following the Capital Reduction, the proposed share subdivision whereby each of the authorized but unissued Consolidated Shares of HK\$0.80 be sub-divided into eight thousand new Shares of HK\$0.0001 each (“Share Subdivision”).

The aforesaid capital reorganization was approved by the Shareholders as special resolution at the extraordinary general meeting of the Company held on 11 August 2016. As at the date of this report, the capital reorganization have not become effective.

### **Completion of placing of new shares under general mandate**

On 12 August 2016, completion of the placing took place. 569,199,627 placing shares (the “Placing Shares”) have been placed by the placing agent at the placing price of HK\$0.08 to not less than six places. The Placing Shares represent 20% of the issued share capital of the Company of 2,845,998,135 Shares as at 28 July 2016 and approximately 16.67% of the issued share capital of the Company of 3,415,197,762 Shares as enlarged by the placing. The net proceeds from the placing, after deducting the placing commission and other relevant expenses, amounted to approximately HK\$44.0 million and will be used as general working capital of the Group.

## **Assignment of loan**

On 4 November 2016, the Company received a notice from the solicitors of CAAL Capital Company Limited (“CAAL”) that, by a deed of assignment dated 31 October 2016, Kesterion has assigned all its rights, title and interest in all the debts and liabilities owed by the Company to Kesterion to CAAL. As such, Kesterion has ceased to be a creditor of the Company.

## LITIGATION

- (1) On 4 September 2016 the Company announced, amongst other things, that (i) Evotech (Asia) Pte. Ltd. (“Evotech”), an indirectly wholly-owned subsidiary of the Company, had entered into a Surrender Agreement with Jurong Town Corporation (“JTC”) on 6 April 2016 pursuant to which Evotech agreed to surrender its leasehold interest in the real property located at 42 Gul Circle, Singapore 629577 to JTC at the consideration of S\$5,620,000 and such transaction was completed on 27 June 2016 without the approval and authorization of the Board (“the Unauthorized Transaction”), and (ii) the Company was investigating into the circumstances leading to the entering into the Unauthorized Transaction and the payments made by Evotech from the proceeds of the Unauthorized Transaction.

Upon completion of the said investigation and with the benefit of legal advice, Evotech has on 23 November 2016 commenced legal proceedings at the High Court of The Republic of Singapore against Mr. Koh for breaches of his duties as director and employee of Evotech and against Lily Bey Lay Lay (“Lily Bey”), another ex-director of Evotech, for breaches of her duties as director of Evotech and, for recovery of damages in the sums of S\$2,285,000 and US\$1,070,000 (the “Singapore Legal Action”).

In the Singapore Legal Action, Mr. Koh and Lily Bey filed their Defence and Counterclaim to contest the claims by Evotech and commenced Third Party Proceedings against the Company and others (the “Singapore Third Party Proceedings”) alleging that as the ultimate holding company of Evotech the Company had authorized all the monetary transactions claimed by Evotech in the Singapore Legal Action and that Mr. Koh and Lily Bey are entitled to set off so much of the benefit received by the Company in those monetary transactions against the claims by Evotech in the Singapore Legal Action.

On 17 January 2017 the High Court of The Republic of Singapore granted leave for service of the Singapore Third Party Proceedings on the Company and other third parties involved out of the jurisdiction of the Republic of Singapore and the Company has duly instructed its attorney in The Republic of Singapore to enter appearance in the Singapore Third Party Proceedings denying the alleged authorization of those monetary transactions claimed by Evotech in the Singapore Legal Action and contesting the relief so claimed by Mr. Koh and Lily Bey.

The Board has obtained proper legal advice from its attorney in Singapore and formed the view that both Evotech and the Company have meritorious claim and defence in the Singapore Legal Action and the Singapore Third Party Proceedings and such proceedings shall have no adverse impact upon the financial position of the Group. Therefore, no provision in respect of the Singapore Legal Action and the Singapore Third Party Proceedings was made in the condensed consolidated financial statements.

- (2) On 12 December 2016 Team Kingdom Limited ("Team Kingdom"), a wholly-owned subsidiary of the Company, commenced legal proceedings entitled DCCJ 5968/2016 ("DCCJ Action 5968/2016") at the District Court of the Hong Kong S.A.R. against Mr. Koh for the recovery of a sum of HK\$500,000 together with interest due under an Acknowledgment of Indebtedness dated 6 June 2016 and Black Sand Enterprises Limited ("Black Sand Enterprises"), a wholly-owned subsidiary of the Company, also commenced legal proceedings entitled DCCJ 5967/2016 ("DCCJ Action 5967/2016") at the District Court of the Hong Kong S.A.R against Mr. Koh for the recovery of a sum of HK\$100,000 for unlawful conversion of the property of Black Sand Enterprises to his own use.

Mr. Koh has filed his Defence and Counterclaim in DCCJ Action 5968/2016 and DCCJ 5967/2016 contesting the respective claims by Team Kingdom and Black Sand Enterprises.

The Board has obtained proper legal advice from its legal representative and formed the view that both Team Kingdom and Black Sand Enterprises do have meritorious claims against Mr. Koh and both DCCJ Action 5968/2016 and DCCJ Action 5967/2016 shall have no adverse impact upon the financial position of the Group. Therefore, no provision in respect of DCCJ Action 5958/2016 and DCCJ Action 5967/2016 was made in the condensed consolidated financial statements.

Save as discussed in the above sections, during the nine months ended 31 December 2016, no member of the Group is engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.



## LISTING STATUS

The Company has received a letter dated 2 December 2016 from the Stock Exchange considered that the Company has failed to maintain sufficient operations or assets under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of its shares. The Stock Exchange has therefore decided to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and commence the procedures to cancel the Company's listing under Rules 9.14 to 9.16 of the GEM Listing Rules. The Letter serves as a notice to the Company under Rule 9.15 of the GEM Listing Rules.

After considering legal advice, the Company through its lawyer 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 6 December 2016. On 14 December 2016, it was confirmed by Stock Exchange that the review hearing of the GEM Listing Committee has been scheduled on 7 March 2017.

For details, please refer to the announcements of the Company dated 2 December 2016 and 6 December 2016.

## OUTLOOK

To further broaden the source of income of the Group, the Group has commenced several businesses during the Period, namely trading of stainless steel wires, skincare and household products, nephrite, bottled water, securities and chartering out of pleasure vessel. So far the performance of the trading businesses are in line with the forecast of the management.

The management will continuously review the performance of the businesses. In the meantime the management has also been actively seeking new areas of growth.

## THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2016

The board of Directors (the "Board") of Union Asia Enterprise Holdings Limited (the "Company") is pleased to report the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the three and nine months ended 31 December 2016 together with the comparative figures for the corresponding periods in 2015 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Turnover	4	31,687	2,620	114,943	11,412
<b>Revenue</b>	4	28,120	2,620	52,030	11,412
<b>Cost of sales</b>		(25,405)	(2,637)	(48,293)	(22,728)
<b>Gross profit/(loss)</b>		2,715	(17)	3,737	(11,316)
Administrative expenses		(7,195)	(16,887)	(47,148)	(57,575)
Fair value gain on redemption of convertible bonds liabilities	5	–	–	7,020	251,146
Other operating (expenses)/income, net	6	(4,497)	7,963	(10,612)	2,552
<b>(Loss)/Profit from operations</b>		(8,977)	(8,941)	(47,003)	184,807
Finance costs	7	(8,931)	(12,951)	(27,916)	(51,930)
<b>(Loss)/Profit before tax</b>		(17,908)	(21,892)	(74,919)	132,877
Income tax (expenses)/credit	8	–	(81)	–	2,385
(Loss)/Profit for the period		(17,908)	(21,973)	(74,919)	135,262
<b>Other comprehensive (expenses)/income for the period, net of tax</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
Revaluation deficit of leasehold building		–	431	–	(6,556)
Release of deficit of revaluation properties		–	–	4,244	–
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translating foreign operations		91	(1,713)	(222)	(3,668)
<b>Total comprehensive (expenses)/income for the period</b>		(17,817)	(23,255)	(70,897)	125,038

	For the three months ended 31 December		For the nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>(Loss)/Profit for the period attributable to:</b>				
Owners of the Company	(17,908)	(21,938)	(74,905)	135,271
Non-controlling interests	–	(35)	(14)	(9)
	<u>(17,908)</u>	<u>(21,973)</u>	<u>(74,919)</u>	<u>135,262</u>
<b>Total comprehensive (expenses)/income for the period attributable to:</b>				
Owners of the Company	(17,817)	(23,220)	(70,883)	125,047
Non-controlling interests	–	(35)	(14)	(9)
	<u>(17,817)</u>	<u>(23,255)</u>	<u>(70,897)</u>	<u>125,038</u>

	Note	For the three months ended 31 December		For the nine months ended 31 December	
		2016 HK\$ (unaudited)	2015 HK\$ (unaudited)	2016 HK\$ (unaudited)	2015 HK\$ (unaudited)
<b>(Loss)/Earnings per share</b>					
Basic	9	<u>(0.52) cents</u>	<u>(0.64) cents</u>	<u>(2.69) cents</u>	<u>4.46 cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

## **NOTES TO THE CONDENSED QUARTERLY FINANCIAL INFORMATION**

### **1. GENERAL INFORMATION**

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Uglund House, Grand Cayman, KYI-1104 Cayman Islands. It's principal business is investment holding.

The Group is principally engaged in trading of stainless steel wires, skincare and household products, nephrite, bottled water, securities and chartering out of pleasure vessel.

### **2. GOING CONCERN BASIS**

The Group had a total deficit of approximately HK\$74,919,000 for the nine months ended 31 December 2016, which indicated that the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

These condensed financial statements have been prepared on a going concern basis, the validity of which depends upon the successful implementation of measures such as debt financing and cost cutting measures, at a level sufficient to finance the working capital requirements of the Group. The directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

### **3. BASIS OF PREPARATION**

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the applicable disclosure requirements of the GEM Listing Rules and accounting principles generally accepted in Hong Kong.

The unaudited condensed financial statements, which do not include all information and disclosures as required in the annual financial statements, should be read in conjunction with the annual report for the year ended 31 March 2016.

The accounting policies and method of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2016.

#### 4. REVENUE

Revenue represents the net amounts received and receivable for sales of goods to customers, net of goods returns and trade discounts. Revenue recognized during the period is as follows:

	For the three months ended 31 December		For the nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Sale of skincare and household products	10,309	–	22,853	–
Sale of nephrite	3,423	–	8,759	–
Sale of beverages	1,755	(91)	2,406	966
Sale of metals	12,213	2,711	17,312	10,446
Charter income from vessel	420	–	700	–
Revenue	<u>28,120</u>	<u>2,620</u>	<u>52,030</u>	<u>11,412</u>
Proceeds from sale of listed securities	<u>3,567</u>	–	<u>62,913</u>	–
Turnover	<u><u>31,687</u></u>	<u><u>2,620</u></u>	<u><u>114,943</u></u>	<u><u>11,412</u></u>

#### 5. REDEMPTION OF CONVERTIBLE BONDS

On 18 May 2016, the Company used HK\$229,300,000 to early redeem the outstanding convertible bonds issued on 12 May 2015, with the principal amounts of US\$30,000,000, at 2% discount and waived the interest accrued.

As at 31 December 2016, the Company has outstanding principal amount of convertible bonds of US\$50,000,000 (equivalent to approximately HK\$390,000,000), which upon conversion in full will result in the allotment and issue of 225,433,526 Shares.

## 6. OTHER OPERATING (EXPENSES)/INCOME, NET

	For the three months ended 31 December		For the nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Gain on disposal of financial assets at fair value through profit or loss	443	–	5,477	–
Fair value (loss)/gain on financial assets at fair value through profit or loss	(5,166)	–	(547)	37
Bargain purchase of a subsidiary	–	–	1,000	–
Loss on disposal of leasehold property under assets classified as held for sales	–	–	(8,583)	–
Loss on expired inventories	–	–	(3,702)	–
Provision of penalty for sale of expired inventories	–	–	(8,415)	–
Net interest payable on trade balances	–	6,056	–	(2,077)
Gain on disposal of property, plant and equipment	–	1,412	–	1,419
Sundry (expenses)/income	226	495	4,158	3,173
	<u>(4,497)</u>	<u>7,963</u>	<u>(10,612)</u>	<u>2,552</u>

## 7. FINANCE COSTS

	For the three months ended 31 December		For the nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Interest on convertible bonds	3,572	11,703	21,785	49,262
Interest on promissory notes	358	–	675	–
Interest on other borrowings	5,001	1,242	5,456	2,645
Finance lease charges	–	6	–	23
	<u>8,931</u>	<u>12,951</u>	<u>27,916</u>	<u>51,930</u>

## 8. INCOME TAX (EXPENSES)/CREDIT

	For the three months ended 31 December		For the nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Current tax				
(Under)/over-provision in prior years	–	(81)	–	2,385
Deferred tax	–	–	–	–
	<u>–</u>	<u>(81)</u>	<u>–</u>	<u>2,385</u>

No provision for Hong Kong Profits Tax has been made as the Group has not generated any assessable profits that are subject to Hong Kong profits tax during the period (2015: Nil).

Entities incorporated in other countries are subject to income tax rates of 17% to 30% (2015: 17% to 30%) prevailing in the countries in which such entities operate, based on existing legislation, interpretation and practices in respect thereof.

## 9. (LOSS)/EARNINGS PER SHARE

### Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company for the three months period ended 31 December 2016 of approximately HK\$17,908,000 (2015: approximately HK\$21,938,000) and the loss attributable to owners of the Company for the nine months period ended 31 December 2016 of approximately HK\$74,905,000 (2015: profit for the period of approximately HK\$135,271,000), and the weighted average number of ordinary shares of 3,415,197,762 shares (2015: 3,415,197,762 shares as adjusted to reflect the effect of the share consolidation, rights issue and placing of shares completed during the Period) and 2,784,823,549 shares (2015: 3,031,522,853 shares as adjusted to reflect the effect of the share consolidation, rights issue and placing of shares completed during the Period) in issue during the two respective periods.

### Diluted (loss)/earnings per share

As the exercise of the Group's outstanding convertible bonds would be anti-dilutive and there were no dilutive potential ordinary shares of the Company's outstanding share options for both periods, no diluted loss per share was presented in both periods.

## 10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)										
	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Share option reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2015 (audited)	796,888	3,647,887	(3,700)	8,251	1,263,605	8,161	-	(6,394,206)	(673,114)	48,091	(625,023)
Total comprehensive (expenses)/income for the period	-	-	(3,668)	-	-	(6,556)	-	135,271	125,047	(9)	125,038
Conversion of convertible bonds into shares	468,000	(26,945)	-	-	(170,432)	-	-	-	270,623	-	270,623
Redemption of old bonds and issuance of new bonds	-	-	-	-	(865,930)	-	-	865,930	-	-	-
Credit arising from capital reduction	(1,239,280)	1,239,280	-	-	-	-	-	-	-	-	-
Changes in equity for the period	(771,280)	1,212,335	(3,668)	-	(1,036,362)	(6,556)	-	1,001,201	395,670	(9)	395,661
At 31 December 2015 (unaudited)	<u>25,608</u>	<u>4,860,222</u>	<u>(7,368)</u>	<u>8,251</u>	<u>227,243</u>	<u>1,605</u>	<u>-</u>	<u>(5,393,005)</u>	<u>(277,444)</u>	<u>48,082</u>	<u>(229,362)</u>
At 1 April 2016 (audited)	25,298	3,620,942	(3,993)	8,251	227,243	507	1,446	(4,514,496)	(634,802)	(10,440)	(645,242)
Total comprehensive (expenses)/income for the period	-	-	(222)	-	-	4,244	-	(74,905)	(70,883)	(14)	(70,897)
Placing of shares	45,536	-	-	-	-	-	-	-	45,536	-	45,536
Rights issue	202,382	69,867	-	-	-	-	-	-	272,249	-	272,249
Early redemption of convertible bonds	-	-	-	-	(86,077)	-	-	86,077	-	-	-
Changes in equity for the period	247,918	69,867	(222)	-	(86,077)	4,244	-	11,172	246,902	(14)	246,888
At 31 December 2016 (unaudited)	<u>273,216</u>	<u>3,690,809</u>	<u>(4,215)</u>	<u>8,251</u>	<u>141,166</u>	<u>4,751</u>	<u>1,446</u>	<u>(4,503,324)</u>	<u>(387,900)</u>	<u>(10,454)</u>	<u>(398,354)</u>



## INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the Period (2015: Nil).

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

As at 31 December 2016, the interests of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### Long position in shares of the Company

Name of directors/ chief executive	Number of Shares	Approximate percentage of shareholding	Capacity
Liang Tong Wei	12,500,000 (L)	0.37	Beneficial owner

(L) — Long position

Save as disclosed above, as at 31 December 2016, there are no long and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations that (i) were 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## **INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO**

As at 31 December 2016, so far as the Directors are aware, the following person (other than Directors and chief executives of the Company) had an interest and/or a short position in the shares or underlying shares in respect of equity derivatives of the Company that has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO):

### **Long and short positions in shares**

Name of shareholder	Number of Shares of the Company	Approximate percentage of shareholding	Capacity
Yeung Wing Yee	846,760,000	24.79	Beneficial owner

Save as disclosed above, as at 31 December 2016, the Company has not been notified by any other persons (other than any directors or chief executives of the Company) who had an interest or a short position in the shares, underlying shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 to the SFO.

## **SHARE OPTION SCHEME**

### **OLD SHARE OPTION SCHEME**

Pursuant to the share option scheme adopted by the shareholders of the Company on 25 April 2002 (the "Old Share Option Scheme"), the Old Share Option Scheme became effective on 25 April 2002 and terminated on 24 April 2012. However, all share options granted prior to the termination of the Old Share Option Scheme will remain in full force and effect.

On 11 April 2016, the number of share options outstanding under the Old Share Option Scheme were adjusted from 262,800 shares to 32,850 shares and the exercise price were adjusted from HK\$3.58 to HK\$28.64 as a result of the completion of share consolidation. The number of share options outstanding were further adjusted from 32,850 shares to 75,934 shares and the exercise price were adjusted from HK\$28.64 to HK\$12.39 as a result of the completion of Rights Issue on 18 May 2016.

As at 31 December 2016, the number of share options outstanding under the Old Option Scheme was 75,934 shares.

## NEW SHARE OPTION SCHEME

On 30 July 2012, the Company adopted a new share option scheme (the “New Share Option Scheme”). The New Share Option Scheme was for the primary purpose of providing incentives and to recognise the contribution of the eligible participants to the growth of the Group and will expire on 29 July 2022. Under the New Share Option Scheme, the Board may grant options to eligible full-time or part-time employees, including any executive, non-executive and independent non-executive Directors, and consultants or advisers of the Company and/or any of its subsidiaries.

The total number of shares in respect of which options may be granted under the New Share Option Scheme, and any other option schemes is not permitted to exceed 30% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the issued share capital of the Company without prior approval from the Company’s shareholders.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

Options granted must be taken up within thirty days of the date of grant, upon payment of HK\$1 per grant.

Options may be exercised at any time during a period to be notified by the Board upon the grant of options provided that the option period shall not exceed 10 years from the date of grant of the options. No minimum period for which an option must be held is required. The exercise price, which is determined by the Board, is the highest of: (i) the closing price per share on the date of grant; (ii) the average closing price per share for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

Options do not confer rights on the holder to dividends or to vote at shareholders’ meetings.

Under the New Share Option Scheme, if the options remain unexercised after a period of 3 years from the date of grant, the options expire. Options are forfeited if the employee is ceased as employee of the Group for reason specified in the New Share Option Scheme.

Details of the options granted, lapsed or exercised under the Old Share Option Scheme and the New Share Option Scheme are as follows:

Category of grantee	Date of grant of the options	Exercise period	Exercise price of the options (HK\$)	Number of share options					Outstanding as at 31 December 2016
				Outstanding as at 1 April 2016	Adjusted during the period	Granted during the period	Exercised during the period	Lapsed during the period	
<i>Old Share Option Scheme:</i>									
Consultants	6 Mar 2007	6 Mar 2007 to 5 Mar 2017	12.39	262,800	(186,866)	—	—	—	75,934 (Note 1)
Total				<u>262,800</u>	<u>(186,866)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>75,934</u>
Weighted average exercise price				<u>HK\$3.58</u>	<u>—</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>HK\$12.39</u>

Note 1: The number of shares issuable under the Old Share Option Scheme and the exercise price were adjusted due to share consolidation completed in April 2016 and rights issue completed in May 2016.

The weighted average share price at the date of exercise for share options exercised during the Period was HK\$7.60. The options outstanding at the end of the Period have a weighted average remaining contractual life of 0.18 year (2015: 1.18 years) and the exercise price is HK\$12.39 (2015: HK\$3.58).

## COMPETING INTERESTS

None of the Directors, management shareholders or controlling shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete, either directly or indirectly, with the business of the Group or had any other conflicts with the Group during the Period.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and chief executives' interests and short positions in the shares, underlying shares or debentures" above, at no time during the Period was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

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

The Company has not redeemed any of its listed securities during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the Period.

## **CORPORATE GOVERNANCE**

Throughout the Period, the Company has adopted and complied with the code provisions set out in Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 15 of the GEM Listing Rules except for the deviation described below.

Under code provision A.2.1 of the CG code, the role of Chairman and chief executive officer (the "CEO") should not be performed by the same individual. Subsequent to the removal of Mr. Cheung Hung Man by the Board on 23 May 2016, the post has been vacant. The Board will keep reviewing the current structure of the Board from time to time and the Company will make appointment to fill the post of the CEO as appropriate.

Under code provision A.6.7 of the CG code, independent non-executive directors and other non-executive directors should attend general meeting and develop a balanced understanding of the views of shareholders. Several Directors were unable to present at the annual general meeting held on 26 July 2016 and the extraordinary general meetings held on 8 April 2016, 11 August 2016 and 29 August 2016 due to their other important engagements at the relevant time.

Under code provision E.1.2 of the CG code, the chairman of the board should attend general meeting and she should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. The chairman of the Company was unable to present at the annual general meeting held on 26 July 2016 and the extraordinary general meetings held on 8 April 2016 and 11 August 2016 as she had other important engagements at the relevant time.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code of conduct for securities transactions by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company periodically issues notices to its Directors 4 times a year reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of quarterly, interim and annual results. The Company has confirmed that, having made specific enquiry from all Directors, all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for the Period.

## **AMENDMENT TO THE ARTICLES OF ASSOCIATION**

On 29 August 2016, the amendment to article 98 of the articles of association of the Company has been approved by the shareholders of the Company by way of a special resolution at the extraordinary general meeting of the Company.

## **CHANGE OF DIRECTORS' INFORMATION**

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of the Directors since the date of the Annual Report 2016 are set out below:

Mr. Chu Hung Lin, Victor ("Mr. Chu") has retired from the Board with effect from the conclusion of the annual general meeting held on 26 July 2016. Following his retirement, Mr. Chu ceased to be an independent non-executive director of the Company, the chairman of remuneration committee and a member of audit committee (the "Audit Committee") and nomination committee of the Board.

Mr. Li Kwok Chu has been appointed as the chairman of the remuneration committee in place of Mr. Chu with effect from the conclusion of the annual general meeting held on 26 July 2016.

Mr. Tong Wan Sze ("Mr. Tong") has resigned as an independent non-executive director of the Company and the chairman of Audit committee of the Board with effect from 27 July 2016.

Mr. Fung Kwok Leung has resigned as an independent non-executive director of the Company and a member of each of the Audit Committee, remuneration committee and nomination committee of the Board with effect from 27 July 2016.

Dr. Wan Ho Yuen, Terence has been appointed as the chairman of the Audit Committee in place of Mr. Tong with effect from 27 July 2016.

Mr. Lau Shu Yan, independent non-executive Director, has been appointed as independent non-executive director and the chairman of the nomination committee of Shenzhen Mingwah Aohan High Technology Corporation Limited (Stock Code: 8301), the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, with effect from 30 September 2016.

## **AUDIT COMMITTEE**

The Audit Committee of the Board currently comprises three members of independent non-executive Directors, namely Dr. Wan Ho Yuen, Terence, Mr. Li Kwok Chu and Mr. Lau Shu Yan. The chairman of the Audit Committee is Dr. Wan Ho Yuen, Terence. The written terms of reference of the Audit Committee sets out the duties of the Audit Committee which includes reviewing and supervising financial reporting system, risk management and internal control system of the Group and to review and approve the Company's annual reports and accounts, interim report and quarterly reports to the Board. The Audit Committee has reviewed this quarterly report in accordance with the GEM Listing Rules.

By Order of the Board

**Union Asia Enterprise Holdings Limited**

**Yip Man Yi**

*Chairman*

Hong Kong, 10 February 2017

*As at the date of this report, the Board comprises two executive Directors, Ms. Yip Man Yi and Mr. Shiu Chi Tak, Titus, two non-executive Directors, Mr. Liang Tongwei and Mr. Wong Chi Man, and three independent non-executive Directors, Dr. Wan Ho Yuen, Terence, Mr. Li Kwok Chu and Mr. Lau Shu Yan.*