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

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board (“**Board**”) of directors (the “**Directors**”) of Union Asia Enterprise Holdings Limited (the “**Company**”) is pleased to announce the interim results of the Company and its subsidiaries (together as the “**Group**”) for the six months ended 30 September 2017. This announcement, containing the full text of the Interim Report 2017/18 of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

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

Hong Kong, 10 November 2017

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“GEM”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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THIS REPORT, FOR WHICH THE DIRECTORS OF (THE "DIRECTORS") UNION ASIA ENTERPRISE HOLDINGS LIMITED (THE "COMPANY") COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY, INCLUDES PARTICULARS GIVEN IN COMPLIANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "GEM LISTING RULES") FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE COMPANY. THE DIRECTORS, HAVING MADE ALL REASONABLE ENQUIRIES, CONFIRM THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF THE INFORMATION CONTAINED IN THIS REPORT IS ACCURATE AND COMPLETE IN ALL MATERIAL RESPECTS AND NOT MISLEADING OR DECEPTIVE, AND THERE ARE NO OTHER MATTERS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN OR THIS REPORT MISLEADING.





MANAGEMENT DISCUSSIONS AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS

There was no major acquisition or disposal during the six months ended 30 September 2017 (the “Period”), while followings are the major acquisitions and disposals during the three months ended 30 September 2016.

Acquisition of subsidiaries

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

On 10 June 2016, a wholly owned subsidiary of the Company, Zhanhui Limited, entered into an agreement with another vendor to acquire 100% of the issued share capital of Fu Hang Metal (Asia) Limited (“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 People’s Republic of China (“PRC”).

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

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

Termination of disposals of two subsidiaries

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



On the same day, BSE has entered into another sales and purchase agreement with Ms. Eva Wong (“Ms Wong”), the spouse of Mr. Michael Koh Tat Lee (“Mr Koh”) who was an ex-executive director of the Company, to sell all issued shares of Black Sand International (Singapore) Pte. Limited, a company incorporated in Singapore and is an indirect wholly-owned subsidiary of the Company (the “Major Disposal”), which is principally engaged in trading of scrap metals in Singapore. The total consideration is HK\$5,000,000, which shall be satisfied by setting off against part of the loan provided by Kesterion Investments Limited (“Kesterion”) before at upon 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. 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 the other hand, on 6 April 2016, an indirect wholly-owned subsidiary of the Company, Evotech (Asia) Pte. Limited (“Evotech”) and Jurong Town Corporation (“JTC”) had entered into the Surrender Agreement pursuant to which Evotech agreed to surrender a leasehold property to JTC at the consideration of S\$5,620,000 excluding goods and services tax in Singapore. Completion had taken place on 27 June 2016. The Surrender Agreement and the Transaction were only made known to the Company after trading hours on 2 September 2016 by the independent internal control advisor and have not been approved and authorized by the Company. For details, please refer to the announcements of the Company dated 4 September 2016.

BUSINESS AND FINANCIAL REVIEW

The Group’s revenue for the Period amounted to approximately HK\$58,444,000 (2016: approximately HK\$28,944,000), increased by approximately HK\$29,500,000 as compared to the same period in 2016. The significant increase in revenue was mainly attributed to the prospected trading businesses commenced during the Period.

During the Period, the Group has incurred a gross gain of approximately HK\$3,765,000 while it was a gross gain of approximately HK\$6,056,000 for the same period last year. Other operating expenses, net amounted to approximately HK\$10,562,000 (2016: approximately HK\$11,149,000). Loss for the period amounted to approximately HK\$49,599,000 (2016: loss for the period of approximately HK\$57,011,000) of which approximately HK\$nil (2016: HK\$7,020,000) was attributable to the fair value gain on redemption of convertible bonds liabilities.



CAPITAL STRUCTURE AND LIQUIDITY

Completion of rights issue and early redemption of convertible bonds

On 18 May 2016, the Company completed a rights issue on the basis of eight rights shares for every one consolidated share held on 20 April 2016 at a subscription price of HK\$0.112 per rights share ("Rights Issue"). A total number of 2,529,776,120 ordinary shares of HK\$0.08 each were issued with net proceeds of approximately HK\$270,000,000. The Company used HK\$229,300,000 of the net proceeds to early redeem the outstanding convertible bonds issued on 12 May 2015 with the principal amounts of US\$30,000,000.

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

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 Share such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.80 to HK\$0.0001 ("Capital Reduction");
- (iii) the credit arising from the Capital Reduction shall be applied towards offsetting the accumulated deficit of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated deficit of the Company. The balance of credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate; and
- (iv) immediately following the Capital Reduction, the proposed share subdivision whereby each of the authorized but unissued Consolidated Shares of HK\$0.80 be sub-divided into eight thousand new Shares of HK\$0.0001 each ("Share Subdivision").



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

Net liabilities of the Group deteriorated to approximately HK\$389,037,000 as at 30 September 2017 from approximately HK\$348,777,000 as at 31 March 2017. The increase in net liabilities was mainly attributable to the increase in interests accumulated for convertible bonds during the Period.

LITIGATION

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, 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.

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

Save as discussed in the above sections, during the three months ended 30 September 2017, no member of the Group is engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

LISTING STATUS

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

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

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



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

OUTLOOK

To further broaden the source of income of the Group, the Group has commenced several businesses in 2016, namely trading of metals, household products, nephrite, beverages, securities and chartering out of pleasure vessel. So far the performance of the trading businesses are in line with the forecast of the management.

The 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 for potential investment opportunities. The Group consider this as to diversify its existing business portfolio into new line of business with growth potential and to broaden its source of income.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board of Directors (the “Board”) of Union Asia Enterprise Holdings Limited (the “Company”) is pleased to report the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three and six months ended 30 September 2017 together with the comparative figures for the corresponding periods in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Turnover	7	33,161	81,167	68,007	83,256
Revenue	7	30,315	26,855	58,444	28,944
Cost of sales		(28,557)	(20,891)	(54,679)	(22,888)
Gross profit		1,758	5,964	3,765	6,056
Administrative expenses		(9,922)	(31,680)	(16,279)	(39,953)
Fair value gain on redemption of convertible bonds liabilities		—	—	—	7,020
Other operating income/ (expenses), net	8	(11,296)	5,112	(10,562)	(11,149)
Loss from operations		(19,460)	(20,604)	(23,076)	(38,026)
Finance costs	9	(14,003)	(7,187)	(26,483)	(18,985)
Loss before tax		(33,463)	(27,791)	(49,559)	(57,011)
Income tax expense	10	(8)	—	(40)	—
Loss for the period	11	(33,471)	(27,791)	(49,599)	(57,011)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		23,792	24,234
Investment properties		29,557	28,406
Goodwill	13	10,137	10,137
Total non-current assets		<u>63,486</u>	<u>62,777</u>
Current assets			
Inventories		5,021	3,662
Trade and other receivables	14	43,286	40,088
Financial assets at fair value through profit or loss	15	17,179	29,239
Bank and cash balances		2,123	2,369
Total current assets		<u>67,609</u>	<u>75,358</u>
Total assets		<u><u>131,095</u></u>	<u><u>138,135</u></u>

	Notes	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Current liabilities			
Trade and other payables	16	91,176	77,157
Bank and other borrowings		11,612	13,342
Current tax liabilities		653	368
Total current liabilities		103,441	90,867
Net current liabilities		(35,832)	(15,509)
Total assets less current liabilities		27,654	47,268
Non-current liabilities			
Bank and other borrowings		90,713	89,526
Promissory notes		25,722	24,478
Convertible bonds	18	274,363	256,774
Corporate bonds		21,396	20,806
Deferred tax liabilities		4,497	4,461
Total non-current liabilities		416,691	396,045
Net liabilities		(389,037)	(348,777)
Capital and reserves			
Share capital	17	273,216	273,216
Reserves		(662,253)	(611,551)
Equity attributable to owners of the Company		(389,037)	(338,335)
Non-controlling interests		—	(10,442)
Total equity		(389,037)	(348,777)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	(Unaudited)										
	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Share option reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2016 (audited)	25,298	3,620,942	(3,993)	8,251	227,243	507	1,446	(4,514,496)	(634,802)	(10,440)	(645,242)
Total comprehensive (expenses)/ income for the period	-	-	(313)	-	-	4,244	-	(56,997)	(53,066)	(14)	(53,080)
Placing of Shares	45,536	-	-	-	-	-	-	-	45,536	-	45,536
Rights issue	202,382	69,867	-	-	-	-	-	-	272,249	-	272,249
Early redemption of convertible bonds	-	-	-	-	(86,077)	-	-	86,077	-	-	-
Changes in equity for the period	247,918	69,867	(313)	-	(86,077)	4,244	-	29,080	264,719	(14)	264,705
At 30 September 2016 (unaudited)	<u>273,216</u>	<u>3,690,809</u>	<u>(4,306)</u>	<u>8,251</u>	<u>141,166</u>	<u>4,751</u>	<u>1,446</u>	<u>(4,485,416)</u>	<u>(370,083)</u>	<u>(10,454)</u>	<u>(380,537)</u>
At 1 April 2017 (audited)	273,216	3,661,406	(3,416)	-	141,439	-	-	(4,410,980)	(338,335)	(10,442)	(348,777)
Total comprehensive expenses for the period	-	-	(1,103)	-	-	-	-	(49,599)	(50,702)	-	(50,702)
Loss on deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	10,442	10,442
Changes in equity for the period	-	-	(1,103)	-	-	-	-	(49,599)	(50,702)	10,442	(40,260)
At 30 September 2017 (unaudited)	<u>273,216</u>	<u>3,661,406</u>	<u>(4,519)</u>	<u>-</u>	<u>141,439</u>	<u>-</u>	<u>-</u>	<u>(4,460,579)</u>	<u>(389,037)</u>	<u>-</u>	<u>(389,037)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Net cash generated from/(used in) operating activities	5,891	(46,226)
Net cash used in investing activities	—	(26,410)
Net cash (used in)/generated from financing activities	(6,102)	83,981
Net (decrease)/increase in cash and cash equivalents	(211)	11,345
Effect of changes in foreign exchange rates	(35)	244
Cash and cash equivalents at beginning of period	2,369	(2,239)
Cash and cash equivalents at end of period	2,123	9,350



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

2. GOING CONCERN BASIS

The Group had a net liabilities of approximately HK\$389,037,000 as at 30 September 2017, which indicated that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

3. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosures requirements of the GEM Listing Rules and accounting principles generally accepted in Hong Kong.

These unaudited condensed consolidated financial statements, which do not include all information and disclosures as required in the annual financial statements, should be read in conjunction with the annual report for the year ended 31 March 2017.

The accounting policies and method of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2017.

4. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKAS 7
Amendments to HKAS 12

Disclosure initiative
Recognition of Deferred Tax Assets for Unrealised Losses

5. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

a. Disclosures of level in fair value hierarchy at the end of the reporting period:

Description	Fair value measurements as at 30 September 2017 using:			
	Level 1 HK\$'000 (unaudited)	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong	17,179	–	–	17,179
Investment properties in the PRC	–	–	29,557	29,557
	<u>17,179</u>	<u>–</u>	<u>29,557</u>	<u>46,736</u>

Description	Fair value measurements as at 31 March 2017 using:			
	Level 1 HK\$'000 (audited)	Level 2 HK\$'000 (audited)	Level 3 HK\$'000 (audited)	Total HK\$'000 (audited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong	29,239	–	–	29,239
Investment properties in the PRC	–	–	28,406	28,406
	<u>29,239</u>	<u>–</u>	<u>28,406</u>	<u>57,645</u>

b. Reconciliation of assets measured at fair value based on level 3:

	Investment properties HK\$'000
At 1 April 2017 (audited)	28,406
Exchange differences recognised in other comprehensive income	1,151
At 30 September 2017 (unaudited)	29,557
At 1 April 2016 (audited)	18,836
Total fair value gains or losses recognised in profit or loss	
in other comprehensive income	10,997
Exchange differences recognised in other comprehensive income	(1,427)
At 31 March 2017 (audited)	28,406

c. Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of the reporting period:

The management of the Company is responsible for the fair value measurement of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. Review of valuation process and results are held at least twice a year.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 30 September 2017 HK\$'000 (unaudited)	Fair value as at 31 March 2017 HK\$'000 (audited)
Investment properties in the PRC	Market comparable approach	Price per square metre	RMB14,271 to RMB14,915 (31 March 2017: RMB14,271 to RMB14,915)	Increase	29,557	28,406

There is no change in the valuation techniques used for the investment properties.



6. SEGMENT INFORMATION

The Group has nine reportable segments as follows:



Household products	– Trading of household products
Securities Trading	– Trading of listed securities
Mineral Resources	– Exploration and exploitation of magnetic sand (The commercial operations have not yet been commenced during the Period)
Metals	– Trading of stainless steel wires and scrap metals
Beverages	– Trading of bottled mineral water and tea products
Coals	– Trading of coals
Bunker Fuels	– Trading of vessel fuels
Nephrite	– Trading of nephrite
Vessel's charter	– Charter income from vessels

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The following is an analysis of the Group's revenue, results and assets by operating segments for the periods under review:

(a) Segment revenue, results and assets

Information regarding the Group's reportable segments as provided to the Group's chief operating decision – makers is set out below:

Six months ended 30 September 2017	Household Products HK\$'000 (unaudited)	Securities Trading HK\$'000 (unaudited)	Nephrite HK\$'000 (unaudited)	Vessel's charter HK\$'000 (unaudited)	Metals HK\$'000 (unaudited)	Beverages HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Turnover (including proceeds from securities trading)	32,358	9,563	5,114	840	20,051	81	68,007
Revenue from external customers	32,358	–	5,114	840	20,051	81	58,444
Segment profit/(loss) before tax	189	(3,489)	(224)	277	(1,295)	(1,285)	(5,827)

As at 30 September 2017	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Segment assets	3,054	17,199	5,915	19,113	46,789	75,788	167,858

Six months ended 30 September 2016	Household Products HK\$'000 (unaudited)	Securities Trading HK\$'000 (unaudited)	Nephrite HK\$'000 (unaudited)	Vessel's charter HK\$'000 (unaudited)	Metals HK\$'000 (unaudited)	Beverages HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Turnover (including proceeds from securities trading)	12,544	59,346	5,336	280	5,099	651	83,256
Revenue from external customers	12,544	5,034	5,336	280	5,099	651	28,944
Segment profit/(loss) before tax	431	9,639	(43)	(56)	(8,744)	(19,220)	(17,993)

As at 30 September 2016	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Segment assets	3,266	45,801	6,234	19,807	21,855	23,309	120,272

(b) Reconciliation of reportable segment profit or loss

	For the six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Reportable segment loss	(5,827)	(17,993)
Fair value gain on redemption of convertible bonds liabilities	–	7,020
Loss on deregistration of subsidiaries	(7,150)	–
Unallocated depreciation	(79)	(487)
Unallocated other operating income, net	49	845
Unallocated corporate expenses	(36,592)	(46,396)
Consolidated loss for the period	<u>(49,599)</u>	<u>(57,011)</u>

7. REVENUE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Sale of skincare and household products	17,269	11,292	32,358	12,544
Sale of nephrite	1,800	4,769	5,114	5,336
Sale of beverages	–	547	81	651
Sale of metals	10,826	4,933	20,051	5,099
Charter income from vessel	420	280	840	280
Interest income from financial assets at fair value through profit or loss	–	5,034	–	5,034
Revenue	<u>30,315</u>	<u>26,855</u>	<u>58,444</u>	<u>28,944</u>
Proceeds from sale of listed securities	<u>2,846</u>	<u>54,312</u>	<u>9,563</u>	<u>54,312</u>
Turnover	<u>33,161</u>	<u>81,167</u>	<u>68,007</u>	<u>83,256</u>

8. OTHER OPERATING INCOME/(EXPENSES), NET

	For the three months ended 30 September		For the six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Fair value gain on financial assets at fair value through profit or loss	(2,481)	3,973	695	4,619
Gain/(loss) on disposal of financial assets at fair value through profit or loss	618	–	(4,156)	–
Dividend income from listed securities	–	–	20	–
Bargain purchase of a subsidiary	–	1,000	–	1,000
Loss on disposal of leasehold property under assets classified as held for sale	–	–	–	(8,583)
Loss on deregistration of subsidiaries	(7,150)	–	(7,150)	–
Loss on expired inventories	–	–	–	(3,702)
Provision of penalty for sales of expired inventories	–	–	–	(8,415)
Net sundry (expenses)/income	(207)	139	29	3,932
	<u>(9,220)</u>	<u>5,112</u>	<u>(10,562)</u>	<u>(11,149)</u>

9. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interest on bank and overdrafts	202	–	400	–
Interest on convertible bonds	10,985	6,724	21,489	18,213
Interest on corporate bonds	299	–	590	–
Interest on promissory notes	937	317	1,841	317
Interest on other borrowings	1,580	146	2,163	455
	<u>14,003</u>	<u>7,187</u>	<u>26,483</u>	<u>18,985</u>

10. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax has been made as the Group has not generated any assessable profits that are subject to Hong Kong profits tax during the period (2016: Nil).

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

11. LOSS FOR THE PERIOD

Loss for the period is stated after charging the following:

	For the three months ended 30 September		For the six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Depreciation	435	1,270	869	2,624
Directors' remuneration	369	274	735	548
Operating lease charges in respect of land and building	752	1,412	1,508	2,824

12. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the three months period ended 30 September 2017 of approximately HK\$33,474,000 (2016: approximately HK\$27,783,000) and the loss attributable to owners of the Company for the six months period ended 30 September 2017 of approximately HK\$49,599,000 (2016: loss for the period of approximately HK\$56,997,000), and the weighted average number of ordinary shares of 3,415,197,762 shares (2016: 3,152,490,242 shares as adjusted to reflect the effect of the share consolidation, rights issue and placing of shares completed during the Period) and 3,415,197,762 shares (2016: 2,467,914,108 shares as adjusted to reflect the effect of the share consolidation, rights issue and placing of shares completed during the Period) in issue during the two respective periods.

Diluted loss per share

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

13. GOODWILL

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Trading of stainless steel wires: – Fu Hang Metal (Asia) Limited	10,137	10,137

14. TRADE AND OTHER RECEIVABLES

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Trade receivables	17,789	17,332
Rental and other deposits	2,026	993
Prepayments and other receivables	23,471	21,763
	<u>43,286</u>	<u>40,088</u>

The ageing analysis of trade receivables, based on the invoice date, and net of allowances, is as follow:

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
0 to 90 days	10,205	8,916
91 to 180 days	1,184	7,152
Over 180 days	6,400	1,264
	<u>17,789</u>	<u>17,332</u>

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Equity securities listed in Hong Kong, at fair value	<u>17,179</u>	<u>29,239</u>

The equity investments listed on the Stock Exchange are held-for-trading that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of listed equity investments are based on current bid prices.

During the Period, the net realised loss on disposal of listed securities of approximately HK\$4,156,000 (2016: gain of approximately HK\$5,034,000) was recognised in the condensed consolidated financial statements.

16. TRADE AND OTHER PAYABLES

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Trade and bills payables	41,601	37,200
Accruals	27,542	21,366
Other payables	22,033	18,591
	<u>91,176</u>	<u>77,157</u>

The ageing analysis of trade and bills payable, based on the date of receipt of goods, is as follow:

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
0 to 90 days	5,995	—
91 to 180 days	5	—
Over 180 days	35,601	37,200
	<u>41,601</u>	<u>37,200</u>

17. SHARE CAPITAL

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Authorised:		
31,250,000,000 ordinary shares of HK\$0.08 each (At 31 March 2017: 31,250,000,000 ordinary shares of HK\$0.08 each)	<u>2,500,000</u>	<u>2,500,000</u>
Issued and fully paid:		
3,415,197,762 ordinary shares of HK\$0.08 each (At 31 March 2017: 3,415,197,762 ordinary shares of HK\$0.08 each)	<u>273,216</u>	<u>273,216</u>

18. CONVERTIBLE BONDS

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Non-current liabilities		
Liability component of convertible bonds 2% coupon issued on 12 May 2015 (Note)	<u>274,363</u>	<u>256,774</u>
	<u>274,363</u>	<u>256,774</u>



Note:

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 unsecured zero coupon convertible bonds with an aggregate principal amount of USD655,128,205 (equivalent to approximately HK\$5,110,000,000) issued on 18 December 2008 (the “Old Bonds”) will be amended to grant the Company a right to redeem all the outstanding Old Bonds at a redemption price of US\$140,000,000 (equivalent to approximately HK\$1,092,000,000);
- (ii) the Company will exercise such redemption right; and
- (iii) in satisfaction and cancellation of the redemption amount payable under the amended Old Bonds following such redemption, the Company will issue to Kesterion all unsecured five-year 2.0% convertible bonds in principal amount of US\$140,000,000 (the “New Bonds”). The coupon is payable in arrear semi-annually from the issue date.

The holder of the New Bonds has the right to convert the New Bonds into the ordinary shares of the Company at a fixed conversion price of HK\$0.5, at any time before the maturity date.

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 Bonds 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 has been fulfilled. Accordingly the Company has fully redeemed the Old Bonds and issued the New Bonds in accordance with the terms of the Bond Restructuring Agreement.

On 18 May 2016, completion of Rights Issue and early redemption of convertible bonds with the outstanding principal amount of US\$30,000,000 have been taken place. The conversion price of the convertible bonds with the outstanding principal amount of US\$50,000,000 (equivalent to approximately HK\$390 million) has been adjusted to HK\$1.73 per Share. For details, please refer to the section “Capital structure and liquidity” above.

The movements of each component and principal amount of the convertible bonds for the Period are as follows:

	Liability component HK\$'000	Equity component HK\$'000
At 31 March 2017 (audited)	256,774	141,439
Coupon interest paid	(3,900)	–
Imputed interest charged for the Period	21,489	–
At 30 September 2017 (unaudited)	<u>274,363</u>	<u>141,439</u>

The interest charged for the Period is calculated by applying an effective interest rate of 17.60% (2016: 17.60%) per annum to the liability component.

19. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed financial statements, the Group had the following transactions with its related parties during the Period and balances with related parties as at 30 September 2017:

Key management personnel remuneration

Remuneration paid/payable to key management personnel of the Group, including the emoluments of the Company's directors and the highest paid individuals, is as follows:

	For the six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Salaries, bonus and allowances	735	548
Retirement benefits scheme contributions	18	11
	<u>753</u>	<u>559</u>

20. LEASE COMMITMENTS

At 30 September 2017 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Within one year	581	398
In the second to fifth years inclusive	28	200
	<u>609</u>	<u>598</u>

Operating lease payments represent rentals payable by the Group for certain of its offices and living quarters for employees. Leases are negotiated for terms ranging from one to five years.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 10 November 2017.



INTERIM DIVIDEND

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

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

As at 30 September 2017, there are no long and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations that (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 30 September 2017, so far as the Directors are aware, the following person (other than Directors and chief executives of the Company) had an interest and/or a short position in the shares or underlying shares in respect of equity derivatives of the Company that has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO):

Long and short positions in shares of the Company

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

Save as disclosed above, as at 30 September 2017, the Company has not been notified by any other person (other than any Directors or chief executives of the Company) who had an interest or a short position in the shares, underlying shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 to the SFO.



DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

Old share option scheme

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

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

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

New share option scheme

The Company adopted a share option scheme on 30 July 2012 (the "New Share Option Scheme") for the purpose of providing incentives and rewards to the eligible participants who contributed to the growth of the Group and will expire on 29 July 2022. Under the New Share Option Scheme, the directors may grant options to eligible full-time or part-time employees, including any executive, nonexecutive and independent non-executive directors, and consultants or advisers of the Company and/or any of its subsidiaries. The New Share Option Scheme as valid and effective for a period of ten years from the adoption date.



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

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

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

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

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

Under the New Share Option Scheme, if the options remain unexercised after a period of 3 years from the date of grant, the options expire. Options are forfeited if the employee is dismissed by the Group by reason of persistent or serious misconduct, breach of material term of the relevant employment contract or summary dismissal.

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

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



DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

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

Under code provision A.2.1 of the CG code, the role of Chairman and chief executive officer (the "CEO") should not be performed by the same individual. Subsequent to the removal of former CEO Mr. Cheung Hung Man by the Board on 23 May 2016, the post has been vacant as at 30 September 2017. The Board will keep reviewing the current structure of the Board from time to time and the Company will make appointment to fill the post of the CEO as appropriate.

Under code provision A.6.7 of the CG code, independent non-executive directors and other non-executive directors should attend general meeting and develop a balanced understanding of the views of shareholders. Several Directors were unable to present at the annual general meeting held on 8 June 2017 due to their other important engagements at the relevant time.

Under code provision E.1.2 of the CG code, the chairman of the board should attend general meeting and she should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. The chairman of the Company was unable to present at the annual general meeting held on 8 June 2017 as she had other important engagements at the relevant time.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the code of conduct for securities transactions by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company periodically issues notices to its Directors 4 times a year reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of quarterly, interim and annual results.



The Company has confirmed that, having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for the Period.

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

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of the Directors since the date of the Annual Report 2017 are set out below:

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

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

AUDIT COMMITTEE

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

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

Hong Kong, 10 November 2017

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