

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

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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 GEM of the Stock Exchange (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.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Norman Enrique
(Chairman and Chief Executive Officer)
Mr. Lee Alex Kam-fai

Independent non-executive Directors

Mr. Kwong U Hoi Andrew
Mr. Wong Jonathan
Mr. Chi Chi Hung Kenneth

COMPANY SECRETARY

Mr. Tang Chi Chiu

COMPLIANCE OFFICER

Mr. Chan Norman Enrique

AUTHORISED REPRESENTATIVES

Mr. Chan Norman Enrique
Mr. Lee Alex Kam-fai

AUDIT COMMITTEE

Mr. Chi Chi Hung Kenneth *(Chairman)*
Mr. Kwong U Hoi Andrew
Mr. Wong Jonathan

NOMINATION COMMITTEE

Mr. Wong Jonathan *(Chairman)*
Mr. Kwong U Hoi Andrew
Mr. Chi Chi Hung Kenneth

REMUNERATION COMMITTEE

Mr. Kwong U Hoi Andrew *(Chairman)*
Mr. Wong Jonathan
Mr. Chi Chi Hung Kenneth

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F,
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North Point,
Hong Kong

REGISTERED OFFICE

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Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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15 Chong Yip Street,
Kowloon,
Hong Kong

AUDITOR

RSM Hong Kong
Certified Public Accountants
(Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
China Citic Bank International Limited

COMPLIANCE ADVISOR

Messis Capital Limited

LEGAL ADVISORS

As to Hong Kong Law

Michael Li & Co

As to Cayman Islands Law

Conyers Dill and Pearman

WEBSITE

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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TO THE BOARD OF DIRECTORS OF UNION ASIA ENTERPRISE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information of Union Asia Enterprise Holdings Limited (the "**Company**") and its subsidiaries set out on pages 6 to 24, which comprises the condensed consolidated statement of financial position as at 30 September 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTER

The condensed consolidated statement of profit or loss and other comprehensive income for the three months ended 30 September 2020 and 2019 and six months ended 30 September 2019, the condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 September 2019 and related explanatory notes have not been audited or reviewed.

RSM Hong Kong
Certified Public Accountants
Hong Kong
9 November 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

		Three months ended 30 September		Six months ended 30 September	
Note	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000 (Restated, Note 3)	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000 (Restated, Note 3)	
Revenue	6	12,394	15,624	28,349	31,908
Cost of services		(6,402)	(7,401)	(13,439)	(14,623)
Gross profit		5,992	8,223	14,910	17,285
Other income	8	1,769	8	2,413	242
Other gains/(losses)		583	(845)	580	(1,252)
Administrative expenses		(5,662)	(5,217)	(10,517)	(10,535)
Profit from operations		2,682	2,169	7,386	5,740
Finance costs	9	(451)	(688)	(917)	(1,043)
Profit before tax		2,231	1,481	6,469	4,697
Income tax	10	(64)	(425)	(678)	(782)
Profit and total comprehensive income for the period	11	2,167	1,056	5,791	3,915
Earnings per share	13	HK0.18 cents	HK0.14 cents	HK0.47 cents	HK0.52 cents
Basic		HK0.18 cents	HK0.14 cents	HK0.47 cents	HK0.52 cents
Diluted		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2020

	Note	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	14	761	1,104
Right-of-use assets	15	2,517	4,741
Financial assets at fair value through profit or loss	16	17,026	16,454
Deferred tax assets		24	6
		<u>20,328</u>	<u>22,305</u>
Current assets			
Contract cost assets		108	—
Contract assets	17	15,486	14,380
Trade and other receivables	18	10,344	18,086
Current tax assets		700	1,080
Bank and cash balances		67,856	58,138
		<u>94,494</u>	<u>91,684</u>
Current liabilities			
Contract liabilities	17	3,417	4,752
Trade and other payables	19	4,740	4,042
Current tax liabilities		4,349	4,019
Lease liabilities		1,410	3,461
Bank loans		47,538	49,934
		<u>61,454</u>	<u>66,208</u>
Net current assets		<u>33,040</u>	<u>25,476</u>
Total assets less current liabilities		<u>53,368</u>	<u>47,781</u>

	Note	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Non-current liabilities			
Lease liabilities		1,153	1,340
Deferred tax liabilities		—	17
		1,153	1,357
NET ASSETS			
		52,215	46,424
Capital and reserves			
Share capital	20	122	122
Reserves		52,093	46,302
TOTAL EQUITY			
		52,215	46,424

Approved by the Board of Directors on 9 November 2020 and are signed on its behalf by:

Chan Norman Enrique
Director

Lee Alex Kam-fai
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Attributable to the owners of the Company (unaudited)				
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total equity HK\$'000
At 1 April 2019	273,216	—	(272,997)	20,251	20,470
Total comprehensive income and changes in equity for the period	—	—	—	3,915	3,915
At 30 September 2019	273,216	—	(272,997)	24,166	24,385
At 1 April 2020	122	156,179	(68,482)	(41,395)	46,424
Total comprehensive income and changes in equity for the period	—	—	—	5,791	5,791
At 30 September 2020	122	156,179	(68,482)	(35,604)	52,215

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	15,283	9,545
Interest received	1	9
Purchases of property, plant and equipment	(69)	(272)
Key management insurance policy payment	—	(8,054)
NET CASH USED IN INVESTING ACTIVITIES	(68)	(8,317)
Principal element of lease payments	(2,238)	(2,187)
Interest paid for bank loans	(881)	(811)
Repayment to directors	—	(4)
Proceeds from bank loans	—	30,000
Repayment of bank loans	(2,378)	(10,915)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(5,497)	16,083
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,718	17,311
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	58,138	20,258
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	67,856	37,569
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	67,856	37,569

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

1. GENERAL INFORMATION

Union Asia Enterprise Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is at Flats A–G, 15/F, 15 Chong Yip Street, Kowloon, Hong Kong.

The Company together with its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the provision of interior design and execution services.

In the opinion of the directors of the Company, as at 30 September 2020, Whistle Up Limited (“**Whistle Up**”), a company incorporated in the British Virgin Islands, is the immediate and ultimate holding company and Mr. Chan Norman Enrique (“**Mr. Norman Chan**”) is the ultimate controlling party of the Company.

This unaudited condensed consolidated financial information for the six months ended 30 September 2020 is presented in Hong Kong dollars (“**HK\$**”) which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

2. SIGNIFICANT EVENTS AND TRANSACTIONS

The COVID-19 pandemic has evolved rapidly during the six months ended 30 September 2020, with the number of cases reported around the world continuing to increase. Travel restrictions and various quarantine measures imposed by various governments in an effort to contain the virus have adversely affected the business environment and economic activities. As a consequence, the Group’s revenue has been reduced as compared to the same period last year.

The Group has considered the impact arising from COVID-19 when preparing the unaudited condensed consolidated financial information, in particular, the Group has assessed that the current market condition as a result of COVID-19 is not a long-term norm. Given the severity, duration and economic consequences of COVID-19 are uncertain, actual impact may differ significantly from the Group’s estimates. The Group will remain alert and cautious on the ongoing development of COVID-19 that may cause further volatility and uncertainty in the global financial market, economy and business environment, and will take necessary measures to address the impact arising therefrom.

3. BASIS OF PREPARATION

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The unaudited condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 March 2020. The accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of the unaudited condensed consolidated financial information are consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 March 2020 and there have been no significant changes in the financial risk management policies for the six months ended 30 September 2020.

As detailed in the audited consolidated financial statements of the Group for the year ended 31 March 2020, on 13 November 2019, the Company completed the acquisition of the entire equity interests of Absolute Surge Limited ("**Absolute Surge**") by issue and allotment of 760,000,000 new shares at the price of HK\$0.19 each to Whistle Up which constituted a reverse takeover (the "**Reverse Takeover**"). Absolute Surge is treated as the acquirer for accounting purpose. Accordingly, the consolidated financial statements of the Group for the year ended 31 March 2020 have been prepared using reverse acquisition methodology, as a continuation of the consolidated financial statements of the legal acquirer — Absolute Surge (treated as the accounting acquirer), that is adjusted retroactively to reflect the capital of the legal parent (the Company is treated as the accounting acquiree). Comparative information presented also has been retroactively adjusted to reflect the legal capital of the Company.

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in this unaudited condensed consolidated financial information is the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 March 2020. A number of new or amended standards are effective from 1 April 2020 but they do not have a material effect on the unaudited condensed consolidated financial information.

5. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) **Disclosure of level in fair value hierarchy as at 30 September 2020:**

Description	Fair value measurements using Level 3	
	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Recurring fair value measurements:		
Financial assets at fair value through profit or loss		
Key management insurance policies	17,026	16,454

(b) **Reconciliation of financial assets measured at fair value based on level 3 for the six months ended 30 September 2020:**

Description	Financial assets at fair value through profit or loss	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Balance as at 1 April	16,454	8,921
Purchases	—	8,054
Total gains/(losses) recognised in profit or loss (#)	572	(816)
Balance as at 30 September	17,026	16,159
(#) Include gains/(losses) for assets held at end of reporting period	572	(816)

Total gains/(losses) recognised in profit or loss are included in the line item "Other gains/(losses)" in the condensed consolidated statement of profit or loss and other comprehensive income.

(c) **Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements as at 30 September 2020:**

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the directors for the fair value measurements. Discussions of valuation processes and results are held between the financial controller and the directors at each reporting date.

For level 3 fair value measurements, the Group normally engages external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value	
					30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Key management insurance policies	Discounted cash flow model	Discount rate	1.78% (31 March 2020: 2.41%)	Decrease	17,026	16,454
		Interest rate	2.57% to 5.00% (31 March 2020: 2.99% to 5.00%)	Increase		

There were no changes in the valuation technique used.

The fair value of key management insurance policies is determined using the discounted cash flow model. The duration of the cash flows and the specific timing of inflows and outflows are determined in accordance with the terms of insurance contracts. The periodic cash flow is estimated as gross redemption value and interest income less surrender charges. The series of periodic net income for the contracting period is then discounted.

6. REVENUE

An analysis of the Group's revenue for the period is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Interior design and execution services	12,236	15,624	27,867	31,585
Colour-rendering services	154	—	478	323
Handling services	4	—	4	—
	12,394	15,624	28,349	31,908

In the following table, revenue is disaggregated by geographical regions and timing of revenue recognition.

Six months ended 30 September						
	Interior design and execution services		Other		Total	
	2020	2019	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical regions						
Hong Kong	24,885	29,626	482	323	25,367	29,949
Japan	573	569	—	—	573	569
Macau	236	78	—	—	236	78
Mainland China	2,013	655	—	—	2,013	655
Philippines	160	433	—	—	160	433
Thailand	—	224	—	—	—	224
	27,867	31,585	482	323	28,349	31,908
Timing of revenue recognition						
Over time	27,867	31,535	—	—	27,867	31,535
At a point in time	—	50	482	323	482	373
	27,867	31,585	482	323	28,349	31,908

Three months ended 30 September						
	Interior design and execution services		Other		Total	
	2020	2019	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical regions						
Hong Kong	10,750	14,462	158	—	10,908	14,462
Japan	320	227	—	—	320	227
Macau	103	72	—	—	103	72
Mainland China	1,023	494	—	—	1,023	494
Philippines	40	313	—	—	40	313
Thailand	—	56	—	—	—	56
	12,236	15,624	158	—	12,394	15,624
Timing of revenue recognition						
Over time	12,236	15,574	—	—	12,236	15,574
At a point in time	—	50	158	—	158	50
	12,236	15,624	158	—	12,394	15,624

7. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on interior design and execution services. This operating segment has been identified on the basis of internal reports, prepared in accordance with the Group's accounting policies that are regularly reviewed by the chief operating decision maker (the "CODM"), the directors of the Company. The CODM is responsible for making decision about resources allocation. The information provided to the CODM is the same as those disclosed in the condensed consolidated financial information. Accordingly, no reportable segment information is presented.

Geographical information:

Information about the Group's revenue from external customers is presented based on the location of the projects:

	Six months ended 30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Hong Kong	25,367	29,949
Japan	573	569
Macau	236	78
Mainland China	2,013	655
Philippines	160	433
Thailand	—	224
	28,349	31,908

All the Group's non-current assets are located in Hong Kong.

8. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Interest income on bank deposits	—	3	1	9
Government grants*	1,769	—	2,380	—
Reversal of other payables	—	—	—	228
Sundry income	—	5	32	5
	1,769	8	2,413	242

* Government grants for the Employment Support Scheme (the “ESS”) have been received to provide financial support to the Group to retain its employees. The Group is required to undertake that it will not implement redundancies during the subsidy period and to spend all the subsidies on paying salaries to its employees. As such, the ESS subsidy is recognised in profit or loss as other income over the subsidy period to match the payroll expense. Government grants received for which related payroll expense has not been undertaken are included in accruals and other payables.

9. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Interest on lease liabilities	22	52	54	112
Interest on bank loans	429	636	863	931
	451	688	917	1,043

10. INCOME TAX

Income tax has been recognised in profit or loss as follows:

	Three months ended 30 September		Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Current tax				
Hong Kong Profits Tax	99	387	713	848
Deferred tax	(35)	38	(35)	(66)
	<u>64</u>	<u>425</u>	<u>678</u>	<u>782</u>

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong is lowered to 8.25%, and profits above that amount is subject to the tax rate of 16.5%.

11. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging the following:

	Three months ended 30 September		Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Employee benefit expense (including directors' emoluments):				
Salaries and allowances	7,041	8,257	14,084	16,859
Other benefits (represent rent paid)#	130	87	259	174
Retirement benefit scheme contributions	255	312	514	629
	<u>7,426</u>	<u>8,656</u>	<u>14,857</u>	<u>17,662</u>
Subcontracting charges	1,203	1,237	2,977	2,141
Depreciation of property, plant and equipment	192	327	412	719
Depreciation of right-of-use assets	1,112	1,113	2,224	2,235
Rental expenses relating to short-term leases#	130	150	259	411
Impairment loss on property, plant and equipment	—	—	—	439
	<u>—</u>	<u>—</u>	<u>—</u>	<u>439</u>

Other benefits (represent rent paid) which are also included in the respective total amounts disclosed separately above.

12. DIVIDENDS

The Board of Directors does not recommend a payment of any dividend in respect of the six months ended 30 September 2020.

13. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company for the three months and six months ended 30 September 2020 are based on the following:

	Three months ended 30 September		Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Earnings				
Profit attributable to owners of the Company	2,167	1,056	5,791	3,915
	1,221,053	760,000	1,221,053	760,000
	Three months ended 30 September		Six months ended 30 September	
	2020 (unaudited) '000	2019 (unaudited) '000	2020 (unaudited) '000	2019 (unaudited) '000
Number of shares				
Weighted average number of ordinary shares used in basic earnings per share calculation	1,221,053	760,000	1,221,053	760,000

The weighted average number of shares used for the purpose of calculating basic earnings per share for the three months and six months ended 30 September 2019 is determined by reference to Absolute Surge's historical weighted average number of shares outstanding multiplied by the exchange ratio established in the Reverse Takeover.

No diluted earnings per share for the periods has been presented as there were no potential dilutive shares outstanding.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired property, plant and equipment of approximately HK\$69,000 (2019: HK\$272,000).

15. RIGHT-OF-USE ASSETS

The Group's right-of-use assets represent office premises and office equipment under leases.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's financial assets at fair value through profit or loss represent two unlisted life insurance policies with an insurance company in relation to a key management personnel of the Group.

As at 30 September 2020 and 31 March 2020, the Group's bank loans are secured by the key management insurance policies.

17. CONTRACT ASSETS/LIABILITIES

The contract assets represent the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional other than the passage of time.

The contract liabilities primarily represent the advanced consideration received from customers for which revenue is recognised based on the progress towards complete satisfaction of the related services.

Significant changes in the contract assets and contract liabilities during the six months ended 30 September 2020 are as follows:

	Contract assets HK\$'000	Contract liabilities HK\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	—	3,536
Transfer from contract assets recognised at the beginning of the period to trade receivables	(10,223)	—
	_____	_____

18. TRADE AND OTHER RECEIVABLES

	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Trade receivables	8,708	16,296
Prepayments, deposits and other receivables	1,636	1,790
	_____	_____
	10,344	18,086
	_____	_____

The Group has recognised the following trade receivables:

	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Arising from interior design and execution with customers	8,660	16,281
Arising from other sources of revenue	48	15
	8,708	16,296

The aging analysis of trade receivables based on invoice date is as follows:

	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Within 30 days	4,752	8,138
31–60 days	3,282	3,916
61–90 days	323	2,367
91–180 days	281	1,755
181–365 days	—	120
Over 365 days	70	—
	8,708	16,296

19. TRADE AND OTHER PAYABLES

	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Trade payables	138	138
Accruals and other payables	4,602	3,904
	4,740	4,042

The aging analysis of trade payables based on invoice date is as follows:

	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Within 30 days	138	138

20. SHARE CAPITAL

	Note	Number of shares	Amount HK\$'000
Authorised:			
At 1 April 2019			
Ordinary shares of HK\$0.08 each		31,250,000,000	2,500,000
Capital Reorganisation	(a)	68,750,000,000	(2,490,000)
At 31 March 2020, 1 April 2020 and 30 September 2020			
Ordinary shares of HK\$0.0001 each		100,000,000,000	10,000
Issued and fully paid:			
At 1 April 2019			
Ordinary shares of HK\$0.08 each		3,415,197,762	273,216
Capital Reorganisation	(a)	(3,346,893,807)	(273,209)
Issue of Creditors Shares	(b)	70,331,984	7
Issue of Capitalisation Shares	(c)	94,736,842	9
Issue of shares under Share Offer	(d)	227,679,850	23
Issue of Consideration Shares	(e)	760,000,000	76
At 31 March 2020, 1 April 2020 and 30 September 2020			
Ordinary shares of HK\$0.0001 each		1,221,052,631	122

Note:

- (a) Pursuant to a special resolution passed on 24 June 2019, the Company completed a capital reorganisation on 22 October 2019, which involved the following:

Every 50 issued shares of the Company of HK\$0.08 each was consolidated into one consolidated share of HK\$4 each ("**Consolidated Share**") in the issued share capital of the Company (the "**Share Consolidation**"). Upon the completion of the Share Consolidation, any fraction in the issued share capital of the Company arising from the Share Consolidation was cancelled; and the nominal value of the issued Consolidated Shares was reduced from HK\$4 to HK\$0.0001 each through a cancellation of the paid-up capital to the extent of HK\$3.9999 each (the "**Capital Reduction**").

Upon the Capital Reduction taking effect, all the authorised but unissued share capital of the Company was cancelled in their entirety and the authorised share capital of the Company was increased to HK\$10,000,000 divided into 100,000,000,000 new shares with nominal value of HK\$0.0001 each.

- (b) On 13 November 2019, 70,331,984 new shares (the “**Creditors Shares**”) of HK\$0.0001 each of the Company were issued and allotted for the discharge of the claims under the schemes of arrangement entered into between the Company and certain creditors at the issue price of HK\$0.19 each.
- (c) On 13 November 2019, 94,736,842 new shares (the “**Capitalisation Shares**”) of HK\$0.0001 each of the Company were issued and allotted to Whistle Up at the issue price of HK\$0.19 each for the settlement of the outstanding loan balance of approximately HK\$18,000,000.
- (d) On 13 November 2019, 227,679,850 new shares of HK\$0.0001 each of the Company were issued and allotted at the issue price of HK\$0.19 each in relation to the Share Offer.
- (e) On 13 November 2019, the Company acquired the entire equity interests in Absolute Surge at the consideration of HK\$144,400,000, which was satisfied by way of issue and allotment of 760,000,000 new shares (the “**Consideration Shares**”) of HK\$0.0001 each of the Company to Whistle Up at the issue price of HK\$0.19 each.

21. RELATED PARTY TRANSACTIONS

The directors of the Company are of the view that during the period, transactions or balances with the following parties are considered as related party transactions:

Name of related party	Relationship with the Group
Waldorf Holdings Limited	Controlled by Mr. Norman Chan
H. S. Chan Company Limited	Controlled by a close family member of Mr. Norman Chan

The Group had the following transactions and balances with its related parties during the period/ at the end of reporting period:

(a) Transactions and balances with related parties

	Three months ended 30 September		Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Office rental paid to Waldorf Holdings Limited	1,044	1,044	2,088	2,088
Cleaning expense to H. S. Chan Company Limited	4	7	8	10
			30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Rental deposit to Waldorf Holdings Limited			696	696

(b) **Key management personnel compensation**

The emoluments of directors and other key management personnel of the Group are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Salaries and allowances	824	769	1,649	1,539
Other benefits (represent rent paid)	87	87	174	174
Retirement benefit scheme contributions	14	14	27	27
	925	870	1,850	1,740

22. CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any significant contingent liabilities (as at 31 March 2020: Nil).

23. APPROVAL OF FINANCIAL INFORMATION

The unaudited condensed consolidated financial information for the six months ended 30 September 2020 was approved and authorised for issue by the Board of Directors on 9 November 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) hereby announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2020, together with the comparative unaudited figures for the corresponding periods in 2019.

FINANCIAL REVIEW

Revenue

Revenue decreased from approximately HK\$31.9 million for the six months ended 30 September 2019 to approximately HK\$28.3 million for the six months ended 30 September 2020, representing a decrease of approximately HK\$3.6 million or 11.2%. The decrease was mainly attributable to the decrease in revenue from residential and commercial projects.

Cost of services

Cost of services for the six months ended 30 September 2019 and 2020 amounted to approximately HK\$14.6 million and HK\$13.4 million, respectively, representing a decrease of approximately HK\$1.2 million or 8.1%. The decrease was mainly due to a combination of factors, including (i) a decrease in direct staff costs; and (ii) an increase in subcontracting charges.

Gross profit and gross profit margin

For the six months ended 30 September 2020, gross profit amounted to approximately HK\$14.9 million, which decreased by approximately HK\$2.4 million from approximately HK\$17.3 million for the six months ended 30 September 2019. The decrease in gross profit was mainly due to the decrease in revenue which decreased by approximately HK\$3.6 million as compared with the same period last year. Gross profit margin decreased from approximately 54.2% for the six months ended 30 September 2019 to approximately 52.6% for the six months ended 30 September 2020.

Administrative expenses

Administrative expenses for the six months ended 30 September 2020 had a slight decrease of approximately HK\$18,000 or 0.2% as compared with the same period last year.

Finance costs

Finance costs, which comprised interests on bank loans and lease liabilities, decreased by approximately HK\$0.1 million or 12.1%, from approximately HK\$1.0 million for the six months ended 30 September 2019 to approximately HK\$0.9 million for the six months ended 30 September 2020.

Profit before tax

Profit before tax increased from approximately HK\$4.7 million for the six months ended 30 September 2019 to approximately HK\$6.5 million for the six months ended 30 September 2020, representing an increase of approximately HK\$1.8 million or 37.7%.

Such increase was mainly attributable to a combination of factors, including (i) the decrease in revenue of approximately HK\$3.6 million; (ii) the decrease in cost of services of approximately HK\$1.2 million; (iii) government grants for the ESS of approximately HK\$2.4 million accounted for as other income for the six months ended 30 September 2020; (iv) fair value gain of approximately HK\$0.6 million for the six months ended 30 September 2020 (fair value loss of approximately HK\$0.8 million for the six months ended 30 September 2019) on key management insurance policies held at the end of period; and (v) the impairment loss on leasehold improvements of approximately HK\$0.4 million accounted for as other loss for the six months ended 30 September 2019.

Income tax

Income tax decreased by approximately HK\$0.1 million from approximately HK\$0.8 million for the six months ended 30 September 2019 to approximately HK\$0.7 million for the six months ended 30 September 2020, while the profit before tax increased by approximately HK\$1.8 million. Such decrease in income tax was mainly due to (i) the decrease in gross profit; and (ii) the effect of non-taxable income of the ESS subsidy of approximately HK\$2.4 million for the six months ended 30 September 2020.

Profit and total comprehensive income

Profit and total comprehensive income for the six months ended 30 September 2020 increased by approximately HK\$1.9 million, from approximately HK\$3.9 million for the six months ended 30 September 2019 to approximately HK\$5.8 million for the six months ended 30 September 2020. Such increase was mainly attributable to the combined effect of the aforementioned items.

Charges over assets of the Group

As at 30 September 2020, the Group's banking facilities are secured by the Group's key management insurance policies at fair value of approximately HK\$17.0 million.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2020, the total borrowings and lease liabilities of the Group was approximately HK\$50.1 million (31 March 2020: approximately HK\$54.7 million). The Group's borrowings which contain a repayment on demand clause are classified as current liabilities.

As at 30 September 2020, the Group had total assets of approximately HK\$114.8 million (31 March 2020: approximately HK\$114.0 million), including cash and cash equivalents of approximately HK\$67.9 million (31 March 2020: approximately HK\$58.1 million).

CURRENT RATIO AND GEARING RATIO

As at 30 September 2020, the Group had a current ratio of approximately 1.5 times (31 March 2020: approximately 1.4 times). Gearing ratio as at 30 September 2020 and 31 March 2020 was not applicable as the Group was in net cash position.

CAPITAL COMMITMENTS

As at 30 September 2020, the Group did not have any material capital commitment (31 March 2020: Nil).

CONTINGENT LIABILITIES

As at 30 September 2020, the Group had no material contingent liabilities (31 March 2020: Nil).

CAPITAL STRUCTURE

As disclosed in the annual report of the Company for the year ended 31 March 2020 (the "**2020 Annual Report**"), the capital reorganisation (the "**Capital Reorganisation**") of the Company, including the share premium cancellation, share consolidation, capital reduction, unissued share capital cancellation and authorised share capital increase has become effective on 22 October 2019. Following the implementation of the Capital Reorganisation, the shares (the "**Shares**") of the Company are traded in board lots of 40,000 Shares.

As disclosed in the 2020 Annual Report, (i) the allotment and issue of 760,000,000 Shares to Whistle Up in relation to the acquisition of the entire issued share capital of Absolute Surge by the Company; (ii) the allotment and issue of 94,736,842 Shares to Whistle Up by way of capitalisation of the Investor Loan (as defined below); and (iii) the allotment and issue of 70,331,984 Shares to the scheme SPC, a special purpose vehicle incorporated and held by the scheme administrator of the schemes of arrangement for the settlement of creditors schemes consideration; and (iv) the allotment and issue of 227,679,850 Shares pursuant to the Share Offer (as defined below) were all completed on 13 November 2019.

As at 30 September 2020, there has been no change in the capital structure of the Group as disclosed in the 2020 Annual Report.

As at 30 September 2020, the Company's issued share capital was HK\$122,105 and the number of its issued ordinary Shares was 1,221,052,631 of HK\$0.0001 each.

FOREIGN EXCHANGE RISK

The Group is mainly exposed to the foreign exchange risk of United States dollars ("US\$"), Renminbi ("RMB"), Japanese yen and New Taiwan dollars. Under the pegged exchange rate system, the financial impact on exchange difference between HK\$ and US\$ will be immaterial as all US\$ denominated monetary assets and liabilities are held by group entities having HK\$ as their functional currency. For RMB, Japanese yen and New Taiwan dollars, as the amount involved is insignificant, the foreign currency risk arising from RMB, Japanese yen and New Taiwan dollars is immaterial.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group does not have any concrete plan for material investments or capital assets as at 30 September 2020.

EMPLOYEES

As at 30 September 2020, the Group had 66 employees (as at 31 March 2020: 67 employees). Total staff costs for the six months ended 30 September 2020 amounted to approximately HK\$14.9 million (for the six months ended 30 September 2019: approximately HK\$17.7 million). Their remuneration, promotion and salary review are assessed based on each employee's qualifications, relevant experience, position and seniority. Except for independent non-executive directors, the employees in Hong Kong joined the mandatory provident fund scheme.

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in provision of interior design and execution services to premises including private residences, corporate offices, service apartments, hotels, residential clubhouses, show flats and sales galleries.

The Group's goals are to achieve sustainable growth and further strengthen its overall competitiveness and business growth in the interior design industry in Hong Kong. The Directors of the Company are of the view that the Group's capability to understand customers' requirements and transform far-fetched concepts into visionary solutions that embrace functionality and aesthetics has gained trust and appreciation from customers and enabled the Group to be one of the reputable players in the interior design industry in Hong Kong.

Hong Kong's primary residential market remained relatively resilient in recent months surrounded by various social incidents and the COVID-19 pandemic recently. Despite weakening market sentiment, the Company is of the view that the Hong Kong residential market is likely to be supported by relatively low mortgage rates and continuous demand. The Group will closely monitor potential impact of COVID-19 and local social incidents on the Group's businesses and will continue to develop and strengthen its overall competitiveness and business growth in the interior design industry in Hong Kong.

The Group will continue to capitalise on opportunities by leveraging the Group's competitive strengths and implementing the following strategies: (i) maintain and strengthen market position in Hong Kong; (ii) enhance brand recognition and strengthen marketing efforts; and (iii) continue to recruit talents and enhance internal training to support future growth.

SHARE OFFER

As disclosed in the prospectus of the Company dated 4 November 2019 (the "**Prospectus**"), the Company, Messis Capital Limited ("**Messis Capital**") and Kingston Securities Limited entered into the underwriting agreement on 22 November 2018 (as amended and restated on 16 May 2019) (the "**Underwriting Agreement**") in relation to the share offer (the "**Share Offer**") comprising: (i) the public offer of 113,839,925 Shares for subscription by members of the public; and (ii) the preferential offering of 113,839,925 Shares to the qualifying shareholders (the "**Shareholder(s)**") of the Company on an assured basis.

Completion of the Share Offer took place on 13 November 2019. An aggregate of 227,679,850 Shares (the "**Offer Share(s)**") of HK\$0.0001 each with an aggregate nominal value of HK\$22,767.985 were allotted and issued to members of the public and the qualifying Shareholders at the offer price of HK\$0.19 per Offer Share pursuant to the terms and conditions of the Underwriting Agreement. The Offer Shares were allotted and issued pursuant to the specific mandate granted by the independent Shareholders at the extraordinary general meeting of the Company held on 24 June 2019. As disclosed in the Prospectus, the gross proceeds from the Share Offer of approximately HK\$43.2 million would be applied as to (i) approximately HK\$24.7 million for settlement of the professional fees and expenses in relation to the Reverse Takeover and deemed new listing of the Company including underwriting commission under the Underwriting Agreement; and (ii) the balance of approximately HK\$18.5 million as general working capital of the Company (including but not limited to the repayment of the outstanding amount of loan in excess of approximately HK\$18 million (if necessary) under the investor loan agreement dated 5 December 2017 (as amended and restated on 23 November 2018 and 16 May 2019) (the "**Investor Loan**") and entered into between the Company and Whistle Up.

USE OF PROCEEDS

The utilisation of the gross proceeds as at 30 September 2020 is set out as follows:

Nature	Intended use of proceeds	Amount of the gross proceeds utilised up to 31 March 2020	Amount of the gross proceeds utilised up to 30 September 2020	Balance of the gross proceeds unutilised as at 30 September 2020
Settlement of the professional fees and expenses in relation to the Reverse Takeover and deemed new listing of the Company including underwriting commission under the Underwriting Agreement	HK\$24.7 million	HK\$24.5 million	HK\$24.5 million	HK\$0.2 million
General working capital of the Company (including but not limited to the repayment of the outstanding amount of Investor Loan in excess of approximately HK\$18 million (if necessary))	<u>HK\$18.5 million</u>	<u>HK\$2.4 million</u>	<u>HK\$15.5 million</u>	<u>HK\$3.0 million</u>
Total:	<u>HK\$43.2 million</u>	<u>HK\$26.9 million</u>	<u>HK\$40.0 million</u>	<u>HK\$3.2 million</u>

The Company expects to utilise all the remaining gross proceeds from the Share Offer as general working capital of the Company within the financial year ending 31 March 2021. The actual use of proceeds from the Share Offer is consistent with the proposed use of proceeds disclosed in the Prospectus.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 September 2020, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long and short positions in the ordinary shares and underlying shares of the Company and associated corporation

The Company/ Name of associated company	Name of Director/chief executive	Nature of interests	Interest in shares (Note 1)	Interest in underlying shares (Note 1)	Total interest in shares (Note 1)	Approximate percentage of shareholding (Notes 1 and 3)
The Company	Mr. Norman Chan (Note 2)	Interest of controlled corporation	854,736,842(L)	—	854,736,842(L)	70.00%(L)
Whistle Up	Mr. Norman Chan	Beneficial owner	96(L)	—	96(L)	96.00%(L)
	Mr. Lee Alex Kam-fai ("Mr. Alex Lee")	Beneficial owner	3(L)	—	3(L)	3.00%(L)

Notes:

1. "L" represents long position in shares or underlying shares of the Company or its associated corporations and "S" represents short position in shares or underlying shares of the Company or its associated corporations.
2. Whistle Up is beneficially owned as to 96% by Mr. Norman Chan, 3% by Mr. Alex Lee and 1% by Ms. Kwok Lai Yi Susanna (the spouse of Mr. Norman Chan) ("Ms. Susanna Kwok"). Under the SFO, Mr. Norman Chan is deemed to be interested in the Shares held by Whistle Up.
3. The percentage is calculated on the basis of 1,221,052,631 Shares in issue as at 30 September 2020.

Save as disclosed above, as at 30 September 2020, so far as is known to any Directors or chief executive of the Company, none of the Directors and chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 September 2020, so far as is known to the Directors and the chief executives of the Company, the interests and shorts positions of the persons or corporations (other than the Directors and the chief executive of the Company) in the Shares and underlying Shares as recorded in the register to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of shareholder	Nature of interest	Interest in shares of the Company (Note 1)	Interest in underlying shares of the Company (Note 1)	Total interest in shares of the Company (Note 1)	Approximate percentage of shareholding (Note 1 and 3)
Whistle Up	Beneficial owner (Note 2)	854,736,842(L)	—	854,736,842(L)	70.00%(L)
Ms. Susanna Kwok	Interest of spouse (Note 2)	854,736,842(L)	—	854,736,842(L)	70.00%(L)

Notes:

1. "L" represents long position in shares or underlying shares of the Company and "S" represents short position in shares or underlying shares of the Company.
2. Whistle Up is beneficially owned as to 96% by Mr. Norman Chan, 3% by Mr. Alex Lee and 1% by Ms. Susanna Kwok. Under the SFO, Mr. Norman Chan is deemed to be interested in the Shares held by Whistle Up. Ms. Susanna Kwok is the spouse of Mr. Norman Chan. Ms. Susanna Kwok is deemed to be interested in all the Shares in which Mr. Norman Chan is interested in for the purpose of the SFO.
3. The percentage is calculated on the basis of 1,221,052,631 Shares in issue as at 30 September 2020.

Save as disclosed above, as at 30 September 2020, so far as is known to the Directors and the chief executive of the Company, and based on the public records filed on the website of the Stock Exchange and records kept by the Company, no other persons or corporations (other than the Directors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme at the annual general meeting of the Company held on 30 July 2012 (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to the eligible participants who contributed to the growth of the Group which will expire on 29 July 2022.

During the six months ended 30 September 2020, no share options were granted, exercised, cancelled, lapsed or forfeited. As at 30 September 2020, there were no outstanding share option.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OF THE COMPANY

Save as disclosed in this report, at no time during the six months ended 30 September 2020 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors (including their respective spouses and children under the age of 18) to acquire benefits by means of the acquisition of the Shares or underlying Shares in, or debentures of, the Company or any of its associated corporations, and none of the Directors or their respective spouses or children under the age of 18 had any right to subscribe for Shares of the Company or any of its associated corporations or had exercised any such right during the six months ended 30 September 2020.

COMPETING INTERESTS OF DIRECTORS

As at 30 September 2020, none of the Directors, the substantial shareholders of the Company nor any of their respective close associates (as defined under the GEM Listing Rules) had any interest in a business which has or may have significant competition with the business of the Group.

SIGNIFICANT INVESTMENT

The Group did not make any significant investment during the six months ended 30 September 2020.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND AFFILIATED COMPANIES

The Group had no material acquisitions or disposals of subsidiaries, associates and affiliated companies during the six months ended 30 September 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the six months ended 30 September 2020.

CORPORATE GOVERNANCE PRACTICES

The Company considers the maintenance of a high standard of corporate governance is important to the continuous growth of the Group. The Company's corporate governance practices are based on code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules. The Company has adopted the CG Code to ensure that the Group's business activities and decision-making processes are regulated in a proper and prudent manner.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Norman Chan is acting as the chairman and chief executive officer. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board considers the deviation from code provision A.2.1 of the CG Code to be appropriate in such circumstance.

The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Throughout the six months ended 30 September 2020 and up to the date of this report, other than the deviation from code provision A.2.1, the Company complied with the provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

DIVIDEND

The Board does not recommend a payment of any dividend by the Company for the six months ended 30 September 2020.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed herein, the Directors are not aware of any significant event which had material effect on the Group's operating and financial performance subsequent to 30 September 2020.

INTEREST OF THE COMPLIANCE ADVISER

As notified by Messis Capital, the Company's compliance adviser, save for the compliance adviser agreement entered into between the Company and Messis Capital dated 31 October 2019, neither Messis Capital, its close associates (as defined in the GEM Listing Rules) nor any of its directors, employees has or may have any interest in the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 September 2020.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Group has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are to oversee the relationship with Company's auditor, review of the Company's financial information and oversee the Company's financial reporting system, risk management and internal control system.

The Audit Committee comprises of three independent non-executive directors, namely Mr. Chi Chi Hung Kenneth, Mr. Kwong U Hoi Andrew and Mr. Wong Jonathan. The chairman of the Audit Committee is Mr. Chi Chi Hung Kenneth, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules to serve as the chairman of the Audit Committee.

The interim financial information of the Group for the six months ended 30 September 2020 has not been audited. The Audit Committee has reviewed the unaudited interim financial information of the Group for the six months ended 30 September 2020 and is of the opinion that the preparation of such interim financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

The Company's independent auditor, RSM Hong Kong, has reviewed the interim financial information of the Group for the six months ended 30 September 2020 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

By order of the Board
Union Asia Enterprise Holdings Limited
Chan Norman Enrique
Executive Director

Hong Kong, 9 November 2020

As at the date of this report, the Board comprised two executive Directors, Mr. Chan Norman Enrique and Mr. Lee Alex Kam-fai and three independent non-executive Directors, Mr. Kwong U Hoi Andrew, Mr. Wong Jonathan and Mr. Chi Chi Hung Kenneth.