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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

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.

This announcement, for which the directors of Union Asia Enterprise Holdings Ltd (the "Directors") 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 for the purpose of giving information with regard to Union Asia Enterprise Holdings Ltd. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHT

For the year ended 31 March 2017, the Group recorded a revenue of approximately HK$84,730,000 and profit for the year of approximately HK$2,686,000.

The Directors do not recommend the payment of a dividend for the year ended 31 March 2017.

The Board of Directors (the "Board") of Union Asia Enterprise Holdings Ltd (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (collectively the "Group"), which has been reviewed by the audit committee of the Company, for the year ended 31 March 2017 together with comparative figures for the year ended 31 March 2016 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000* (Restated)
Turnover	*4*	**147,643**	14,195
Continuing operations			
Revenue	*4*	**84,730**	14,195
Cost of sales		**(68,617)**	(15,841)
Gross profit/(loss)		**16,113**	(1,646)
Administrative expenses		**(40,045)**	(94,834)
Other income	*5*	**19**	128
Other gains/(losses)	*6*	**80,296**	(160,268)
Profit/(loss) from operations		**56,383**	(256,620)
Finance costs	*7*	**(50,580)**	(74,670)
Profit/(loss) before tax		**5,803**	(331,290)
Income tax expense	*8*	**(3,117)**	1,963
Profit/(loss) for the year from continuing operations	*9*	**2,686**	(329,327)
Discontinued operations			
Loss for the year from discontinued operations	*10*	**–**	(159,903)
Profit/(loss) for the year		**2,686**	(489,230)

	Notes	**2017**	2016
		HK$'000	*HK$'000*
			(Restated)
Other comprehensive income after tax:			
Item that will not be reclassified to profit or loss:			
Revaluation (deficit)/surplus of leasehold building		**–**	(7,654)
Release of revaluation deficit of leasehold building		**(507)**	–
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**577**	(293)
Gains/(loss) on revaluation of available-for-sale financial assets		**–**	1,446
Release upon impairment of available-for-sales financial assets		**(1,446)**	–
Other comprehensive income/(expenses) for the year, net of tax		**(1,376)**	(6,501)
Total comprehensive income/(expenses) for the year		**1,310**	(495,731)
Profit/(loss) for the year attributable to owners of the Company			
– from continuing operations		**2,686**	(328,356)
– from discontinuing operations		**–**	(102,343)
Profit/(loss) for the year attributable to owners of the Company		**2,686**	(430,699)
Profit/(loss) for the year attributable to non-controlling interest			
– from continuing operations		**–**	(971)
– from discontinuing operations		**–**	(57,560)
Profit/(loss) for the year attributable to non-controlling interests		**–**	(58,531)
		2,686	(489,230)
Total comprehensive income/(expenses) for the year attributable to:			
Owners of the Company		**1,312**	(437,200)
Non-controlling interests		**(2)**	(58,531)
		1,310	(495,731)

	Notes	2011	2010
		HK cents	*HK cents* (Restated)
Earnings/(loss) per share	*12*		
From continuing and discontinued operations			
Basic		**0.56**	(177.30)
Diluted		**N/A**	N/A
From continuing operations			
Basic		**0.56**	(148.94)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	**As at 31 March 2017 *HK$'000***	As at 31 March 2016 *HK$'000* (Restated)	As at 1 April 2015 *HK$'000* (Restated)
Non-current assets				
Property, plant and equipment		**24,234**	38,406	52,062
Payment for mining claims		**–**	–	109
Exploration and evaluation assets		**–**	–	158,568
Investment properties		**28,406**	18,836	18,614
Goodwill		**10,137**	–	3,435
Intangible assets		**–**	313	595
Available-for-sale financial assets		**–**	6,472	–
Total non-current assets		**62,777**	64,027	233,383
Current assets				
Inventories		**3,662**	4,308	17,271
Trade and other receivables	*13*	**40,088**	7,230	187,763
Financial assets at fair value through profit or loss		**29,239**	–	295
Amount due from associates		**–**	83	83
Amount due from a director		**–**	–	2,699
Restricted bank balance		**–**	28	–
Bank and cash balances		**2,369**	5,190	9,817
Total current assets		**75,358**	16,839	217,928
TOTAL ASSETS		**138,135**	80,866	451,311

	Notes	As at 31 March 2017 HK$'000	As at 31 March 2016 HK$'000 (Restated)	As at 1 April 2015 HK$'000 (Restated)
Current liabilities				
Trade and other payables	14	**77,157**	134,367	188,993
Amounts due to directors		**–**	963	897
Bank and other borrowings	15	**13,342**	122,871	24,936
Finance lease payables		**–**	251	263
Current tax liabilities		**368**	73	1,327
Total current liabilities		**90,867**	258,525	216,416
NET CURRENT (LIABILITIES)/ASSETS		**(15,509)**	(241,686)	1,512
TOTAL ASSETS LESS CURRENT LIABILITIES		**47,268**	(177,659)	234,895
Non-current liabilities				
Bank and other borrowings	15	**89,526**	–	109
Finance lease payables		**–**	329	636
Promissory notes	16	**24,478**	–	–
Convertible bonds	17	**256,774**	361,145	857,287
Corporate bonds		**20,806**	19,794	–
Deferred tax liabilities		**4,461**	2,253	1,886
Total non-current liabilities		**396,045**	383,521	859,918
NET LIABILITIES		**(348,777)**	(561,180)	(625,023)
EQUITY				
Equity attributable to owners of the Company				
Share capital	18	**273,216**	25,298	796,888
Reserves		**(611,551)**	(576,038)	(1,470,002)
		(338,335)	(550,740)	(673,114)
Non-controlling interests		**(10,442)**	(10,440)	48,091
Total equity		**(348,777)**	(561,180)	(625,023)

1. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 March 2017 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance.

As at 31 March 2017 the Group had net current liabilities of approximately HK$15,509,000 (2016: net current liabilities of approximately HK$241,686,000) and net liabilities of approximately HK$348,777,000 (2016: HK$561,180,000). These conditions indicate the existence of a material uncertainty that might cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have prepared cash flow forecasts for the period from 1 April 2017 to 30 September 2018 which take account of the following measures to improve the Group's financial position and performance, and liquidity in foreseeable future:

(i) On 10 June 2016, the Group acquired 100% of the equity interests of FuHang Metal (Asia) Limited, which is engaged in trading of stainless steel wires in Hong Kong and the PRC. The directors expect that the acquisition will improve the profitability and operating cash flows of the Group. Details of the acquisition are disclosed in the note 19 to the consolidated financial statements;

(ii) The Group obtained an extension of the repayment of the loan from an independent third party with a carrying amount of approximately HK$88,938,000;

(iii) The Group obtained additional debt financing from independent third parties; and

(iv) The Group will apply cost cutting measures to reduce administrative expenses and cash outflows for the next twelve months.

The directors' opinion that these measures will be successfully implemented and that the Group will therefore be able to meet its financial obligations as may fall due for the foreseeable future. Accordingly, the directors have prepared the consolidated 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 consolidated financial statements to write down 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.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(a) Application of new and revised HKFRSs

The Group has adopted the following revised standards and a new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012-2014 Cycle*

The adoption of the above amendments to HKFRSs and HKASs in current year has had no significant financial effect on these financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied any of the following new and revised HKFRSs that have been issued but are not yet mandatorily effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers on Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

HKFRS 9 Financial Instruments

HKFRS 9 has introduced new requirements for a) classification and measurement of financial assets, b) impairment of financial assets and c) general hedge accounting.

Specifically, with regard to the classification and measurement of financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKFRS 9 to be subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each of the subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and that cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

With regard to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under HKAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk.

With regard to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group is still in the process of assessing the impact of HKFRS 9. The directors of the Company believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

Amendments to HKAS 7 Disclosure Initiative

The amendments require an entity to make disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

The Group has eight reportable segment, in its continuing operations during the year.

Beverages – Trading of bottled mineral water and tea products

Metals – Trading of stainless steel and scrap metals including aluminum, copper

Coals – Trading of coals

Bunker Fuels – Trading of vessel fuels

Household products – Trading of daily essentials including baby products and skincare products

Nephrite – Trading of nephrite

Charter – Rental income on rent of vessel

Securities – Investment and trading of listed securities

Segment profits or losses do not include corporate administration costs, other operating loss and income tax expense and unallocated other operating income and expenses and other gains and losses. Segment assets do not include financial assets at fair value through profit or loss, derivative financial instruments, available-for-sale investments and unallocated corporate assets which are jointly used by reportable segments. Segment liabilities do not include current tax liabilities, deferred tax liabilities, bank and other borrowings, convertible bonds and unallocated corporate liabilities which are jointly liable by reportable segments.

Information about reportable segment profit or loss, assets and liabilities:

	Metals	Beverages	Coals	Household products	Nephrite	Charter	Securities	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2017								
Revenue from external customers	26,140	1,911	–	39,907	15,761	1,011	–	84,730
Segment (loss)/profit	1,671	363	–	327	287	1,175	1,476	5,299
Interest expenses	295	–	–	–	–	–	1	296
Depreciation and amortisation	330	1,071	–	–	–	251	–	1,652
Impairment loss	47,917	71,838	–	–	–	–	–	119,755
Additions to segment non-current assets	78	–	–	–	–	15,046	–	15,124
As at 31 March 2017								
Segment assets	41,961	18,540	–	3,095	4,661	14,795	29,239	112,291
Segment liabilities	10,865	4,124	–	–	30	108	–	15,127

	Metals	Beverages	Coals	Mining	Household products	Nephrite	Charter	Securities	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2016									
Revenue from external customers	12,728	1,467	–	–	–	–	–	–	14,195
Segment (loss)/profit	(21,608)	(70,190)	(126,400)	593	–	–	–	–	(217,605)
Interest expense	515	913	–	–	–	–	–	–	1,428
Depreciation and amortisation	1,174	1,511	535	149	–	–	–	–	3,369
Impairment loss	3,133	46,785	94,079	–	–	–	–	–	143,997
Additions to segment non-current assets	30	147	3	–	–	–	–	–	180
As at 31 March 2016									
Segment assets	36,772	7,951	1,429	193	–	–	–	–	46,345
Segment liabilities	9,811	18,208	119,777	594	–	–	–	–	148,390

Reconciliations of reportable segment profit or loss, assets and liabilities:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Profit or loss		
Total loss of reportable segments	**5,299**	(217,605)
Unallocated amounts:		
Other income	**19**	(8,732)
Depreciation	**(172)**	(973)
Fair value gain on redemption of extinguishing financial liabilities with equity instruments	**13,752**	–
Other gains and losses	**80,296**	(52,730)
Interest on convertible bonds	**(33,151)**	(61,073)
Corporate administrative expenses	**(63,357)**	(34,471)
Consolidated profit/(loss) for the year from continuing operations	**2,686**	(314,511)
Assets		
Total assets of reportable segments	**112,291**	11,297
Assets related to discontinued operations	**–**	35,048
Unallocated amounts:		
Financial assets at fair value through profit or loss	**5,916**	–
Available-for-sale financial assets	**–**	6,472
Corporate assets	**19,928**	28,049
Consolidated total assets	**138,135**	81,158

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Liabilities		
Total liabilities of reportable segments	**15,127**	148,390
Unallocated amounts:		
Current tax liabilities	**368**	73
Deferred tax liabilities	**4,461**	2,253
Bank and other borrowings	**102,868**	122,871
Convertible bonds	**256,774**	361,145
Corporate liabilities	**107,314**	7,314
Consolidated total liabilities	**486,912**	642,046

Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets (excluding interests in associates and available-for-sale financial assets) by location of assets are detailed below:

	Revenue		**Non-current assets**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
Hong Kong	**61,196**	–	**23,851**	124
PRC except Hong Kong	**21,539**	1,467	**35,942**	21,018
Singapore	**105**	12,728	**1,513**	842
Others	**1,890**	–	**1,471**	211
Consolidated total	**84,730**	14,195	**62,777**	22,195

Revenue from major customers:

	2017	2016
	HK$'000	*HK$'000*
Metals segment:		
Customer a	**–**	2,796
Customer b	**–**	2,235
Customer c	**–**	2,221
Customer d	**–**	1,696
Household products:		
Customer e	**38,654**	–

4. REVENUE

The Group's revenue for the year from continuing operations is as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Sales of beverages	**2,434**	1,467
Sales of metals	**26,140**	12,728
Charter income from vessel	**1,011**	–
Sales of household products	**39,907**	–
Sales of nephrite	**15,238**	–
Revenue	**84,730**	14,195
Proceeds from sale of listed securities	**62,913**	–
Turnover	**147,643**	14,195

5. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Bank Interest Income	**19**	1
Interest income from available for sale financial instruments	**–**	127
	19	128

6. OTHER GAINS OR LOSSES

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Gain on redemption of convertible bonds liabilities	**19,007**	–
Fair value loss on financial assets at fair value through profit or loss	**(3,869)**	(7,436)
Gain on disposal on financial assets at fair value through profit or loss	**5,916**	–
Loss on deconsolidated subsidiaries	**(6,151)**	–
Fair value gain on investment properties	**10,998**	1,173
Reversal of trade and other receivable	**77,520**	2,403
(Loss)/gain on disposal on property, plant and equipment	**(2,816)**	1,518
Allowance for trade and other receivables	**(6,985)**	(132,919)
Allowance for slow moving inventories	**(3,212)**	(11,458)
Impairment of goodwill	**–**	(3,435)
Impairment of available for sale financial instruments	**(6,472)**	–
Impairment loss on intangible assets	**–**	313
Others	**(3,640)**	(10,427)
	80,296	(160,268)

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Finance lease charges	**–**	30
Interest on bank loans and overdrafts	**70**	1,338
Interest on other borrowings	**5,506**	3,036
Interest on convertible bonds	**41,702**	69,672
Interest on corporate bonds	**1,350**	594
Interest on promissory note	**2,289**	–
	50,917	74,670

8. INCOME TAX EXPENSE/(CREDIT)

Income tax relating to continuing operations has been recognised in profit or loss as following:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Current tax – Overseas		
Provision for the year	**368**	(2,432)
Deferred tax	**2,749**	469
	3,117	(1,963)

Entities incorporated in other countries are subject to income tax rates of 16.5% to 30% (2016: 17% to 30%) prevailing in the countries in which such entities operate, based on existing legislation, interpretation and practices in respect thereof.

9. PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

The Group's profit/(loss) for the year is stated after charging/(crediting) the following:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Depreciation	**2,016**	4,342
Operating lease charges in respect of land and buildings	**2,354**	6,225
Auditor's remuneration	**650**	672
Cost of inventories sold	**68,617**	15,841

10. DISCONTINUED OPERATIONS

The loss attributable to the discontinued operations for the year ended 31 March 2016 mainly represented the impairment loss of approximately HK$158,568,000 in relation to the exploration and evaluation assets as disclosed in the consolidated financial statements.

During the year ended 31 March 2017, there was no results attributable to the mining business as the Group had ceased its mining business during the year ended 31 March 2016 when its exploration permits were expired.

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Loss for the year from discontinued operations:		
Administrative expenses	**–**	(277)
Other gains and losses	**–**	(159,626)
Loss before tax	**–**	(159,903)
Income tax expense	**–**	–
Loss for the year from discontinued operations	**–**	(159,903)
Attributable to:		
Owners of the Company	**–**	(102,343)
Non-controlling interest	**–**	(57,560)
	–	(159,903)

Loss for the year from discontinued operations include the following:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Depreciation	**–**	1
Cash flows from discontinued operations:		
Net cash outflows from operating activities	**–**	(276)
Net cash (outflows)	**–**	(275)

11. DIVIDENDS

The directors do not recommend the payment of any dividend (2016: Nil).

12. EARNINGS/(LOSS) PER SHARE

(a) From continuing and discontinued operations

The calculation of the basic and diluted earnings per share is based on the following:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Profit/(loss) for the purpose of calculating basic loss per share	**16,154**	(639,712)
Finance costs on convertible bonds	**–**	–
Gain on redemption of liability component of convertible bonds	**–**	–
Profit/(loss) for the purpose of calculating diluted earnings per share	**16,154**	(639,712)

	2017	2016
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**2,892,062**	360,798
Effect of dilutive potential ordinary shares for the purpose of calculating diluted earnings per share	**–**	–
	2,892,062	360,798

The weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share has been retrospectively adjusted to assume that share consolidation and the bonus element of the rights issue were in effect since 1 April 2015. The weighted average number of ordinary shares previously presented in the consolidated financial statements for the year ended 31 March 2016 did not retrospectively adjust for the share consolidation and the bonus elements of the right issue before the consolidated financial statements for the year ended 31 March 2016 were authorised for issue on 24 June 2016.

(b) From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations is based on the following:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Profit/(loss) for the purpose of calculating basis earning per share	**16,154**	(124,438)
Finance costs on convertible bonds	**–**	–
Loss on redemption of liability component of the convertible bonds	**–**	–
Profit/(loss) for the purpose of calculating diluted loss per share	**16,154**	(124,438)

The weighted average numbers of ordinary shares used as denominates in calculating the basic earnings per share are the same.

(c) From discontinued operations

Basic and diluted earnings/(loss) per share from the discontinued operations is HKnil cents per share (2016: HK13.27 cents per share), based on the loss for the year from discontinued operations attributable to the owners of the Company of approximately HK$nil (2016: approximately HK$102,343,000) and the denominators used are the same as those detailed above for basic and diluted earnings/(loss) per share.

13. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Trade receivables	**155,174**	100,397
Allowance for trade receivables	**(137,842)**	(100,185)
Trade receivables, net	**17,332**	212
Rental and other deposits	**993**	3,728
Prepayments and other receivables	**21,763**	3,290
	40,088	7,230

The Group maintains a defined credit policy for its trade customers and the credit terms given vary according to the business activities. The financial strength of and the length of business relationship with the customers, on an individual basis, are considered in arriving at the respective credit terms. The credit terms generally range from 1 to 180 days (2016: 1 to 180 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
0 to 90 days	**8,916**	183
91 to 180 days	**7,152**	29
Over 180 days	**1,264**	–
	17,332	212

As at 31 March 2017, an allowance was made for estimated irrecoverable trade receivables of approximately HK$137,842,000 (2016: HK$100,185,000).

Reconciliation of allowance for trade receivables:

	2017	2016
	HK$'000	*HK$'000*
At 1 April	**100,185**	21,209
Allowance for the year	**37,657**	79,044
Exchange differences	**–**	(68)
At 31 March	**137,842**	100,185

As at 31 March 2017, trade receivables of approximately HK$1,264,000 (2016: HK$ nil) were past due but not impaired. The balance as at 31 March 2017 related to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2017	2016
	HK$'000	*HK$'000*
Up to 3 months	**–**	–
3 to 6 months	**–**	–
Over 6 months	**–**	–
	1,264	–

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2017	2016
	HK$'000	*HK$'000*
Renminbi ("RMB")	**3,334**	3
USD	**6,573**	209
HK$	**6,368**	–
JPY	**1,057**	–
	17,332	212

14. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**37,200**	51,943
Accruals	**21,366**	74,398
Other payables	**18,591**	8,026
	77,157	134,367

As at 31 March 2017, the aging analysis of the trade payables, based on the date of receipt of goods, is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 to 90 days	**–**	54
91 to 180 days	**–**	51,209
Over 180 days	**37,200**	680
	37,200	51,943

The carrying amounts of the trade payables are denominated in the following currencies:

	2017	2016
	HK$'000	*HK$'000*
RMB	**29,535**	149
USD	**5,564**	529
SGD	**–**	51,265
HK$	**2,101**	–
Total	**37,200**	51,943

15. BANK AND OTHER BORROWINGS

	2017	2016
	HK$'000	*HK$'000*
Bank loans	**11,749**	12,583
Bank overdrafts	**–**	7,457
Loan from a former substantial shareholder	**88,938**	92,831
Loan from independent third parties	**2,181**	10,000
	102,868	122,871

The borrowings are repayable as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**13,342**	122,871
More than one year, but not exceeding two years	**588**	–
More than two years	**88,938**	–
	102,868	122,871
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(13,342)**	(122,871)
Amount due for settlement after 12 months	**89,526**	–

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Hong Kong dollars	Singapore dollars	Renminbi	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2017				
Bank loans	**588**	**60**	**11,101**	**11,749**
Bank overdrafts	**–**	**–**	**–**	**–**
Loan from independent third parties	**91,119**	**–**	**–**	**91,119**
	91,707	**60**	**11,101**	**102,868**
2016				
Bank loans	–	664	11,919	12,583
Bank overdrafts	–	7,457	–	7,457
Loan from former substantial shareholder	92,831	–	–	92,831
Loan from independent third parties	10,000	–	–	10,000
	102,831	8,121	11,919	122,871

16. PROMISSORY NOTES

	2017	2016
	HK$'000	*HK$'000*
At 1 April	**–**	–
Promissory notes issued	**22,189**	–
Imputed interest expenses	**2,289**	–
	24,478	–
Less: Amount due within one year shown under current liabilities	**–**	–
Non-current liabilities	**24,478**	–

17. CONVERTIBLE BONDS

	Notes	2017 HK$'000	2016 HK$'000
Non-current liabilities			
Liability component of:			
Convertible bonds issued on 18 December 2008	*(a)*	**–**	–
Convertible bonds issued on 12 May 2015	*(b)*	**256,775**	361,146
		256,775	361,146
Current assets			
Derivative component of:			
Convertible bonds issued on 12 May 2015		**–**	–

(a) Convertible bonds issued on 18 December 2008

On 18 December 2008, the Company entered into a subscription agreement with Kesterion Investments Limited ("Kesterion") for the issue of unsecured zero coupon convertible bonds with an aggregate principal amount of USD655,128,205 (equivalent to approximately HK$5,110,000,000) (the "Old CB") in connection with the acquisition of 64% equity interest in Mogan. The Old CB were convertible, at any time between the issue date and maturity date, and at the option of the holders, into ordinary shares of the Company at a fixed conversion price of HK$0.70 per conversion share, subject to any anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issued. In 2011, the conversion price of the Old CB was adjusted to HK$22.79 per share upon the completion of the capital reorganisation, share consolidation and rights issue.

The Old CB were redeemable in part(s) or in full by the Company, using an agreed fixed exchange rate of USD1 = HK$7.8, at any time before the maturity date on 18 December 2018. On the maturity date, the Old CB will be redeemed at par, using an agreed fixed exchange rate of USD1 = HK$7.8.

The movements of the liability component and principal amount of the Old CB for the year ended 31 March 2016 were as follows:

	Liability component *HK$'000*	**Principal amount** *HK$'000*
At 1 April 2015	857,287	1,571,500
Imputed interest charged for the year *(note 12)*	16,187	–
Extinguished during the year	(873,474)	(1,571,500)
At 31 March 2016	–	–

During the year the Old CB were extinguished under a bond restructuring exercise as set out in note (b) below.

The interest charged for the year was calculated by applying an effective interest rate of 17.7% (2015: 17.7%) per annum to the liability component.

(b) Convertible bonds issued on 12 May 2015

On 22 September 2014, the Company and Kesterion entered into a bond restructuring agreement, which was amended by a supplementary agreement on 1 November 2014 (collectively referred to as the "Bond Restructuring Agreements"). Pursuant to the Bond Restructuring Agreements, the Company and Kesterion conditionally agreed that:

(i) the terms of Old CB would be amended to grant the Company a right to redeem all the outstanding Old CB at a redemption price of USD140,000,000 (equivalent to approximately HK$1,092,000,000);

(ii) the Company would exercise such redemption right; and

(iii) in satisfaction and cancellation of the redemption amount payable under the amended Old CB following such redemption, the Company will issue the new bonds (the "New CB") to Kesterion. The New CB is a five-year 2.0% convertible bonds in principal amount of USD140,000,000. The coupon is payable in arrear semi-annually from the issue date.

The holder of the New CB has the right to convert the New CB into the ordinary shares of the Company at a fixed conversion price of HK$0.5 per share, subject to any anti-dilution adjustments, at any time before the maturity date. During the year ended 31 March 2017, the conversion price of the New CB was adjusted to HK$1.73 per share upon the completion of the share consolidation and right issue.

The Company shall have the right, at its options, to redeem any portion of or the entire outstanding principal amount of all of the New CB at 110% of the principal amount at any time before the maturity date.

On maturity date, the New Bonds will be redeemed at par, using a fixed exchange rate of USD1:HK$7.8.

On 12 May 2015, all the condition precedents to the Bond Restructuring Agreement had been fulfilled. Accordingly the Company has fully redeemed the Old CB and issued the New CB in accordance with the terms of the Bond Restructuring Agreements.

The fair value of the New Bonds at the issue date has been split between the liability component, the derivative component and the equity component as follows:

	HK$'000 (Restated)
Liability component at issue date	557,330
Derivative component at issue date	–
Equity component at issue date	396,028
Fair value of the New Bonds at issue date	953,358
Carrying amount of Old Bonds at redemption date	
– Liability component	(873,474)
– Equity component	(1,263,605)
	(2,137,079)
	(1,183,721)

The amount of the aggregate carrying amount of the Old CB in excess of the fair value of the New CB at the issue date of HK$1,183,721,000 is accounted for as a deemed contribution from substantial shareholder of the Company as the bond restructuring agreement above is a transaction with equity holder of the Company.

The movements of liability component and principal amount of the New CB for the year ended 31 March 2017 and 2016 are as follows:

	Liability component *HK$'000* (Restated)	**Principal amount** *HK$'000*
Issue of New Bonds	557,330	1,092,000
Conversion into shares *(note 34(e))*	(243,430)	(468,000)
Coupon payment	(6,240)	–
Imputed interest charged for the year	53,485	–
At 31 March 2016 and 1 April 2017	361,145	624,000
Early redemption	(135,933)	(234,000)
Coupon payment	(10,140)	–
Imputed interest charged for the year	41,702	–
At 31 March 2017	256,774	390,000

On 18 May 2016, the Company early redeemed a portion of the New CB with principal amount of USD30,000,000 (equivalent to HK$234,000,000) at a cash consideration of HK$229,320,000.

At the date of redemption, the aggregate carrying amount of the New CB with principal amount of USD30,000,000 is HK$220,797,000 of which approximately HK$135,933,000 and HK$84,863,000 represented the carrying amounts of liability component and equity component respectively. The fair value of the liability component of the New CB was approximately HK$122,181,000. Accordingly, a gain on early redemption of convertible bonds liabilities of HK$13,752,000 was recognised in profit or loss and as amount of approximately HK$22,276,000 was recognised directly in accumulated loss in the consolidated statement of changes in equity

The interest charged for the year is calculated by applying an effective interest rate of 17.60% (2015 (Restated): 17.60%) per annum to the liability component.

The fair value of derivative component of the New CB was insignificant at issue date, at 31 March 2016 and 31 March 2017.

18. SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares	Amount	Number of shares	Amount
		HK$'000		*HK$'000*
Ordinary share of HK$0.5 each at 1 April 2015	5,000,000,000	2,500,000	1,593,776,120	796,888
Conversion from convertible bonds *(note (a))*	–	–	936,000,000	468,000
Capital reduction *(note (b))*	–	–	–	(1,239,590)
Sub-division *(note (b))*	245,000,000,000	–	–	–
Ordinary share of HK$0.01 each at 31 March 2016 and 1 April 2016	250,000,000,000	2,500,000	2,529,776,120	25,298
Consolidation of shares *(note (c))*	(218,750,000,000)	–	(2,213,554,105)	–
Issue of rights shares *(note (d))*	–	–	2,529,776,120	202,382
Placing of shares *(note (e))*	–	–	569,199,627	45,536
Ordinary share of HK$0.08 each at 31 March 2017	31,250,000,000	2,500,000	3,415,197,762	273,216

Notes:

(a) On 15 May 2015, 9 June 2015, 15 June 2015, 6 August 2015 and 21 August 2015 respectively, the Company issued a total of 936,000,000 shares at HK$0.5 per share on conversion of principal amount of US$60,000,000 (equivalent to approximately HK$468,000,000) in aggregate of convertible bonds issued on 12 May 2015.

(b) Pursuant to a resolution passed in the extraordinary general meeting held on 24 September 2015, the Company announced (i) the proposed capital reduction to reduce the par value of each issued share of the Company from HK$0.5 to HK$0.01 by cancelling the capital paid-up thereon to the extent of HK$0.49 on each of its issued shares (the "Capital Reduction") and (ii) to sub-divide the authorised but unissued shares of HK$0.5 each into fifty new shares of HK$0.01 each (the "Sub-Division").

The Capital Reduction and Sub-Division became effective on 23 December 2015 and the credit arising from the Capital Reduction of approximately HK$1,239,590,000 had been applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company.

(c) Consolidation of every eight shares issued and unissued into one consolidated share on 11 April 2016 pursuant to the ordinary resolution passed in the extraordinary general meeting held on 8 April 2016.

(d) Allotment and issue of new shares on 18 May 2016 by way of rights issue on the basis of eight rights shares for every one consolidated share at subscription price of HK$0.112 per share pursuant to the ordinary resolution passed in the extraordinary general meeting held on 8 April 2016.

(e) On 12 August 2016, the Company issued 569,199,627 new ordinary shares under general mandate pursuant to placing agreement dated 28 July 2016 at subscription price of HK$0.08 per share for a total cash consideration of approximately HK$45,536,000.

19. ACQUISITION OF SUBSIDIARY

On 10 June 2016, the Company and its wholly-owned subsidiary, ZhanHui Limited, entered into an agreement with an independent third party for the acquisition of the entire issued share capital of FuHang Metal (Asia) Limited ("FuHang") at the consideration of HK$12,500,000 ("FuHang Acquisition"). FuHang is a company incorporated in Hong Kong, and principally engaged in trading of stainless steel wires in Hong Kong and the PRC. The consideration was satisfied by HK$4,000,000 in cash and issued of a promissory note with principal value of HK$8,500,000. The FuHang Acquisition was completed on 10 June 2016.

The fair values of the identifiable assets and liabilities of the FuHang as at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment	**5**
Cash and Bank Balances	**7**
Other Receivables, prepayments & deposit	**1,480**
Trade receivables	**2,628**
Inventory	**431**
Trade payable	**(799)**
Accrual and other payable	**(1,312)**
Bank Loan	**(1,433)**
Total identifiable net assets at fair value	**1,007**
Goodwill	**10,137**
	11,144
Consideration was satisfied by the fair value of:	
Cash	**4,000**
Promissory note	**7,144**
	11,144
An analysis of the cash flows in respect of the acquisition is as follows:	
Cash consideration paid	**4,000**
Cash and cash equivalents acquired	**(7)**
Net cash outflow of cash and cash equivalents	**3,993**

20. ACQUISITION OF VESSEL THROUGH ACQUISITION OF A SUBSIDIARY

On 25 August 2016, the wholly-owned subsidiary, Diamond Year Limited ("Diamond Year"), entered into an agreement with an independent third party (the "Vendor") for the acquisition of the entire issued share capital of Ultra Treasure Limited ("Ultra Treasure") at consideration satisfied by the issuance of a promissory note with principal amount of HK$19,000,000. Ultra Treasure is a limited liability company incorporated in Hong Kong. Ultra Treasure is principally engaged in investment holding in Hong Kong and did not carry out any significant business transactions on acquisition date. In the opinion of the directors, the acquisition did not constitute an acquisition of business in substance. The acquisition of the vessel were then considered as acquisition of assets through acquisition of subsidiaries.

Therefore, the acquisition was not accounted for as a business combination in accordance with HKFRS 3 – Business Combination. The acquisition of Ultra Treasure was completed on 25 August 2016.

Identifiable assets acquired and liabilities assumed arising as at the respective date of acquisition are as follows:

	HK$'000
Property, plant and equipment	**15,046**
Consideration was satisfied by the fair value:	
Promissory notes	**15,046**
An analysis of the cash flows in respect of the acquisition is as follows:	
Cash and cash equivalents in a subsidiary acquired	**–**

21. REPRESENTATION OF COMPARATIVE FIGURES

During the year ended 31 March 2016, the Group initiated a plan to dispose Black Sand International (Singapore) Pte. Ltd and its subsidiaries ("BSI Group"). The Group was actively seeking buyers for BSI Group and expected to disposal of BSI Group in 2017. BSI Group have been classified and accounted for at 31 March 2016 as a disposal group held for sale.

On 17 June 2016, Black Sand Enterprises Limited ("BSE") entered into a sales and purchase agreement with Ms. Eva Wong ("Ms. Wong"), the spouse of Mr. Michael Kok Tat Lee who was an former director of the Company. Pursuant to which Ms. Wong agreed to buy and BSE agreed to sell the entire shareholding of BSI Group at a consideration of HK$5,000,000. BSI Group are principally engaged in metal trading business and part of the coal trading business. However, the disposal of BSI Group was terminated on the long stop date on 30 October 2016.

Due to the termination of sales and purchase agreement for BSI Group as mentioned above the Directors reassessed whether BSI Group continued to meet the criteria for classification as disposal group held for sale. It was then determined that, the assets and liabilities of BSI Group should be reclassified from disposal group held for sales and that the results of operations of BSI Group be presented as income from continuing operations. In accordance with the requirement set out in HKFRS 5, the consolidated financial statements of the Group for the periods since classification as held for sale shall be amended accordingly as the disposal group ceases to be classified as held for sale.

Since BSI Group ceased to be classified as held for sale, the assets and liabilities related to BSI Group have been represented in the corresponding line items presented in the consolidated statement of financial position as at 31 March 2017 and 2016. The results related to BSI Group were represented in the corresponding line items in the continuing operation in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017 and 2016.

22. PRIOR YEAR ADJUSTMENTS

In preparing the consolidated financial statements of the Group for the year ended 31 March 2017, the Directors had the facts and circumstances associated with issuance of the New CB in satisfaction and cancellation of the Old CB and the calculation of loss per share for the year ended 31 March 2016 and identified certain necessary adjustments to be made to the comparative figures in respect of the recording of the above issuance of the New CB in satisfaction and cancellation of the Old CB and the calculation of loss per share in the previously issued consolidated financial statements for the year ended 31 March 2016. These consolidated financial statements for the year ended 31 March 2016 have been restated to correct these errors. The effect of the restatements in the consolidated statement of financial position of the Group, the consolidated statement of profit or loss and other comprehensive income of the Group are summarised below:

(a) Early extinguishment of the Old CB

During the year ended 31 March 2016, the Company entered into the Bond Restructuring Agreements with Kesterion, a substantial shareholder at the issue date of the New CB, to issue the New CB in satisfaction and cancellation of the Old CB, as disclosed in note 17 to the consolidated financial statements. The Group had previously recorded a gain of approximately HK$251,146,000 arising from the early redemption of the Old CB in profit or loss. The amount of the gain represented the difference between the carrying amount of liability component of the Old CB of approximately HK$873,474,000, and the aggregate fair value at initial recognition of liability and early redemption option components of the New CB in satisfaction for the cancellation of the Old CB of approximately HK$622,328,000.

However, in accordance with Hong Kong Accounting Standard 32 ("HKAS 32"), when the Group extinguished the Old CB before maturity (i.e. 18 December 2018) through an early redemption or repurchase, the fair value at initial recognition of the New CB represented the consideration paid for the extinguishment and shall be allocated to the liability and equity components of the Old CB using the same residual method as that used in the original allocation of proceeds to these separate components when the Old CB was issued. Hence, the amount of gain or loss recognised in profit or loss in respect of extinguishment of the liability component of the Old CB shall be calculated as the difference between the fair value of liability component of the Old CB at the date of extinguishment and the carrying amount of liability component of the Old CB at that date.

In addition, since the Bond Restructuring Agreements were entered into the Company and a substantial shareholder of the Company, the amount of the aggregate carrying amount of the Old CB in excess of the fair value of the New CB at the issue date is accounted for a transaction with equity holder of the Company and recognised directly in the consolidated statement of changes in equity.

The effect of the restatements on the consolidated statement of profit or loss and other comprehensive income is to eliminate the fair value gain on redemption of convertible bond liabilities of approximately HK$251,146,000 in profit or loss and to instead recognise the amount of the aggregate carrying amount of the Old CB in excess of the fair value of the New CB at the issue date of HK$1,183,721,000 in the consolidated statement of changes in equity. The was no effect of the restatement on the consolidated statements of financial position as at 31 March 2016.

(b) Fair value of early redemption derivative component of the New CB

Furthermore, as described in above, the Company issued the New CB as consideration for the early extinguishment of the Old CB. At the initial recognition of the New CB, the Company had previously allocated the fair value of the New CB at the issue date of HK$1,020,003,000 to the liability component, the early redemption derivative component (an asset) and the equity conversion option component of approximately HK$718,835,000, HK$96,507,000 and HK$397,675,000 respectively. The fair value of the derivative component of the New CB of approximately HK$96,507,000 and HK$292,000 at issue date of the New CB and at 31 March 2016 respectively were previously estimated using the Black-Scholes model with Trinomial Tree Method.

However, in estimating the fair value of the liability component and the early redemption derivative component of the New CB at the issue date and 31 March 2016, assumptions were used that related to underlying equity value, including but not limited to the Company's share price, conversion price and volatility of the Company's share price, instead of using relevant factors that does not associated with equity component. The fair value of early redemption derivative component of the New CB when estimated using non-equity assumptions were insignificant as the issue date and at 31 March 2016.

The effect of the restatement on the consolidated statement of profit or loss and other comprehensive income is to decrease the fair value loss on derivative financial instrument of approximately HK$54,855,000 in profit or loss and to increase finance costs of approximately HK$8,599,000. The effect of the restatement on the consolidated statements of financial position is to decrease the derivative financial instrument by approximately HK$292,000 and to decrease the liability component of the New CB by approximately HK$84,354,000.

(c) Calculation of loss per share for the year ended 31 March 2016

The calculation of basic loss per share from continuing and discontinued operations in the previously issued consolidated financial statements for the year ended 31 March 2016 was previously based on the loss for the year of approximately HK$284,341,000. However, in accordance with Hong Kong Accounting Standard 33, the basic loss per share shall be calculated using the amounts of loss attributable to owners of the Company of approximately HK$225,810,000. This error also affected the previous calculation of basic loss per share from continuing operation and from discontinued operations.

In addition, in calculating the diluted loss per share, the weighted average number of ordinary shares that would be issued on the conversion of the Old CB were previously determined based on the original conversion price of HK$0.70 per conversion share. However, the conversion price of the Old CB was adjusted to HK$22.79 per share in 2011 upon the completion of the capital reorganisation, share consolidation and rights issue. The adjustment to the weighted average number of ordinary shares that would be issued assuming the conversion of the Old CB was approximately 7,536,000 ordinary shares based on the adjusted conversion price rather than 245,355,000 ordinary shares as presented in the previously issued consolidated financial statements. The effect of dilutive potential ordinary share on the Old CB became anti-dilutive as the prior year adjustments above-mentioned in (a).

The above prior year adjustments do not have financial effects on the consolidated and Company statements of financial position on 1 April 2015.

The effects of the restatements described above on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2016 are as follows:

	Before adjustments *HK$'000*	**(a)** *HK$'000*	**(b)** *HK$'000*	**(c)** *HK$'000*	**Restated** *HK$'000*
Other gains and losses	36,623	(251,146)	54,855	–	(160,268)
Finance costs	(66,071)	(8,599)	–	–	(74,670)
Loss for the year from continuing operations	(124,438)	(259,745)	54,855	–	(329,328)
Loss for the year	(284,341)	(259,745)	54,855	–	(489,231)
Loss for the year from continuing operations attributable to the owners of the Company	(123,467)	(259,745)	54,855		(328,357)
Loss for the year attributable to the owners of the Company	(225,810)	(259,745)	54,855		(430,700)
Total comprehensive income for the year attributable to the owners of the Company	(232,311)	(259,745)	54,855		(237,201)

Loss per share
From continuing and discontinued operations

	Before adjustments *HK$'000*	**(a)** *HK$'000*	**(b)** *HK$'000*	**(c)** *HK$'000*	**Restated** *HK$'000*
Loss					
Loss for the purpose of calculating basic loss per share	(284,341)	(259,745)	54,855	58,531	(430,700)
Finance costs on convertible bonds issued on 18 December 2008	16,187	(16,187)	–	–	–
Gain/(Loss) on redemption of liabilities component of convertible bond issued on 18 December 2008	(251,146)	251,146	–	–	–
Loss for the purpose of calculating diluted loss per share	(519,300)				(430,700)
Number of shares					
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	360,798	–	–	–	360,798

	Before adjustments	(a)	(b)	(c)	Restated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Effect of dilutive potential ordinary share for the purpose of calculating diluted loss per share	38,219	–	–	(38,219)	–
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	399,017				360,798

	Before adjustments	(a)	(b)	(c)	Restated
	HK cents	*HK cents*	*HK cents*	*HK cents*	*HK cents*
Loss per share					
Basic	(78.81)	(71.99)	15.21	16.22	(119.37)
Diluted	(130.14)				N/A

From continuing operations

	Before adjustments	(a)	(b)	(c)	Restated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Loss					
Loss for the purpose of calculating basic loss per share	(124,438)	(259,745)	54,855	971	(328,357)
Finance costs on convertible bonds issued on 18 December 2008	16,187	(16,187)	–	–	–
Gain on redemption of liabilities component of convertible bond issued on 18 December 2008	(251,146)	251,146	–	–	–
Loss for the purpose of calculating diluted loss per share	(359,397)				(328,357)

	Before adjustments	(a)	(b)	(c)	Restated
	HK cents	*HK cents*	*HK cents*	*HK cents*	*HK cents*
Loss per share					
Basic	(34.49)	(71.99)	15.21	0.26	(91.01)
Diluted	(99.61)				N/A

From discontinued operations

	Before adjustments *HK$'000*	(a) *HK$'000*	(b) *HK$'000*	(c) *HK$'000*	Restated *HK$'000*
Loss					
Loss for the purpose of calculating basic loss per share	(159,903)	–	–	57,560	(102,343)
Finance costs on convertible bonds issued on 18 December 2008	–	–	–	–	–
Gain on redemption of liabilities component of convertible bond issued on 18 December 2008	–	–	–	–	–
Loss for the purpose of calculating diluted loss per share	(159,903)				(102,343)

	Before adjustments *HK cents*	(a) *HK cents*	(b) *HK cents*	(c) *HK cents*	Restated *HK cents*
Basic	(44.32)	–	–	15.95	(28.37)
Diluted	N/A				N/A

The effects of the restatements described above on the consolidated statement of financial position of the Group as at the end of the immediately preceding financial year, 31 March 2016 are as follows:

	Before adjustments *HK$'000*	(a) *HK$'000*	(b) *HK$'000*	(c) *HK$'000*	Restated *HK$'000*
Derivative financial instrument	292	–	(292)	–	–
Total assets	81,158	–	(292)	–	80,866
Convertible bonds	445,499	(84,354)	–	–	361,145
Total liabilities	726,400	(84,354)	–	–	642,046
Reserve	(660,100)	84,354	(292)	–	(576,038)
Total equity	(645,242)	84,354	(292)	–	(561,180)

23. DECONSOLIDATION OF SUBSIDIARIES

Due to the circumstances that the Group was unable to locate complete set of books and records of the two subsidiaries, namely 寰亞宏華商貿(北京)有限責任公司 (Pan Asia Mining(Beijing) Company Limited) and 宏華加業商貿(上海)有限公司 (Aquaterra China Trading (Shanghai) Co. Limited) ("Deconsolidated Subsidiaries") in the opinion of the Directors, the controls over the Deconsolidated Subsidiaries were lost. Accordingly, the financial results, assets and liabilities of the Deconsolidated Subsidiaries have been deconsolidated from the consolidated financial statements with effective from 31 March 2017 ("Date of Deconsolidation") and recorded a loss on deconsolidation of Deconsolidated Subsidiaries of approximately HK$6,154,000.

For the preparation of the consolidated financial statements for the year ended 31 March 2017, the Group had consolidated the financial results, assets and liabilities of the Deconsolidated Subsidiaries up to the Date of Deconsolidation based on an unaudited management information received.

In the opinion of the Directors, the carrying values of the amounts due from the Deconsolidated Subsidiaries were not recoverable and, accordingly, an impairment loss of approximately HK$83,000 had been recognised in the profit or loss.

The following is the financial information, before intra-group balances and transactions elimination, of the Deconsolidated Subsidiaries.

(a) Loss on deconsolidation of Deconsolidated Subsidiaries

	Deconsolidated Subsidiaries *HK$'000*
Property, plant and equipment	14
Trade receivables	14,051
Prepayment, deposit and other receivables	4,681
Inventory	4,299
Cash and bank balances	886
Trade payables	(450)
Amount due to group companies	(83)
Accruals and other payables	(14,765)
Amount due to a former director	(1,798)
Net liabilities of the Deconsolidated Subsidiaries	6,835
Impairment losses on the amount due from the Deconsolidated Subsidiaries	83
Translation reserve	(767)
Loss on deconsolidation	6,150

(b) Transactions of the Deconsolidated Subsidiaries included in the consolidated statement of profit or loss of the Group for the year ended 31 March 2017

	Deconsolidated Subsidiaries *HK$'000*
Revenue	205
Cost of sales	(115)
Administrative expenses	(2,196)
Finance costs	(122)
Loss for the year	2,228

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The independent auditor of the Group will issue a disclaimer of opinion on the consolidated financial statements of the Group. The below section set out an extract of independent auditor's report regarding the consolidated financial statements of the Group for the year ended 31 March 2017.

Disclaimer of opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

1) *Misuse of Company funds from disposal of leasehold property*

As disclosed in Note 13, on 6 April 2016, Evotech (Asia) Pte. Limited ("Evotech"), an indirect wholly-owned subsidiary of the Company entered into an agreement with Jurong Town Corporation ("JTC") of the Singapore government, without the knowledge, consent or approval by the Company, to surrender a leasehold property to JTC at the consideration of Singapore dollar ("S$") 5,620,000 (equivalent of approximately HK$31,772,000) excluding goods and services tax in Singapore ("Transaction"). To the best knowledge of the Directors, the net proceeds received from the Transaction ("Proceeds") were used for (i) settlement of bank borrowing of Evotech of approximately S$1,362,000 (equivalent to approximately HK$7,700,000); (ii) fund transfer to Kesterion Investment Limited, a former substantial shareholder of the Company of approximately US$570,000 and S$1,600,000 (equivalent to approximately HK$13,399,000); (iii) fund transfers to Koh Tat Lee, a former director of the Company and two independent third parties namely Yao Jun and Yew Eng Piow, of approximately US$500,000 and S$685,000 (equivalent to approximately HK$7,677,000) ((ii) to (iii) referred to as the "Fund Transfers") and the remaining balance of the Proceeds were used as working capital of the Group.

In the opinion of the Directors, the Proceeds were misused. Under this circumstance, the Directors considered that the Company has the right to recover the Fund Transfer and consequentially, the amounts of approximately HK$21,076,000 has been accounted for as other receivables in the consolidated statement of financial position as at 31 March 2017.

Due to the irregular nature of the Transaction, we were unable to obtain necessary audit evidence of the Transaction and the usage of the Proceeds, including but not limited to (i) the Company's board resolution of approval for the Transaction; (ii) the Company's board resolution of approval for the usage of the corresponding Proceeds; and (iii) direct confirmation from each of the recipient of the Fund Transfers to confirm the nature of the Fund Transfers and the outstanding balances of each recipient Fund Transfers as at 31 March 2017. Accordingly, we were unable to verify the validity, classification and nature of such balances (i.e. whether the Fund Transfers were correctly accounted for as other receivables or should be deduction of liabilities).

Given the circumstances described above, the scope of our audit work was limited and there was no alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the Transaction and the usage of corresponding Proceeds were properly authorised and approved by the Board of Directors; and (ii) the validity, classification, nature and recoverability for the balances of other receivables of approximately HK$21,076,000 due from the recipient of the Fund Transfers as at 31 March 2017 were free from material misstatement. Any adjustments that might have been found necessary any have an effect on the consolidated statement of financial position as at 31 March 2017, and consequently loss and cash flows of the Group for the year ended 31 March 2017 and the related disclosures thereof in the consolidated financial statements.

2) *Deconsolidation of subsidiaries*

The Group were unable to locate complete set of books and records of the 寰亞宏華商貿(北京)有限責任公司 and 宏華加業商貿(上海)有限公司 ("Deconsolidated Subsidiaries"). In the opinion of the Directors, the controls over the Deconsolidated Subsidiaries were lost. Accordingly, the financial results, assets and liabilities of the Deconsolidated Subsidiaries have been de-consolidated from the consolidated financial statements as at 31 March 2017 and recorded a loss on deconsolidation of Deconsolidated Subsidiaries of approximately HK$5,546,000.

Given the circumstances described above, the scope of our audit work was limited and there was no alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence to satisfy ourselves to (i) the timing and whether it was appropriate to deconsolidate the assets and liabilities of the Deconsolidated Subsidiaries; (ii) the transaction of the Deconsolidated Subsidiaries during the year ended 31 March 2017 and the balances of assets and liabilities of the Deconsolidated Subsidiaries as at the date of deconsolidation and the net loss of de-consolidation of Deconsolidated Subsidiaries as disclosed in the consolidated financial statements were properly recorded and free from material misstatements; and (iii) any contingent liabilities, commitments, related party transactions and significant subsequent events relating to the Deconsolidated Subsidiaries and the related disclosure thereof.

EMPHASIS OF MATTERS

We draw attention to note 1 to the consolidated financial statements which indicates that the Group had net current liabilities and net liabilities of HK$15.5 million and HK$393.8 million respectively. These conditions, along with other matters as set forth in note 1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Dividends

The results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 2 to 3.

The Directors do not recommend the payment of a dividend for the year ended 31 March 2017 (2016: Nil).

BUSINESS REVIEW AND PROSPECTS

Trading of Stainless Steel Wires

The Group has acquired this business segment in the first quarter of the current financial year. Since the stainless steel wires are widely applied in the manufacturing of electric appliances, mobile communication equipment and high precision surgical instruments, with the continuous growth of the smartphone market, rapid development of the mobile communication and rising demand for advanced medical equipment in Hong Kong and the PRC, demand of stainless steel wires from mobile communication and medical industries as raw materials thus increased steadily throughout the current year.

Stainless steel wires are also used as raw material of glass frame and zipper. In view of the change of trend of fashion recently in the PRC and the Asian markets, design for both industries is expected to incline to metal. Thus the Group anticipates the business of trading of stainless steel wires will continuous to grow in the coming year.

Trading of Skincare and Household Products

To further broaden the source of income of the Group, the Group has commenced the trading of cosmetic and household products in June 2016. The Group primarily imports the products from Korea and Japan and sell the products on a wholesale basis to distributors in Hong Kong and the PRC. The Group considers that the performance of this business segment is acceptable taking into account the current economic climate and the time required for the development of the business.

And to in line with the corporate strategy for further fostering the Group's revenue and diversifying the Group's revenue base, the sales for this business segment will continue to seek for various opportunities to expand the product lines and the Group is optimistic about this expected increasing trend of revenue.

Others

Nephrite business has shown a steady trend of revenue for the Group. The Group will continue to explore opportunity to increase income and raise the market reputation of the Group.

Performance of water trading was marginal in the current financial year. However, the Group believes that the market of clean and worry-free drinking water in PRC will still be a large potential market in view of the arising awareness of healthy lifestyle. The Group will grasp this chance to expand the existing market share.

Chartering of vessel constitute part of strategic investments of the Group to diversify its business segments and for the Group to capitalize new opportunities to achieve new and regular income stream and financial growth.

The Group will continue to review its existing businesses from time to time and strive to improve the business operation and financial position of the Group. It has been the business strategy of the Group to proactively seek potential investment opportunities. The Group consider that this to diversify its existing business portfolio into new line of business with growth potential and to broaden its source of income.

FINANCIAL REVIEW

The Group's revenue for the year amounted to approximately HK$84,730,000 (2016: approximately HK$14,195,000 (as restated)), increased by approximately HK$70,535,000 as compared to the Year in 2016. The significant increase in revenue was mainly attributed to the prospected trading businesses commenced during the year.

The Group has incurred a gross profit of approximately HK$16,113,000 (2016: a gross loss of approximately HK$1,646,000 (as restated)). Other gains amounted to approximately HK$80,296,000 (2016: other loss of approximately HK$160,268,000 (as restated)). Profit for the year increased to approximately HK$2,686,000 as compared to loss approximately HK$498,231 in last year.

The significant decrease in loss for the year was mainly attributable to the reversal of trade and other receivables made in prior years, gain on redemption of convertible bonds liabilities and fair value gain of investment propertied.

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 Pan Asia Mining (Beijing) Company Limited, 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 RMB2,842,000 (equivalent to approximately HK$3,212,000). The financial impact has been reflected this year.

CAPITAL STRUCTURE AND LIQUIDITY

Completion of Rights Issue and Early Redemption of Convertible Bonds

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

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

Proposed Capital Reorganization

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

(i) the proposed share consolidation whereby every ten issued shares of the Company ("Share") of HK$0.08 each will be consolidated into one consolidated share of HK$0.80 each ("Consolidated Share");

(ii) the proposed reduction of the issued share capital through a cancellation of the paid up capital to the extent of HK$0.7999 on each of the Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK$0.8 to HK$0.0001 ("Capital Reduction");

(iii) the credit arising from the Capital Reduction shall be applied towards offsetting the accumulated deficit of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated deficit of the Company. The balance of credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate; and

(iv) immediately following the Capital Reduction, the proposed share subdivision whereby each of the authorized but unissued Consolidated Shares of HK$0.80 be sub-divided into eight thousand new Shares of HK$0.0001 each ("Share Subdivision").

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

Completion of Placing of New Shares Under General Mandate

On 12 August 2016, completion of the placing took place. 569,199,627 placing shares (the "Placing Shares") have been placed by the placing agent at the placing price of HK$0.08 to not less than six 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 have been used as general working capital of the Group.

Assignment of Loan

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

As at 31 March 2017, the Group has a current ratio of approximately 0.83 times (31 March 2016: approximately 0.07 times (as restated)). Gearing ratio, calculated based on non-current liabilities of approximately HK$441,048,000 (31 March 2016: approximately HK$467,875,000 (as restated)) against total deficit of approximately HK$393,780,000 (31 March 2016: approximately HK$645,534,000) increased from –72.48% (as restated) for 2016 to –112.00% for 2017.

As at 31 March 2017, the Group did not have any material contingent liability (31 March 2016: Nil).

As at 31 March 2017, the Group did not have any material capital commitment (31 March 2016: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had the following major acquisitions and disposals during the year.

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 FuHang 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. FuHang is engaged in trading of stainless steel wires in Hong Kong and the 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 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 agreements with an independent third party to sell all issued shares of Pan Asia Mining (Beijing) Company Limited, a company incorporated in the PRC and is an indirect wholly-owned subsidiary of the Company before the disposal (the "Disclosable Disposal"), which is principally engaged in trading of bottled mineral water and tea products in the PRC. The total consideration is HK$80,000, which shall be satisfied by cash within 10 days after completion of the transaction, which was subject to obtaining relevant approval from relevant PRC governmental authorities.

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

Nevertheless, on 1 September 2016, parties to the sale and purchase agreement in relation to the Disclosable Disposal mutually agreed not to proceed with the Disclosable Disposal and entered into a termination agreement to terminate such. Also, the Company intended to terminate the Major Disposal and thus kept continuing to negotiate with Ms Wong, 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.

Surrender of Leasehold Property

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

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

(i) the directors of Evotech have breached Section 160 of the Companies Act (Cap 50) Singapore (the "Act") in failing to obtain approval for the Transaction in general meeting of Evotech which constituted an offence under the Act; and

(ii) there were misuse of Company funds by Evotech from the proceeds of the Transaction.

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

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

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 against Mr. Koh for breaches of his duties as director and employee of Evotech and against Lily Bey Lay Lay ("Lily Bey"), another ex-director of Evotech, for breaches of her duties as director of Evotech and, for recovery of damages in the sums of S$2,285,000 and US$1,070,000 (the "Singapore Legal Action").

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

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

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

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

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

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

Having considered the costs to be incurred in both DCCJ Action 5968/2016 and DCCJ Action 5967/2016 and the amount at stake, the parties to DCCJ Action 5968/2016 and DCCJ Action 5967/2016 have amicably settled the matters, whereby they respectively withdrew their claims and counterclaims in both Actions with payment of a nominal sum as costs by the Company to the defendants involved.

Save as discussed in the above sections, during the year ended 31 March 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 Letter serves as a notice to the Company under Rule 9.15 of the GEM Listing Rules.

After considering legal advice, the Company through its lawyer submitted a written request to the GEM Listing Committee of the Stock Exchange pursuant to Chapter 4 of the GEM Listing Rules for reviewing of the Decision on 6 December 2016. On 14 December 2016, it was confirmed by Stock Exchange that the review hearing of the GEM Listing Committee has been scheduled on 7 March 2017.

On 17 March 2017, the Stock Exchange notified the Company that the GEM Listing Committee (the "Committee"), having considered all the submissions (both written and oral) made by the Company and the Listing Department of the Stock Exchange (the "Department"), 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. Accordingly, trading in the shares of the Company is required to be suspended and the Company is required to submit a resumption proposal to demonstrate that it has a sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules at least 10 business days before the expiry of a period of six months from the date of the decision of the Committee (i.e. 17 September 2017). If the Company fails to submit a viable resumption proposal by the aforesaid deadline, the Stock Exchange will proceed with cancellation of the Company's listing.

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

For details, please refer to the announcements of the Company dated 2 December 2016, 6 December 2016 and 20 March 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group has 27 full time employees (31 March 2016: 61) in Hong Kong, Singapore, Indonesia and the PRC. During the year ended 31 March 2017, the Group incurred staff costs (including Directors' emoluments) of approximately HK$7,432,000 (2016: approximately HK$26,509,000).

Employees are remunerated with reference to market terms and according to their individual work performance, qualification and experience. Remuneration includes monthly basic salaries, retirement benefits under the Mandatory Provident Fund Scheme (the "Scheme"), medical schemes and performance-lined discretionary bonuses.

All qualifying employees of the Group in Hong Kong participate in the Scheme. The assets of the Scheme are held separately from those of the Group in funds under the control of trustees. Contributions by the Group were grossly matched by employee contributions.

The emoluments of the executive Directors are recommended by the remuneration committee, and approved by the Board as authorized by the shareholders of the Company in the annual general meeting of the Company, having regard to the respective Directors' experience, responsibility, workload and time devoted to the Group; and the executive Directors may be granted options pursuant to the Share Option Scheme and/or any other such schemes of the Company as part of their remuneration packages.

BORROWING FACILITIES

As at 31 March 2017, the Group has obtained credit facilities from various banks, financial institutions and an independent third party up to a maximum amount of approximately HK$19,182,000 (2016: approximately HK$12,647,000) and approximately HK$11,182,000 (2016: approximately HK$11,919,000) of the credit facilities has been utilized.

PLEDGE OF ASSETS

At 31 March 2017, investment properties located in the PRC at carrying values of approximately RMB25,180,00 (equivalent to approximately HK$28,406,000) (31 March 2016: a warehouse property located in Singapore at carrying value of S$7,000,000 (equivalent to approximately HK$40,219,000) and investment properties located in the PRC at carrying values of approximately RMB13,599,000 (equivalent to approximately HK$16,290,000)) were pledged to secure general banking facilities granted to the Group.

TREASURY POLICIES

The transactions of the Company and its subsidiaries are mainly denominated in United States Dollar and the majority of the Group's tangible assets are denominated in Hong Kong Dollar. The outstanding convertible bonds are denominated in United States Dollar and are redeemable or convertible using an agreed fixed rate of HK$7.8 to US$1.0. As a result, the convertible bonds have no exposure to exchange rate fluctuations. The Group has no other material exposure to exchange rate risk and has not made any arrangement to hedge against expenses, assets and liabilities for exchange rate fluctuation.

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by all effective means. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

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

The Company has not redeemed any of its listed securities during the year ended 31 March 2017. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year ended 31 March 2017.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain and ensure high standards of corporate governance practices to safeguard the interests of all shareholders and to enhance corporate value and accountability. The Company's corporate governance practices are based on the principles and code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM Listing Rules"). Except for the deviations as disclosed below, the Company has complied with the CG Code throughout the year ended 31 March 2017.

Under code provision A.2.1 of the CG code, the role of Chairman and chief executive officer (the "CEO") should not be performed by the same individual. Subsequent to the removal of Mr. Cheung Hung Man by the Board on 23 May 2016, the post has been vacant. The Board will keep reviewing the current structure of the Board from time to time and the Company will make appointment to fill the post of the CEO as appropriate and will make further announcement in due course. There is no financial, business, family or other material/relevant relationship among the Chairman and the members of the Board.

Under code provision E.1.2 of the CG code, the chairman of the board should attend general meeting and she should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. The chairman of the Company was unable to present at the annual general meeting held on 26 July 2016 and the extraordinary general meetings held on 8 April 2016 and 11 August 2016 as she had other important engagements at the relevant time. In addition, under code provision A.6.7 of the CG code, independent non-executive directors and other non-executive directors should attend general meeting and develop a balanced understanding of the views of shareholders. Several Directors were unable to present at the annual general meeting held on 26 July 2016 and the extraordinary general meetings held on 8 April 2016, 11 August 2016 and 29 August 2016 due to their other important engagements at the relevant time, but they have appointed the other attended Directors as their representatives at the meetings to answer questions of the shareholders of the Company. In the future, the Company will try its best to encourage and ensure the non-executive Directors and INEDs will attend the general meetings.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the statutory requirements and the CG Code and align with the latest developments.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the code of conduct for securities transactions by Directors 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 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 confirms 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 during the year ended 31 March 2017.

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 INFORMATION ON DIRECTORS

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

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

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

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

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

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

Mr. Lau Shu Yan, independent non-executive Director, was appointed as an independent non-executive director and the chairman of the nomination committee of 深圳市明華澳漢科技股份有限公司 (Shenzhen Mingwah Aohan High Technology Corporation Limited) (Stock Code: 8301), the issued shares of which are listed on the GEM of the Stock Exchange, with effect from 30 September 2016. He was also appointed as an independent non-executive director and the chairman of the audit committee of Daohe Global Group Limited (stock code: 915), the issued shares of which are listed on the Main Board of the Stock Exchange, with effect from 11 January 2017.

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three members, of which all are independent non-executive directors, namely Dr. Wan Ho Yuen, Terence, Mr. Li Kwok Chu and Mr. Lau Shu Yan. Dr. Wan Ho Yuen, Terence was designated as the chairman of the Audit Committee with effect from 27 July 2016 following the resignation of Mr. Tong Wan Sze on 27 July 2016.

The role and functions of the Audit Committee are set out in the written terms of reference of the Audit Committee which includes to oversee the relationship with auditor, to review and supervise the financial reporting system and internal controls procedures of the Group and to review and approve the Company's annual reports and accounts, interim report and quarterly reports to the Board. The terms of reference can be obtained from the website of the Company and the Stock Exchange.

During the year, the Audit Committee has reviewed the Group's unaudited quarterly and interim results and annual audited results for the financial year ended 31 March 2017 and also reviewed the system of internal control of the Group in accordance with code provision C.2.1 of the CG Code. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and adequate disclosures have been made and is of the view that the system of internal control of the Group is sufficient to safeguard the interests of the Group after gradually reorganised the existing daily operation. The Audit Committee has closely monitored and supervised the internal control procedures of the Group.

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

8 May 2017, Hong Kong

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

This announcement will remain on the page of "Latest Company Announcement" on the GEM website for at least 7 days from the date of its posting and on the website of the Company www.unionasiahk.com.