



# 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)

The background features a complex geometric design. On the left, there are overlapping triangles in shades of brown, green, and pink, separated by white lines. On the right, a large blue triangle points to the right, containing a white grid pattern. The text 'THIRD QUARTERLY REPORT 2017/18' is centered within this blue triangle.

**THIRD  
QUARTERLY  
REPORT  
2017/18**

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed 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. 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 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.*



## MANAGEMENT DISCUSSIONS AND ANALYSIS

### MATERIAL ACQUISITIONS AND DISPOSALS

There was no major acquisition or disposal during the nine months ended 31 December 2017 (the "Period"), while followings are the major acquisitions and disposals during the nine months ended 31 December 2016.

#### 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 ("Fu Hang") 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. Fu Hang 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 Ultra Treasure Limited ("Ultra Treasure") and the entire outstanding unsecured interest free shareholder's loan owed by Ultra Treasure at the consideration of HK\$19,000,000 by issuance of a promissory note to the vendor. Ultra Treasure 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 agreement with an independent third party to sell all issued shares of Pan Asia Mining (Beijing) Company Limited (“PAM (BJ)”) (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 (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 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, in which the Major Disposal was 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, a 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 the 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. For details, please refer to the announcements of the Company dated 4 September 2016.

Legal proceedings are in progress. For details, please refer to the “Litigation” section below and announcement of the Company dated 23 November 2016.

### **BUSINESS AND FINANCIAL REVIEW**

The Group’s revenue for the Period amounted to approximately HK\$85,812,000 (2016: approximately HK\$52,030,000), increased by approximately HK\$33,782,000 as compared to the same period in 2016. The significant increase in revenue was mainly attributed to the prospected trading businesses commenced during the nine months ended 31 December 2016.

During the Period, the Group has incurred a gross gain of approximately HK\$4,776,000 while it was a gross gain of approximately HK\$3,737,000 for the same period last year. Other operating expenses, net amounted to approximately HK\$4,838,000 (2016: approximately HK\$10,612,000). Loss for the Period amounted to approximately HK\$59,202,000 (2016: approximately HK\$74,919,000 of which approximately HK\$nil (HK\$7,020,000) was attributable to the fair value gain on redemption of convertible bonds liabilities.

## **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\$0.08 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.

### **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 placees. 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.

### **Proposed capital reorganization**

The Company has terminated the capital reorganization (the "Old Capital Reorganization") originally proposed on 4 July 2016 and has proposed to implement, subject to the approval by the shareholders, the new capital reorganization (the "New Capital Reorganization") on 9 November 2017 as follows:

- (i) Share Premium Cancellation: the entire amount standing to the credit of the share premium account of the Company will be cancelled to set off against part of total accumulated loss of the Company;
- (ii) Share Consolidation: every fifty issued shares of HK\$0.08 each ("Share") will be consolidated into one consolidated share of HK\$4.0 each ("Consolidated Share") in the issued share capital of the Company;

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- (iii) Capital Reduction: upon Share Consolidation taking effect, the nominal value of the issued Consolidated Shares will be reduced from HK\$4.0 to HK\$0.0001 each (i.e. New Share) by cancelling the paid-up capital to the extent of HK\$3.9999 each, and the total credit arising therefrom will be applied to further set off the accumulated loss of the Company;
  - (iv) Unissued Share Capital Cancellation: upon the Capital Reduction taking effect, all the authorised but unissued share capital of the Company will be cancelled in their entirety; and
  - (v) Authorised Share Capital Increase: upon the Unissued Share Capital Cancellation taking effect, the authorised share capital of the Company will be increased to HK\$10,000,000 divided into 100,000,000,000 New Shares.

The New Capital Reorganization, being part of the resumption proposal (“Resumption Proposal”) in relation to the proposed restructuring submitted by the Company to the Stock Exchange on 15 September 2017, will be subject to the passing of a special resolution by the shareholders by way of poll at the extraordinary general meeting, and the approval from the Grand Court of the Cayman Islands and the Listing Committee of the GEM Board. For details, please refer to the announcement of the Company dated 9 November 2017 and 14 November 2017.

### **Proposed open offer**

On 9 November 2017, the Company proposed an open offer (“Open Offer”) on the basis of nineteen offer shares (“Offer Shares”) for every one New Share/Consolidated Share held by the qualifying shareholders on the Open Offer Record Date (“Qualifying Shareholders”). A total of 1,297,775,150 Offer Shares will be allotted and issued by the Company to the Qualifying Shareholders and/or the Underwriter at the offer price of HK\$0.19 for each Offer Share. The Open Offer will be fully underwritten by the Underwriter.

Completion of the Open Offer, being part of the Resumption Proposal, is conditional upon the New Capital Reorganization becoming effective and the completion of an acquisition (“Acquisition”) of a target company (“Target”) which is principally engaged in provision of interior design services for commercial and residential properties, as well as galleries and show flats for local property developers in Hong Kong. For details, please refer to the announcement of the Company dated 9 November 2017 and 14 November 2017.

## LITIGATION

- (1) On 4 September 2016 the Company announced, amongst other things, that (i) Evotech had entered into a Surrender Agreement with 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 (Case no. HC/S 1242/2016) against Mr. Koh for breaches of his duties as director and employee of Evotech and against 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 Singapore Legal Action and also commenced Third Party Proceedings against the Company and Miss Yip Man Yi, the Chairman of the Company (the “Singapore Third Parties”).

In the said Third Parties Proceedings, Mr. Koh and Lily Bey sought indemnities and/or contributions against the Singapore Third Parties for authorizing and approving all the monetary transactions claimed by Evotech in the Singapore Legal Action to set off of sums as may be applicable between all parties in the legal action, if any.

On 17 January 2017 the High Court of The Republic of Singapore granted leave for service of the Singapore Third Party Proceedings on the Singapore Third Parties out of the jurisdiction of the Republic of Singapore and the Singapore Third Parties have duly instructed their attorneys in the Republic of Singapore to enter appearance and contest the proceedings.

All the requisite pre-trial procedures relating to both the Singapore Legal Action and Third Party Proceedings have now been completed and the matters are scheduled to proceed to trial. The hearings have been set down for trial for 14 days commencing 28 February 2018.

The Board has maintained its 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.



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

- (2) On 2 November 2017, the Company received a demand letter from Kesterion Investments Limited (“Kesterion”). On 17 November 2017, the Company received a Writ of Summons issued by Kesterion in the High Court of the Hong Kong Special Administrative Region under Action Number 2631 of 2017 against CAAL Capital Company Limited (“CAAL”) as the 1st Defendant and the Company as the 2nd Defendant.

On 20 and 21 November 2017, the Company and its authorised representatives respectively received another Writ of Summons issued by Kesterion in the High Court of the Hong Kong Special Administrative Region under Action Number 2662 of 2017 against the Company (collectively “the Writs”).

The Writs are in relation to the repayment of a loan facility originally advanced by Kesterion to the Company. On 4 November 2016, the Company was notified by CAAL that CAAL and Kesterion had entered into a deed of assignment on 31 October 2016 pursuant to which all loan facility originally advanced by Kesterion were assigned to CAAL.

The Company has filed its defence for both actions on 25 January 2018.

The Board has obtained proper legal advice from its legal representative and formed the view that the Company has meritorious defence in both actions which shall have no adverse impact upon the financial position of the Group. Therefore, no provision in respect of the Writs was made in the condensed consolidated financial statements.

Save as discussed in the above sections, during the nine months ended 31 December 2017, 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 “Decision”). 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 (the "Committee") 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 the Stock Exchange that the review hearing of the GEM Listing Committee has been scheduled on 7 March 2017.

On 17 March 2017, the Stock Exchange notified the Company that the Committee, having considered all the submissions (both written and oral) made by the Company to the Listing Department of the Stock Exchange, the Committee considered that the Company had failed to maintain sufficient operations or assets under GEM Listing Rule 17.26 to warrant the continued listing of the Company's shares. The Committee therefore decided to uphold the Decision to suspend trading in the Company's shares under GEM Listing Rules 9.04 and commence the procedures to cancel the Company's listing under GEM Listing Rules 9.14 to 9.16.

After considering legal advice, the Board has decided not to appeal against the decision of the Committee to the Listing Appeals Committee.

At the request of the Company, trading in the shares of the Company has been suspended with effect from 9:00 a.m. on 20 March 2017.

On 15 September 2017, the Company submitted the Resumption Proposal to the Stock Exchange and entered into a restructuring framework agreement with an investor to set out the terms of the proposed restructuring comprising (i) the Capital Reorganisation; (ii) the Open Offer; (iii) the Creditors Schemes; and (iv) the Acquisition.

On 30 October 2017, the Company received a letter from the Stock Exchange in which it stated that the Stock Exchange agreed to allow the Company to submit a new listing application relating to the Resumption Proposal on or before 8 January 2018.

On 19 January 2018, the Stock Exchange granted further extension of time to the Company to submit the new listing application relating to the Resumption Proposal on or before 29 March 2018 and (ii) despatch the circular in accordance with the requirements under the Listing Rules and the Takeovers Code on or before 19 June 2018. If the Company fails to submit a new listing application by 29 March 2018, or the transactions proposed in the Resumption Proposal fail to proceed with for any reasons, the Stock Exchange will proceed with the cancellation of listing of the Shares on the Stock Exchange.



For details, please refer to the announcements of the Company dated 2 December 2016, 6 December 2016, 20 March 2017, 9 November 2017, 10 November 2017, 21 December 2017 and 22 January 2018.

## **OUTLOOK**

The Group is principally engaged in trading of metals, household products, nephrite, beverages, securities and chartering out of pleasure vessel.

The Acquisition forms part and parcel of the Resumption Proposal seeking for the resumption of trading in the Shares. Upon completion of the Resumption Proposal, the Group will primarily engage in the Target's business, and the Group will have a sufficient level of operation for maintaining its listing status on the Stock Exchange. All the existing businesses including assets and liabilities of the Company will be transferred to a nominee of the scheme administrators. The investor does not intend to resume the existing businesses of the Group.

## THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

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 2017 together with the comparative figures for the corresponding periods in 2016 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	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Turnover	4	29,309	31,687	97,316	114,943
<b>Revenue</b>	4	27,368	28,120	85,812	52,030
<b>Cost of sales</b>		(26,357)	(25,405)	(81,036)	(48,293)
<b>Gross profit</b>		1,011	2,715	4,776	3,737
Administrative expenses		(2,979)	(7,195)	(19,258)	(47,148)
Fair value gain on redemption of convertible bonds liabilities		–	–	–	7,020
Other operating income/(expenses), net	5	5,724	(4,497)	(4,838)	(10,612)
<b>Profit/(Loss) from operations</b>		3,756	(8,977)	(19,320)	(47,003)
Finance costs	6	(13,325)	(8,931)	(39,808)	(27,916)
<b>Loss before tax</b>		(9,569)	(17,908)	(59,128)	(74,919)
Income tax expenses	7	(34)	–	(74)	–
Loss for the period		(9,603)	(17,908)	(59,202)	(74,919)
<b>Other comprehensive income/(expenses) for the period, net of tax</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
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		153	91	(950)	(222)
<b>Total comprehensive expenses for the period</b>		(9,450)	(17,817)	(60,152)	(70,897)

**Loss for the period attributable to:**

Owners of the Company

Non-controlling interests

	For the three months ended 31 December		For the nine months ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Owners of the Company	(9,603)	(17,908)	(59,202)	(74,905)
Non-controlling interests	–	–	–	(14)
	<u>(9,603)</u>	<u>(17,908)</u>	<u>(59,202)</u>	<u>(74,919)</u>
<b>Total comprehensive expenses for the period attributable to:</b>				
Owners of the Company	(9,450)	(17,817)	(60,152)	(70,883)
Non-controlling interests	–	–	–	(14)
	<u>(9,450)</u>	<u>(17,817)</u>	<u>(60,152)</u>	<u>(70,897)</u>

**Loss per share**

Basic

Diluted

	For the three months ended 31 December		For the nine months ended 31 December	
Note	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
8	<u>(0.28) cents</u>	<u>(0.52) cents</u>	<u>(1.73) cents</u>	<u>(2.69) cents</u>
	<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, Ugland House, Grand Cayman, KY1-1104 Cayman Islands. It's principal business is investment holding.

The Group is principally engaged in trading of metals, household products, nephrite, beverages, securities and chartering out of pleasure vessel.

### 2. GOING CONCERN BASIS

The Group had a total deficit of approximately HK\$59,202,000 for the nine months ended 31 December 2017, 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 unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the applicable disclosure requirements of the GEM Listing Rules and accounting principles generally accepted in Hong Kong.

These 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 2017.

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 2017.

#### 4. REVENUE

Revenue represents the net amounts received and receivable for sales of goods to customers, net of goods returned 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	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Sale of household products	14,952	10,309	47,310	22,853
Sale of metals	10,469	12,213	30,520	17,312
Sale of nephrite	1,527	3,423	6,641	8,759
Charter income from vessel	420	420	1,260	700
Sale of beverages	–	1,755	81	2,406
	<u>27,368</u>	<u>28,120</u>	<u>85,812</u>	<u>52,030</u>
Revenue				
Proceeds from sale of listed securities	1,941	3,567	11,504	62,913
	<u>29,309</u>	<u>31,687</u>	<u>97,316</u>	<u>114,943</u>
Turnover				

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Fair value gain/(loss) on financial assets at fair value through profit or loss	3,919	(5,166)	4,614	(547)
Reversal of provision of compensation paid to suppliers	–	–	1,700	–
Dividend income from the listed securities	–	–	20	–
Bargain purchase of a subsidiary	–	–	–	1,000
Loss on expired inventories	–	–	–	(3,702)
Gain/(loss) on disposal of financial assets at fair value through profit or loss	113	443	(4,043)	5,477
Loss on de-registration of subsidiaries	–	–	(7,150)	–
Provision of penalty for sale of expired inventories	–	–	–	(8,415)
Loss on disposal of leasehold property under assets classified as held for sales	–	–	–	(8,583)
Sundry income	1,692	226	21	4,158
	<u>5,724</u>	<u>(4,497)</u>	<u>(4,838)</u>	<u>(10,612)</u>

## 6. FINANCE COSTS

	For the three months ended 31 December		For the nine months ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interest on convertible bonds	11,481	6,007	32,970	21,785
Interest on promissory notes	230	358	1,967	358
Interest on corporate bonds	323	340	1,017	1,017
Interest on bank and overdrafts	255	1,191	655	1,608
Interest on other borrowings	1,036	1,035	3,199	3,148
	<u>13,325</u>	<u>8,931</u>	<u>39,808</u>	<u>27,916</u>

## 7. INCOME TAX EXPENSES

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 (2016: Nil).

Entities incorporated in other countries are subject to income tax rates of 17% to 25% (2016: 17% to 30%) prevailing in the countries in which such entities operate, based on existing legislation, interpretation and practices in respect thereof.

## 8. LOSS PER SHARE

### **Basic loss per share**

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the three months period ended 31 December 2017 of approximately HK\$9,603,000 (2016: approximately HK\$17,908,000) and the loss attributable to owners of the Company for the nine months period ended 31 December 2017 of approximately HK\$59,202,000 (2016: loss for the period of approximately HK\$74,905,000), and the weighted average number of ordinary shares of 3,415,197,762 shares (2016: 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 3,415,197,762 shares (2016: 2,784,823,549 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 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.

## 9. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)										
	Attributable to owners of the Company										
	Share capital	Share premium	Foreign currency translation reserve	Share option reserve	Convertible bonds equity reserve	Property revaluation reserve	Investment revaluation	Accumulated losses	Total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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)	273,216	3,690,809	(4,215)	8,251	141,166	4,751	1,446	(4,503,324)	(387,900)	(10,454)	(398,354)
At 1 April 2017 (audited)	273,216	3,661,406	(3,416)	-	141,439	-	-	(4,410,980)	(338,335)	(10,442)	(348,777)
Total comprehensive (expenses)/income for the period	-	-	(950)	-	-	-	-	(59,202)	(60,152)	-	(60,152)
Loss on deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	10,442	10,442
Changes in equity for the period	-	-	(950)	-	-	-	-	(59,202)	(60,152)	10,442	(49,710)
At 31 December 2017 (unaudited)	273,216	3,661,406	(4,366)	-	141,439	-	-	(4,470,182)	(398,487)	-	(398,487)

## INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the Period (2016: Nil).

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

As at 31 December 2017, 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 Securities and Futures Ordinance (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 2017, 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 of the Company

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

Save as disclosed above, as at 31 December 2017, the Company has not been notified by any other person (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.

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

Save as disclosed in the section "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.

## **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.

All share options under the Old Share Option Scheme have been lapsed. There was no outstanding share options under the Old Share Option Scheme during the Period.

### **New share option scheme**

The Company adopted a share option scheme on 30 July 2012 (the "New Share Option Scheme") for the purpose of providing incentives and rewards to the eligible participants who contributed to the growth of the Group and will expire on 29 July 2022. Under the New Share Option Scheme, the directors 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 New Share Option Scheme as valid and effective for a period of ten years from the adoption date.

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 dismissed by the Group by reason of persistent or serious misconduct, breach of material term of the relevant employment contract or summary dismissal.

All the share options have been lapsed during the year ended 31 March 2017. There was no outstanding share options during the Period.

The weighted average share price at the date of exercise for share options exercised during the three months ended 30 June 2016 was HK\$7.60. The options outstanding at the end of 30 June 2016 have a weighted average remaining contractual life of 0.68 year and the exercise prices range from HK\$3.58 to HK\$12.39.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

None of the Directors or any of their associates (as defined in the GEM Listing Rules), is or was interested in any business apart from the Group's business, that of the Company competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Period and up to and including the date of this report.

## **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 former CEO Mr. Cheung Hung Man by the Board on 23 May 2016, the post has been vacant as at 31 December 2017. 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 8 June 2017 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 8 June 2017 as she had other important engagements at the relevant time.

## **CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES**

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 of 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.



The Company has adopted the same code of conduct for securities transactions by relevant employees to regulate certain employees of the Group who are deemed to be in possession of unpublished inside information of the Company when dealing in the securities 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 2017 are set out below:

Mr. Wong Chi Man has retired as a non-executive director of the Company with effect from the conclusion of the annual general meeting held on 8 June 2017.

Mr. Liang Tongwei has retired as a non-executive director of the Company with effect from the conclusion of the annual general meeting held on 8 June 2017.

## **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, 9 February 2018

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