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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)*

**THE RESUMPTION PROPOSAL  
INVOLVING, INTER ALIA,  
(I) PROPOSED CAPITAL REORGANISATION;  
(II) CREDITORS SCHEMES AND VERY SUBSTANTIAL DISPOSAL;  
(III) PROPOSED OPEN OFFER ON THE BASIS OF  
NINETEEN OFFER SHARES FOR EVERY ONE NEW SHARE/  
CONSOLIDATED SHARE  
HELD ON THE OPEN OFFER RECORD DATE;  
(IV) VERY SUBSTANTIAL ACQUISITION AND CONNECTED  
TRANSACTION;  
(V) REVERSE TAKEOVER INVOLVING  
A NEW LISTING APPLICATION;  
(VI) APPLICATION FOR WHITEWASH WAIVER;  
(VII) SPECIAL DEAL  
AND  
(VIII) PROPOSED APPOINTMENT OF DIRECTORS**

**Financial Adviser to the Company**



**Financial Adviser to Mr. Norman Chan**

**VEDA | CAPITAL  
智 略 資 本**

## **THE RESUMPTION PROPOSAL**

On 15 September 2017, the Company entered into the Restructuring Framework Agreement (as supplemented and amended on 9 November 2017) with the Investor pursuant to which the Company will carry out the Resumption Proposal involving (i) the Capital Reorganisation; (ii) the Creditors Schemes; (iii) the Open Offer; and (iv) the Acquisition.

On the same date, the Company submitted the Resumption Proposal to the Stock Exchange before the expiry of the delisting stage to seek resumption of trading of the Shares.

On 30 October 2017, the Company received a letter from the Stock Exchange in which it stated that the Stock Exchange agreed to allow the Company to submit a new listing application relating to the Resumption Proposal on or before 8 January 2018. If the Company fails to submit a new listing application by 8 January 2018, or the transactions proposed in the Resumption Proposal fail to proceed with for any reasons, the Stock Exchange will proceed with the cancellation of listing of the Shares on the Stock Exchange.

## **PROPOSED CAPITAL REORGANISATION**

The Company proposes to implement, subject to the Shareholders' approval, the Capital Reorganisation, which comprises the Share Premium Cancellation, the Share Consolidation, the Capital Reduction, the Unissued Share Capital Cancellation and the Authorised Share Capital Increase.

## **THE OPEN OFFER**

To enable the existing Shareholders to participate in the Proposed Restructuring, the Company proposes the Open Offer on the basis of nineteen (19) Offer Shares for every one (1) New Share/Consolidated Share held by the Qualifying Shareholders on the Open Offer Record Date. A total of 1,297,775,150 Offer Shares will be allotted and issued by the Company to the Qualifying Shareholders and/or the Underwriter at the Offer Price of HK\$0.19 for each Offer Share. The Open Offer will be fully underwritten by the Underwriter.

Completion of the Open Offer is conditional upon the Capital Reorganisation becoming effective and the completion of the Acquisition.

## **THE CREDITORS SCHEMES**

Pursuant to the terms of the Restructuring Framework Agreement, it is proposed that the Creditors Schemes will be implemented upon approval by the High Court, the Grand Court and the Creditors. Based on the available books and records of the Company or on the Claims made by the Creditors, the Company has indebtedness of approximately HK\$559.6 million as at the date of this announcement. The figure is indicative only and will be subject to final determination by the Scheme Administrators.

Upon the Creditors Schemes having become effective, all the Claims made by the Creditors and other liabilities of the Company will be discharged and released in full, in return, under the Creditors Schemes, the Creditors with the Claims admitted under the Creditors Schemes would be entitled to receive the Creditors Schemes Consideration (after deducting the costs in connection with the administration and implementation of the Creditors Schemes and subject to any reserve which the Scheme Administrators may make) proportionally on a pari passu basis based on their respective amount of the Claims admitted under the Creditors Schemes.

## **THE ACQUISITION**

On 15 September 2017, the Company also entered into the Acquisition Agreement (as supplemented and amended on 9 November 2017) with the Investor pursuant to which the Company has conditionally agreed to acquire from the Investor the Sale Share, representing the entire equity interest in the Target Company, for the Consideration of approximately HK\$423.5 million. The Consideration will be satisfied by way of allotment and issue of 2,228,865,908 Consideration Shares at the issue price of HK\$0.19 each. The Consideration Shares represent approximately 62.0% of the total issued share capital of the Company upon Completion.

The Target Company is principally engaged in provision of interior design services for commercial and residential properties, as well as galleries and show flats for local property developers in Hong Kong.

## **PROPOSED APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT**

Upon completion of the Proposed Restructuring and due to the change of principal business activities of the Group, the Company will reconstitute the Board, and all of the existing Directors will be replaced by new Directors with the necessary skills to manage the new business activities upon resumption of trading in the Shares. The new executive Directors are proposed to include Mr. Norman Chan and Mr. Alex Lee immediately following completion of the Acquisition. It is also proposed that the management of the Company with the necessary skills to take responsibility for the day to day management of the Company will be Mr. Norman Chan and Mr. Alex Lee. The appointment and resignation of Directors will take effect immediately after the completion of the Proposed Restructuring and in compliance with the GEM Listing Rules and the Takeovers Code.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As all of the percentage ratios in respect of the Acquisition under Rule 19.07 of the GEM Listing Rules exceed 100% and the issue of the Consideration Shares will give rise to change in control of the Company, the Acquisition constitutes a very substantial acquisition and a reverse takeover for the Company under Chapter 19 of the GEM Listing Rules. In addition, as Mr. Norman Chan, being one of the ultimate beneficial owners of the Target Company, will be proposed to be a Director, the Acquisition also constitutes a connected transaction for the Company under Chapter 20 of the GEM

Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to the GEM Listing Rules and approval of the new listing application of the Company by the GEM Listing Committee. Such new listing application is required to comply with all the requirements under the GEM Listing Rules, in particular the requirements under Chapters 11 and 12 of the GEM Listing Rules. As at the date of this announcement, the new listing application has not yet been submitted to the Stock Exchange, and the Company will initiate the new listing application process as soon as practicable.

Pursuant to the Creditors Schemes, the Scheme Companies will be transferred from the Group to the Scheme Administrators or a company to be incorporated and to be held and controlled by the Scheme Administrators. Accordingly, the Scheme Companies to be transferred under the Creditors Schemes are deemed to be disposed of. As one or more of the applicable percentage ratios calculated under the GEM Listing Rules in respect of the Disposal are more than 75%, the Disposal constitutes a very substantial disposal under Chapter 19 of the GEM Listing Rules and therefore subject to the reporting, announcement and shareholder's approval requirements pursuant to the GEM Listing Rules.

As the Open Offer will increase the issued share capital of the Company by more than 50%, the Open Offer will be subject to the approval by the Shareholders at the EGM by way of poll under Rule 10.39 of the GEM Listing Rules. As at the date of this announcement, the Company did not have any controlling Shareholder. Accordingly, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company shall abstain from voting in favour of the resolution in respect of the Open Offer. Save as disclosed, no Shareholders or their associates are required to abstain from voting on any resolutions to be proposed at the EGM.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the New Shares, the Offer Shares and the Consideration Shares.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

### **Whitewash Waiver**

As at the date of this announcement, the Concert Group does not own or control any existing Shares or any convertible securities, warrants, options or derivatives in respect of the existing Shares. Upon Completion and Capital Reorganisation becoming effective, the Concert Group will, in aggregate, hold approximately 62.0% of the issued share capital of the Company as enlarged by the Offer Shares and the Consideration Shares.

As such, the Concert Group will be required to make a mandatory general offer for all the issued Shares of the Company (not already owned or agreed to be acquired by the Concert Group) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

The Investor will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll, in which the Concert Group and those who are involved in or interested in the Proposed Restructuring and/or the Whitewash Waiver will abstain from voting on the relevant resolution(s). The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Restructuring Framework Agreement will terminate forthwith.

As at the date of this announcement, the Company is not aware of any concerns on the compliance of the Proposed Restructuring with other applicable rules or regulations (including the GEM Listing Rules). Should such concern arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authorities as soon as possible but in any event before the despatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Proposed Restructuring does not comply with any other applicable rules and regulations.

### **Special Deal**

The proposed settlement of the indebtedness due to the CB Creditor (who holds approximately 0.179% of the total issued capital of the Company as at the date of this announcement) under the Creditors Schemes, which is not extended to all the other Shareholders, constitutes a special deal under Rule 25 of the Takeovers Code and therefore requires (i) consent by the Executive; (ii) the independent financial adviser to publicly state that in its opinion the repayment and the terms thereunder are fair and reasonable; and (iii) approval by the Independent Shareholders at the EGM. The Concert Group, the CB Creditor and his associates and parties acting in concert with any of them, and those who are interested in and involved in the Proposed Restructuring, the Whitewash Waiver and/or the Special Deal will be required to abstain from voting on the relevant resolution(s).

The Company will apply to the Executive for its consent to the Special Deal under Rule 25 of the Takeovers Code.

### **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all three independent non-executive Directors, namely Dr. Wan Ho Yuen, Terence, Mr. Li Kwok Chu and Mr. Lau Shu Yan, has been established to make recommendations to the Independent Shareholders as to whether the Capital Reorganisation, the Open Offer, the Creditors Schemes, the Whitewash Waiver, the Special Deal, and the Acquisition contemplated under the Restructuring Framework Agreement are fair and reasonable and in the interests of the Company and the Independent Shareholders taken as a whole and to advise the

independent Shareholders on how to vote after taking into account the advice from the independent financial adviser.

The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in accordance with the requirements under the GEM Listing Rules and the Takeovers Code on such matters. Further announcement(s) will be made by the Company upon the appointment of the independent financial adviser.

#### **EXPECTED DATE OF DESPATCH OF THE CIRCULAR AND APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH THE TAKEOVERS CODE AND THE GEM LISTING RULES**

A Circular containing, among other things, (i) details of the Acquisition; (ii) information about the Capital Reorganisation; (iii) information about the Creditors Schemes; (iv) information about the Open Offer; (v) information about the business of the Target Group; (vi) the Whitewash Waiver; (vii) the Special Deal; (viii) a letter of recommendation from the Independent Board Committee; (ix) a letter of advice from the independent financial adviser to the Independent Shareholders; and (x) a notice of EGM will be despatched to the Shareholders as soon as possible.

The Company will despatch the Circular in accordance with the applicable requirements under the GEM Listing Rules and the Takeovers Code.

Under Rule 19.60(7) of the GEM Listing Rules, the Company is required to despatch the Circular within 15 Business Days after the publication of the announcement unless reasons for the delay are stated in the announcement. Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders a circular in respect of, amongst others, the terms of the Acquisition and the Whitewash Waiver within 21 days from the date of publication of this announcement (i.e. 30 November 2017).

As the Company's new listing application is subject to approval by the Stock Exchange, it is expected that additional time is required for the Stock Exchange to approve the Company's new listing application and for the preparation of the Circular, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to delay the despatch of the Circular to a date on or before 23 March 2018. An application for the consent will be made to the Executive and the Executive has indicated that it is minded to grant consent.

#### **THE EGM**

The EGM will be held for the purpose of considering and, if thought fit, approving the resolutions in respect of the Capital Reorganisation, the Open Offer, the Creditors Schemes (which also constitutes the Special Deal pursuant to Rule 25 of the Takeovers Code), the Acquisition, the Whitewash Waiver, and the proposed appointment of the Directors. Voting on the resolutions at the EGM will be taken by way of poll.



## **CONTINUED SUSPENSION OF TRADING IN THE SHARES**

Dealings in the Shares on the GEM Board has been suspended since 20 March 2017 and will remain suspended until further notice. The Company will make further announcements on the latest development of the Group as and when appropriate pursuant to the requirements of the GEM Listing Rules and the Takeovers Code.

**Shareholders and potential investors should note that the Capital Reorganisation, the Open Offer, the Creditors Schemes, the Acquisition, the Whitewash Waiver and the Special Deal are subject to various conditions which may or may not be fulfilled, in particular, whether the Stock Exchange will allow the Acquisition and accompanying transactions to proceed. There is therefore no assurance that any of these transactions will proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

**The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the resumption of trading in Shares. The Company will keep the public informed of the latest developments by making further announcements as and when appropriate.**

## **BACKGROUND AND THE PROPOSED RESTRUCTURING**

Reference is made to the announcements of the Company dated 2 December 2016, 6 December 2016 and 20 March 2017 in relation to, among other things, the decision of the Stock Exchange to proceed with cancellation of the Company's listing status.

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

Accordingly, trading in the Shares has been suspended since 20 March 2017 and the Company was 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 GEM Listing Committee (i.e. 17 September 2017).

On 15 September 2017, the Company submitted the Resumption Proposal to the Stock Exchange and entered into the Restructuring Framework Agreement with the Investor to set out the terms of the Proposed Restructuring comprising (i) the Capital Reorganisation; (ii) the Open Offer; (iii) the Creditors Schemes; and (iv) the Acquisition.

On 30 October 2017, the Company received a letter from the Stock Exchange in which it stated that the Stock Exchange agreed to allow the Company to submit a new listing application relating to the Resumption Proposal on or before 8 January 2018. If the Company fails to submit a new listing application by 8 January 2018, or the transactions proposed in the Resumption Proposal fail to proceed with for any reasons, the Stock Exchange will proceed with the cancellation of listing of the Shares on the Stock Exchange.

Details of the Resumption Proposal are set out in the following sections.

## **RESTRUCTURING FRAMEWORK AGREEMENT**

On 15 September 2017, the Company entered into the Restructuring Framework Agreement (as supplemented and amended on 9 November 2017) with the Investor to set out the terms of the Proposed Restructuring which involves (i) the Capital Reorganisation; (ii) the Creditors Schemes; (iii) the Open Offer; and (iv) the Acquisition.

Pursuant to the Restructuring Framework Agreement, the Investor shall provide or shall procure a party to provide the Investor Loan in the amount up to HK\$18,000,000 to finance the professional fees and all costs and expenses of the Company in connection with the Acquisition. In addition, the Company also agreed to ensure the Transaction Loan in a sufficient amount be available to the Company on terms approved by the Investor for the purpose of financing the professional fees and all costs and expenses of the Company in connection with the preparation of the Resumption Proposal including all the transactions contemplated thereunder, save for the Acquisition and the work relating to the financial information of the Target Group.

The Company shall, under the Restructuring Framework Agreement, make an application to the High Court and the Grand Court seeking sanction to repay the Investor Loan and the Transaction Loan in full out of the proceeds of the Open Offer.

Details of the Capital Reorganisation, the Open Offer, the Creditors Schemes and the Acquisition are set out below.

## **CAPITAL REORGANISATION**

Pursuant to the Restructuring Framework Agreement, the Company proposes to implement, subject to the approval by the Shareholders, the Capital Reorganisation as follows:

- (i) the Share Premium Cancellation: the entire amount in the sum of HK\$3,661,406,000 standing to the credit of the share premium account of the Company will be cancelled to set off against part of total accumulated loss of the Company of approximately HK\$4,455,498,000;



- (ii) **Share Consolidation:** every fifty (50) issued Shares of HK\$0.08 each will be consolidated into one (1) Consolidated Share of HK\$4.0 each in the issued share capital of the Company, so there will be a total of 68,303,955 Consolidated Shares in issue upon Share Consolidation taking effect;
- (iii) **Capital Reduction:** upon Share Consolidation taking effect, the nominal value of the issued Consolidated Shares will be reduced from HK\$4.0 to HK\$0.0001 each (i.e. New Share) by cancelling the paid-up capital to the extent of HK\$3.9999 each, and the total credit of approximately HK\$273,208,990 arising therefrom will be applied to further set off the accumulated loss of the Company of approximately HK\$4,455,498,000;
- (iv) **Unissued Share Capital Cancellation:** upon the Capital Reduction taking effect, all the authorised but unissued share capital of the Company will be cancelled in their entirety; and
- (v) **Authorised Share Capital Increase:** upon the Unissued Share Capital Cancellation taking effect, the authorised share capital of the Company will be increased to HK\$10,000,000 divided into 100,000,000,000 New Shares.

Upon the Capital Reorganisation becoming effective, the accumulated loss of the Company will be reduced from approximately HK\$4,455.5 million to HK\$521.2 million.

Fractional New Shares arising from the Capital Reorganisation will be disregarded and will not be issued to the Shareholders but all such fractional New Shares will be aggregated and, if possible, sold for the benefit of the Company.

### **Conditions precedent of the Capital Reorganisation**

The Capital Reorganisation will become effective subject to the fulfilment of the following conditions:

- (i) the passing of a special resolution by the Shareholders by way of poll at the EGM to approve the Capital Reorganisation;
- (ii) the Grand Court granting an order confirming the Capital Reduction;
- (iii) the registration by the Registrar of Companies in the Cayman Islands of a copy of the Grand Court order approving the Capital Reduction and the minute containing the particulars required under the Companies Law;
- (iv) compliance with any conditions imposed by the Grand Court; and
- (v) the GEM Listing Committee granting the listing of, and permission to deal in, the New Shares in issue upon the Capital Reorganisation becoming effective.

## Effects of the Capital Reorganisation

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will not, by itself, alter the underlying assets, liabilities, businesses, operations, management or financial position of the Company and the Group or the rights of the Shareholders.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, before and after completion of the Capital Reorganisation:

	<b>Immediately before the Capital Reorganisation becoming effective</b>	<b>Immediately after the Capital Reorganisation becoming effective</b>
Nominal value	HK\$0.08 per Share	HK\$0.0001 per New Share
Number of authorised shares	31,250,000,000 Shares	100,000,000,000 New Shares
Authorised share capital (HK\$)	2,500,000,000	10,000,000
Number of issued and paid-up shares	3,415,197,762 Shares	68,303,955 New Shares
Paid-up capital (HK\$)	273,215,821	6,830

## Status of the New Shares after the Capital Reorganisation

The New Shares will be identical and rank pari passu in all respects with each other.

## Listing and dealings

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the New Shares. Subject to the granting of the listing of, and the permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought from any other stock exchange.

### **Expected effective date of the Capital Reorganisation**

The Capital Reorganisation will become effective immediately after the registration of the Grand Court order and the minute as referred to in condition (iii) above. An application will be made to the Grand Court for the approval of the Capital Reorganisation as soon as practicable.

Further announcement(s) will be made to inform the Shareholders of the progress of the matter, including the proposed timetable, and the arrangements of the free exchange of the New Share certificates for the existing Share certificates, as and when appropriate.

### **Reasons for the Capital Reorganisation**

The Capital Reorganisation is part and parcel of the Resumption Proposal and the Company considers that it will give greater flexibility to the Company to raise funds through the issue of New Shares in the future.

### **THE OPEN OFFER**

To enable the existing Shareholders to participate in the Proposed Restructuring, the Company proposes the Open Offer on the basis of nineteen (19) Offer Shares for every one (1) New Share/Consolidated Share (depends on whether the Capital Reorganisation will become effective on the Open Offer Record Date) held by the Qualifying Shareholders on the Open Offer Record Date. A total of 1,297,775,150 Offer Shares will be allotted and issued by the Company at the Offer Price of HK\$0.19 cash for each Offer Share and the gross proceeds raised via the issuance of the Offer Shares will approximately HK\$246.6 million.

#### **Issue statistics**

Basis of the Open Offer	: nineteen (19) Offer Shares for every one (1) New Share/Consolidated Share (depends on whether the Capital Reorganisation will become effective on the Open Offer Record Date) held by the Qualifying Shareholders on the Open Offer Record Date
Offer Price	: HK\$0.19 per Offer Share payable in full upon application
Number of New Shares/ Consolidated Shares expected to be in issue as at the Open Offer Record Date	: 68,303,955 New Shares/Consolidated Shares
Number of Offer Shares to be issued	: 1,297,775,150 Offer Shares

- (i) approximately 38.0% of the existing issued share capital of the Company;
- (ii) approximately 1,900.0% of the issued shares of the Company upon the completion of the Capital Reorganisation;
- (iii) approximately 95.0% of the issued shares of the Company upon the completion of the Capital Reorganisation as enlarged by the allotment and issue of the Offer Shares;
- (iv) approximately 36.1% of the issued shares of the Company upon the completion of the Capital Reorganisation and allotment and issue of the Offer Shares and the Consideration Shares.

Enlarged issued share capital upon : 1,366,079,105 New Shares  
the completion of the Open Offer

Gross proceeds from the Open Offer : Approximately HK\$246.6 million

As at the date of this announcement, the issued share capital of the Company was 3,415,197,762 Shares. Other than the Convertible Bonds, the Company does not have any options, warrants or convertible securities in issue as at the date of this announcement.

### **The Offer Price**

The Offer Price of HK\$0.19 each represents a discount of approximately 85.9% to the theoretical quoted price of HK\$1.35 per New Share/Consolidated Share (the quoted price of HK\$0.027 per Share has been adjusted to reflect the effect of the Capital Reorganisation) on 17 March 2017, being the Last Trading Day.

The Offer Price was determined by the Company, after taking into account (i) the financial performance and financial position of the Group; and (ii) the fact that trading in the Shares on the Stock Exchange has been suspended since 20 March 2017.

### **Basis of assured allotment**

The basis of the assured allotment will be nineteen (19) Offer Shares for every one (1) New Share/Consolidated Share held by the Qualifying Shareholders at the close of business on the Open Offer Record Date.

Application for all or any part of the assured entitlement of a Qualifying Shareholder should be made by completing the Application Form(s) and lodging the same with a remittance for the Offer Shares being applied for with the branch share registrar of the Company in Hong Kong, Union Registrars Limited, at Suite 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by no later than the latest time for acceptance of and payment for the Offer Shares.

### **Conditions precedent to the Open Offer**

Completion of the Open Offer is subject to the fulfilment of the following conditions before the Long Stop Date:

- (i) the conditions precedent to the Acquisition having been fulfilled (save for the condition for the Open Offer having become unconditional);
- (ii) the delivery to the Stock Exchange for authorisation, and the registration with the Registrar of Companies in Hong Kong, respectively, not later than the despatch date of the Prospectus, of one copy of the Prospectus Documents, duly signed by two directors of the Company (or their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached to it) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time);
- (iii) the posting of the Prospectus Documents and, if required by or in compliance with the GEM Listing Rules, a copy of the Prospectus stamped "For Information Only" to the Non-Qualifying Shareholders on the despatch date of the Prospectus;
- (iv) the approval of the Open Offer, the Underwriting Agreement for the Open Offer and the transactions contemplated thereunder by the Shareholders (other than those prohibited from voting on the resolutions at the EGM by the GEM Listing Rules and/or the Takeovers Code) at the EGM;
- (v) the grant or the agreement to grant (subject to allotment) by the GEM Listing Committee, and not having withdrawn or revoked such grant, of the listing of and permission to deal in all the Offer Shares, either unconditionally or subject to such conditions as are accepted by the Company;
- (vi) the Stock Exchange having conditionally or unconditionally approved or decided to allow the Company to proceed with the resumption of the trading in the New Shares on the Stock Exchange and all the conditions attached to such approval or decision (if any) having been fulfilled (other than those conditions relating to or in connection with the restoration of public float) or waived by the Stock Exchange;

(vii) all other necessary waivers, consents and approval including but not limited to those from the Stock Exchange, the SFC and any other relevant government or regulatory authorities, which are required (if any) for the implementation of the Resumption Proposal and all transactions contemplated thereunder having been obtained; and

(viii) the Capital Reorganisation having taken effect.

### **The Underwriting Agreement**

The Underwriter will fully underwrite the Offer Shares. It is expected that the Underwriting Agreement in accordance with the above terms will be executed prior to the despatch of the Circular and details of the Underwriting Agreement will be set out in the Circular. The Company will make further announcement in relation to the identity of the Underwriter, the terms of the Underwriting Agreement and the expected timetable of the Open Offer as soon as the Underwriting Agreement is executed. The Underwriter will procure sub-underwriters, which are Independent Third Parties and not parties acting in concert with the Investor or the Underwriter, to sub-underwrite the Offer Shares. Accordingly, no general offer obligation will be triggered by the Underwriter or the sub-underwriter under Rule 26.1 of the Takeovers Code.

### **Reasons for and benefits of the Open Offer and the use of proceeds**

The Open Offer forms part and parcel of the Resumption Proposal seeking for the resumption of trading in the Shares. The gross proceeds from the Open Offer are expected to amount to HK\$246.6 million. The proceeds in the sum of approximately HK\$207 million will be paid into the Creditors Schemes and the balance of approximately HK\$39.6 million, after repaying the Investor Loan and the Transaction Loan and deducting the professional fees and expenses including underwriter commission, shall be retained as the working capital of the Company after the Completion.

### **Application for listing**

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares are expected to have the same board lot size as the Shares, i.e. 40,000 Shares in one board lot.

### **Offer Shares will be eligible for admission into CCASS**

Subject to the grant of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on



any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS operational procedures in effect from time to time. Shareholders should seek advice from their stock brokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty and other applicable fees and charges in Hong Kong.

### **Others**

Based on the information available, the Existing Substantial Shareholder is not a member of the Concert Group and is not involved in, or interested in any of the transactions contemplated by the Restructuring Framework Agreement including the Capital Reorganisation, the Creditors Schemes, the Open Offer, the Acquisition, the Whitewash Waiver and/or the Special Deal, other than solely in his capacity as a Shareholder as at the date of this announcement. Hence, the Existing Substantial Shareholder is an Independent Shareholder. In addition, despite the cold shoulder order imposed on the Existing Substantial Shareholder by the SFC on 30 August 2017, the Board, based on the counsel's opinion, is of the view that the cold shoulder order will not hinder the implementation of the Resumption Proposal. As at the date of this announcement, the Company has not received any information from the Existing Substantial Shareholder of its intention to take up the Offer Shares under the Open Offer.

Fractions of the Offer Shares will not be allotted to the Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of the Offer Shares. Any Offer Shares created from the aggregation of fractions of the Offer Shares will be aggregated and taken up by the Underwriter in accordance with the Underwriting Agreement.

The Offer Shares will be issued pursuant to a specific mandate to be obtained upon approval by the Shareholders at the EGM.

### **THE CREDITORS SCHEMES AND THE VERY SUBSTANTIAL DISPOSAL**

As part of the Proposed Restructuring, the Company proposes to transfer the Scheme Companies to the Scheme Administrators or a company to be incorporated and held and controlled by the Scheme Administrators, which will be Independent Third Parties. All the issued shares of the Scheme Companies will be transferred to a nominee of the Scheme Administrators upon the Creditors Schemes having become effective at the nominal value for the benefit of the Creditors and any guarantee or indemnity given by the Company in respect of the obligations or liabilities of each of the Scheme Companies shall be released and discharged in full upon such transfer.

Upon the Creditors Schemes becoming effective, the Scheme Administrators will take steps to adjudicate the indebtedness of the Company and to distribute the scheme assets in settlement of the adjudicated indebtedness. The Scheme Administrators will also take appropriate steps to realise and recover the assets of the Scheme Companies and ascertain and settle the liabilities of the Scheme Companies from assets recovered and proceeds from realisation of assets of the Scheme Companies. To save any extra cost and resources in pursuing any claims against the Scheme Companies, all of the rights, causes of action or claims of the Company against the Scheme Companies in respect of transactions or events incurred up to the date the Creditors Schemes becoming effective will also be assigned by and transferred and/or novated (as the case may be) from the Company to such nominee of the Scheme Administrators. The Company will receive payment out of the realisation and/or recovery of any assets of the Scheme Companies in settlement of any amounts due and/or claims against such Scheme Companies. Proceeds from realisation of assets of the Scheme Companies after settlement of liabilities of the Scheme Companies and any surplus assets of the Scheme Companies will be available to the Creditors under the Creditors Schemes and excess amount, if any, under the Creditors Schemes after payment of all costs and settlement of all liabilities due to the Creditors will be returned to the Company.

As at the date of this announcement, based on the available books and records of the Company or on Claims made by the Creditors, the Company has indebtedness of approximately HK\$559.6 million. The figure is indicative only and will be subject to final determination by the Scheme Administrators. The estimated total amount of Claims comprises (i) Convertible Bonds with an aggregated principal amount of US\$50,000,000 (equivalent to approximately HK\$390,000,000) and the outstanding interest accrued thereon which is in the amount of US\$1,491,780 (equivalent to approximately HK\$11,635,890) as at the date of this announcement; (ii) Promissory Notes with an aggregated principal amount of HK\$27,500,000; (iii) Corporate Bonds with an aggregated principal amount of HK\$30,000,000; (iv) loans from bank and other Independent Third Parties with an aggregated amount of approximately HK\$91,447,262 and the outstanding interest accrued thereon which is in the amount of HK\$22,829,222 as at the date of this announcement. Upon the Creditors Schemes having become effective, all the Claims and other liabilities of the Company will be discharged and released in full, in return, under the Creditors Schemes, the Creditors with the Claims admitted under the Creditors Schemes would be entitled to receive the Creditors Schemes Consideration (after deducting the costs in connection with the administration and implementation of the Creditors Schemes and subject to any reserve which the Scheme Administrators may make) proportionally on a pari passu basis based on their respective amount of the Claims admitted under the Creditors Schemes.

As at the date of this announcement, all the existing Creditors are Independent Third Parties, and are not acting in concert with the Concert Group. Save for the CB Creditor who held approximately 0.179% of the issued share capital of the Company as at the date of this announcement, no other Creditors held any Shares as at the date of this announcement.

### **Conditions precedent to the Creditors Schemes**

The Creditors Schemes shall become effective subject to the fulfilment of the following conditions precedent:

- (i) the approval for the Creditors Schemes having been obtained from the requisite majority in number representing at least 75% in value of the Creditors who, either in person or by proxy, attend and vote at the scheme meetings to be convened with the leave of the relevant courts);
- (ii) the sanction of the Creditors Schemes from the High Court and the Grand Court having been obtained;
- (iii) the passing of the necessary resolution(s) by the Independent Shareholders (other than those Shareholders who are required to abstain from voting on all or any of the resolutions under the GEM Listing Rules or the Takeovers Code) by way of poll at the EGM to be convened and held to approve the Creditors Schemes (which also constitutes the Special Deal pursuant to Rule 25 of the Takeovers Code) as required under the Listing Rules and the Takeovers Code;
- (iv) the Company having obtained the necessary consent of the Executive for the special deal constituted by the Creditors Schemes pursuant to Rule 25 of the Takeovers Code;
- (v) all conditions precedent to Completion (other than the conditions precedent to the implementation of the Creditors Schemes) having been fulfilled; and
- (vi) filing of the court orders with the relevant companies registries in Hong Kong and the Cayman Islands, respectively.

### **Implementation of the Creditors Schemes**

Pursuant to the Creditors Schemes, the Scheme Companies will be transferred from the Group to a nominee of the Scheme Administrators. Accordingly, the Scheme Companies to be transferred under the Creditors Schemes are deemed to be disposed of. Upon the Creditors Schemes becoming effective and subject to Completion, each of the Scheme Companies will cease to be a subsidiary of the Company.

### Financial information of the Company

As all the assets and liabilities of the Company are to be disposed of to the Scheme Companies under the Creditors Scheme, the audited financial information of the Company for the two financial years ended 31 March 2016 and 2017 is set out below for Shareholders' information:

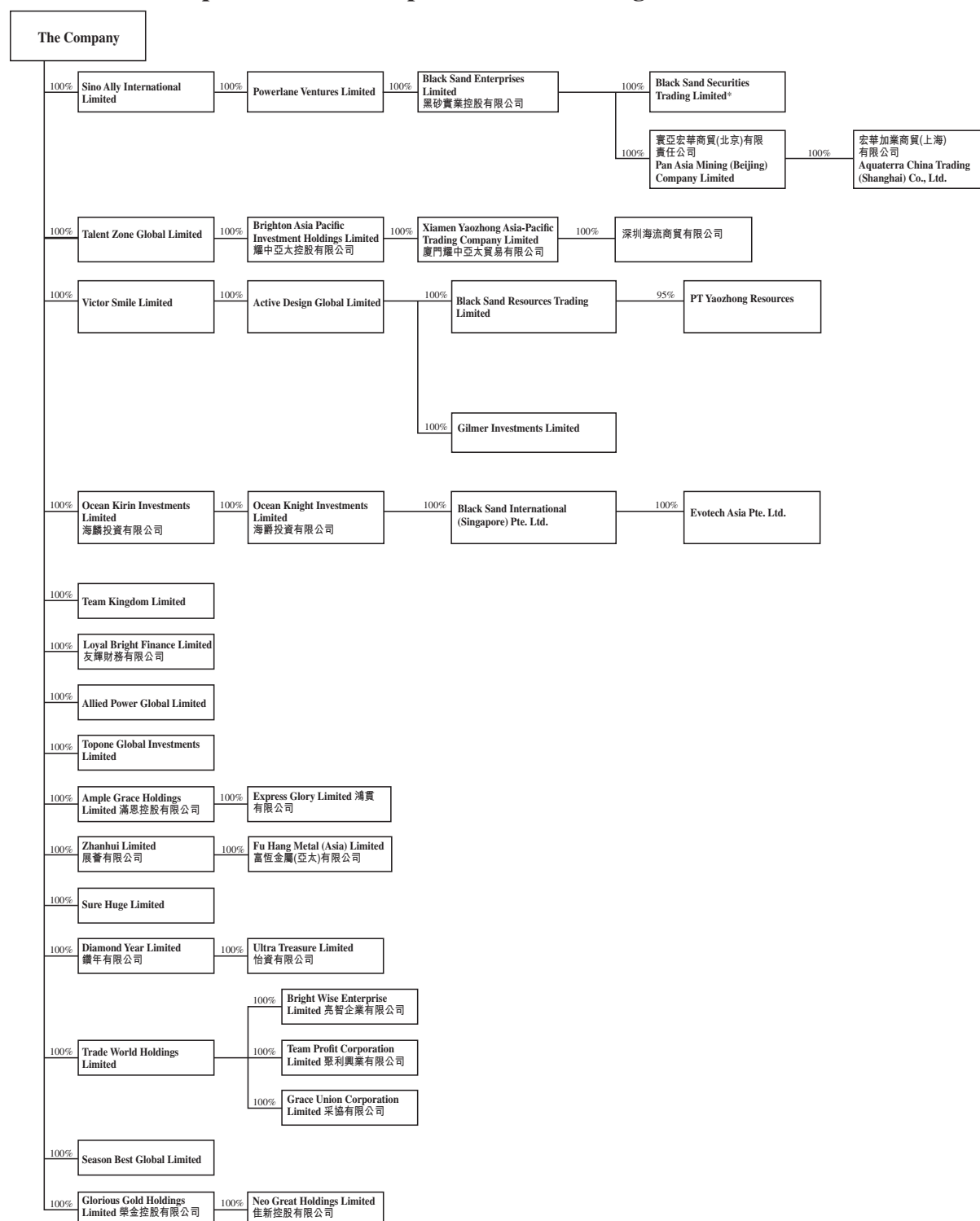
<i>(HK\$'000)</i>	<b>For the year ended 31 March</b>	
	<b>2016</b>	<b>2017</b>
Profit/(loss) before tax	(331,290)	5,803
Profit/(loss) after tax from continuing operation	<u>(329,327)</u>	<u>2,686</u>

As at 31 March 2017, the audited net liabilities of the Company were approximately HK\$348.8 million.

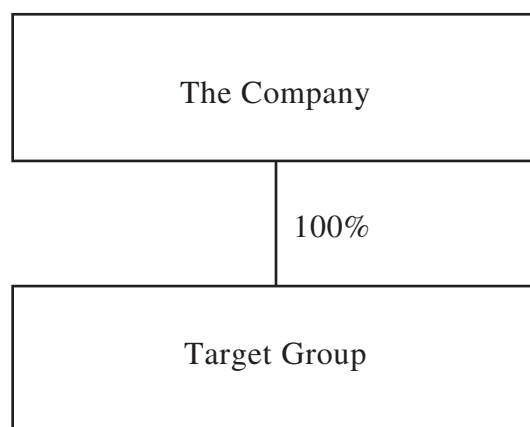
A full set of the audited financial information relating to the Group as prepared by Elite Partners CPA Limited (being the auditors of the Company) under Hong Kong Financial Reporting Standards and in full compliance with the requirements of the Takeovers Code, will be included in the Circular.

# ORGANISATIONAL STRUCTURE OF THE GROUP

## Prior to the completion of the Proposed Restructuring



## Upon completion of the Proposed Restructuring



## THE ACQUISITION

Under the Restructuring Framework Agreement, the Company will acquire from the Investor the Sale Share for the Consideration of approximately HK\$423.5 million, which will be satisfied by way of allotment and issue of 2,228,865,908 Consideration Shares at the Consideration Price of HK\$0.19 each. Set out below are the principal terms of the Acquisition Agreement.

### Date

15 September 2017 (as supplemented and amended on 9 November 2017)

### Parties

- (i) the Company, being the purchaser;
- (ii) Whistle Up Limited (i.e. the Investor), being the vendor; and

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Investor is an investment holding company incorporated in the BVI with limited liability and is owned as to 96% by Mr. Norman Chan, as to 3% by Mr. Alex Lee and 1% by Ms. Susanna Kwok as at the date of this announcement. As Mr. Norman Chan and Mr. Alex Lee will be proposed as Directors in compliance with the requirements under the Takeovers Code, the Investor and its ultimate beneficial owners are connected persons of the Company under the GEM Listing Rules. However, the Investor and their respective associates are not acting in concert with the Existing Substantial Shareholder.

### Asset to be acquired

The Sale Share represents the entire equity interest in the Target Company. Details of the Target Group are set out in the section headed "Information of the Target Group" below.



## **Consideration**

The Consideration of approximately HK\$423.5 million was determined by the Company and the Investor after arm's length negotiations with reference to (i) the price-to-earnings ratio of approximately 18.4 as implied by the Consideration and the unaudited combined profit of the Target Company for the year ended 31 March 2017; and (ii) the price-to-earning ratio of approximately 25.0 of the comparable company which shares are listed on the Stock Exchange is principally engaged in similar business as that of the Target Group. The Company also took into account the clientele of the Target Group which includes certain well-known local property developers in Hong Kong.

In view of the above, the Board considers that the Consideration is fair and reasonable with reference to the total benefit attributed to the Shareholders.

## **The Consideration Shares**

The Consideration shall be satisfied by the allotment and issue of 2,228,865,908 Consideration Shares at the Consideration Price of HK\$0.19 each upon the Acquisition Completion.

The 2,228,865,908 Consideration Shares to be allotted and issued at the Consideration Price of HK\$0.19 each represent:

- (i) approximately 65.3% of the issued share capital of the Company upon the completion of the Capital Reorganisation;
- (ii) approximately 3,263.2% of the issued share capital of the Company upon the completion of the Capital Reorganisation and as enlarged by the allotment and issue of the Offer Shares; and
- (iii) approximately 62.0% of the issued share capital of the Company upon the completion of the Capital Reorganisation and as enlarged by the allotment and issue of the Offer Shares and the Consideration Shares.

The Consideration Price of HK\$0.19 each represents a discount of approximately 85.9% to the theoretical quoted price of HK\$1.35 per New Share (the quoted price of HK\$0.027 per Share adjusted with the effects of the Capital Reorganisation) on 17 March 2017, being the Last Trading Day.

The Consideration Price was determined after arm's length negotiations, taking into account (i) the financial performance and financial position of the Group; and (ii) the fact that trading in the Shares on the Stock Exchange has been suspended since 20 March 2017.

The Consideration Shares will be issued pursuant to a specific mandate to be obtained upon approval by the Independent Shareholders at the EGM.

## **Conditions precedent to the Acquisition**

Acquisition Completion is conditional on each of the following conditions precedent being satisfied on or before the Long Stop Date:

- (i) the Company being satisfied in its reasonable discretion with the results of the financial, legal or other due diligence review of the assets, liabilities, operations and affairs of the Target Group as the Company may reasonable consider appropriate;
- (ii) all necessary consents, licenses and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Investor and the Target Company in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (iii) all necessary consents, licences and approvals from the Shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Company in respect of the Acquisition Agreement and the transactions contemplated hereunder having been obtained and remain in full force and effect;
- (iv) all Investor's warranties remaining true and correct in all material respects and not misleading;
- (v) all Company's warranties remaining true and correct in all material respects and not misleading;
- (vi) the completion of the reorganisation of the Target Group so that each of the Principal Subsidiaries, namely BTR Asia, BTR HK, BTR INTL and BTR Workshop, being held as to 100% by the Target Company;
- (vii) the passing of the necessary resolution(s) by the Independent Shareholders (other than those Shareholders who are required to abstain from voting on all or any of the resolutions under the GEM Listing Rules or the Takeovers Code) by way of poll at the EGM to be convened and held to approve (i) the Restructuring Framework Agreement and the transactions contemplated thereunder; (ii) the Capital Reorganisation; (iii) the Open Offer and the allotment and issue of the Offer Shares; (iv) the Creditors Schemes (which also constitutes the Special Deal pursuant to Rule 25 of the Takeovers Code); (v) the Acquisition Agreement and the transactions contemplated thereunder (including but limited to the allotment and issue of the Consideration Shares); and (vi) the Whitewash Waiver;
- (viii) the granting of the approval by the GEM Listing Committee for the listing of and permission to deal in all of (i) the New Shares in issue after the Capital Reorganisation becoming effective; (ii) the Consideration Shares; and (iii) the Offer Shares (either unconditionally or subject to conditions) and such permission not having been subsequently revoked or withdrawn;

- (ix) the Resumption Proposal of trading of the New Shares having been submitted to the Stock Exchange and the approval in-principle having been received from the Stock Exchange and such approval not having been subsequently revoked or withdrawn;
- (x) the deemed new listing application of the Company having been submitted to the Stock Exchange and the approval for the listing application having been granted by the GEM Listing Committee and such approval not having been subsequently revoked or withdrawn;
- (xi) the meetings of the Creditors having been convened and the Creditors having approved the Creditors Schemes;
- (xii) the final sanction from the High Court on the Creditors Schemes having been obtained;
- (xiii) the final sanction from the Grand Court on the Creditors Schemes having been obtained;
- (xiv) the Capital Reorganisation becoming effective;
- (xv) the Shares and the New Shares (as the case may be) remained listed on the GEM Board;
- (xvi) the Executive granting the Whitewash Waiver (and such grant not being subsequently revoked or withdrawn) to the Investor and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted; and
- (xvii) there has not been any material adverse change on the Target Group since the date of the Restructuring Framework Agreement.

None of the conditions above can be waived by any party to the Acquisition Agreement. As at the date of this announcement, save for condition (ix) that the Stock Exchange has agreed the Company to proceed with the Resumption Proposal and to submit a new listing application on or before 8 January 2018, none of the conditions above has been fulfilled.

## **Other terms**

Pursuant to the Restructuring Framework Agreement, the Investor and the Company also agreed that the Investor may, prior to Completion and subject to applicable laws and regulations, procure each of the Principal Subsidiaries to declare and pay dividends to the Target Company of an aggregate amount no greater than the amount of its retained earnings as at 31 March 2017 of approximately HK\$84,048,000 in aggregate and 31 March 2018 and after such declaration of dividends by the Principal Subsidiaries, procure the Target Company to declare and pay dividends to the shareholder on the register of members of the Target Company prior to the Acquisition Completion (i.e. the Investor) (the “**Pre-Completion Dividends**”) of an aggregate amount no greater than the aggregate amount of the dividends declared by the Principal Subsidiaries. For the avoidance of doubt, the Company will not be entitled to the Pre-Completion Dividends. There will be no adjustment to the number of the Consideration Shares to be allotted and issued and the Consideration Price for the declaration and payment of the Pre-Completion Dividends.

## **Application for listing of the Consideration Shares**

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Consideration Shares to be allotted and issued pursuant to the Acquisition Agreement.

## **PROPOSED APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT**

Upon completion of the Proposed Restructuring and due to the change of principal business activities of the Group as enlarged by the Target Group, the Company will reconstitute the Board, and all of the existing Directors will be replaced by new Directors with the necessary skills to manage the new business activities upon resumption. The new Directors are proposed to include the two proposed Directors, namely Mr. Norman Chan and Mr. Alex Lee immediately following Completion. It is also proposed that the management of the Company with the necessary skills to take responsibility for the day to day management of the Company will be Mr. Norman Chan and Mr. Alex Lee. The appointment and resignation of Directors will take effect immediately after the completion of the Proposed Restructuring and in compliance with the GEM Listing Rules and the Takeovers Code.

## **Biographical details of the proposed Directors**

**Mr. Norman Chan**, aged 57, is the founder and the design director of the Target Group. He obtained his Bachelor’s degree in architecture from the Rhode Island School of Design in 1985.

Mr. Norman Chan has over 30 years of experience in the interior design and decoration industry in Hong Kong with a proven track record of completed projects. He is responsible for the overall management of the Target Group.

**Mr. Alex Lee**, aged 52, is the project director of the Target Group. He is one of the founding staff joined in 1995. He obtained his diploma in architecture from The Northern Alberta Institute of Technology in 1994.

Mr. Alex Lee has over 20 years of experience in the interior design and decoration industry in Hong Kong with a proven track record of completed projects. He is the project director managing three design teams to monitor the progress of Target Group's projects. He is also responsible for the overall administrative work of the Target Group including approval of expenditures,

## **INFORMATION ON THE TARGET GROUP**

### **Principal business**

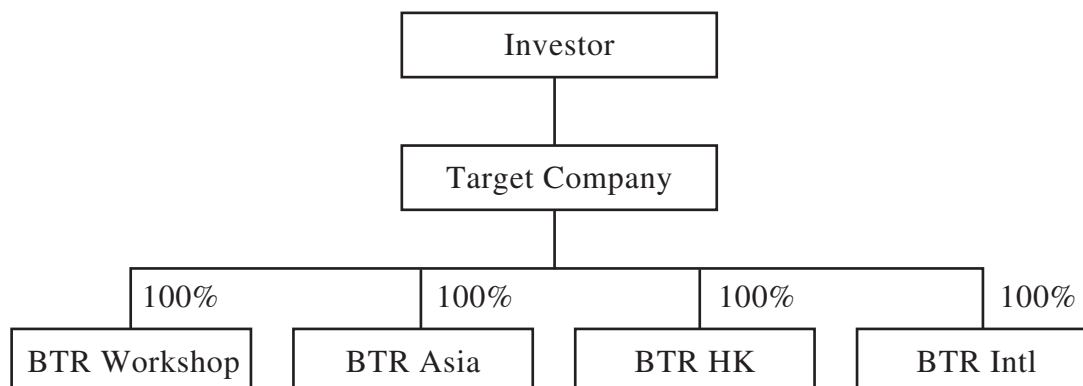
The Target Company is a company incorporated in the BVI. Through a reorganisation of the Target Group, the Target Company will become the holding company of the Principal Subsidiaries, namely BTR Workshop, BTR HK, BTR Asia and BTR Intl.

Based on the information provided by the Investor, the Target Group is primarily engaged in provision of interior design services to premises, including but not limited to, private residences, corporate offices, service apartments, hotels, residential clubhouse, show flats and sales galleries which are located in Hong Kong.

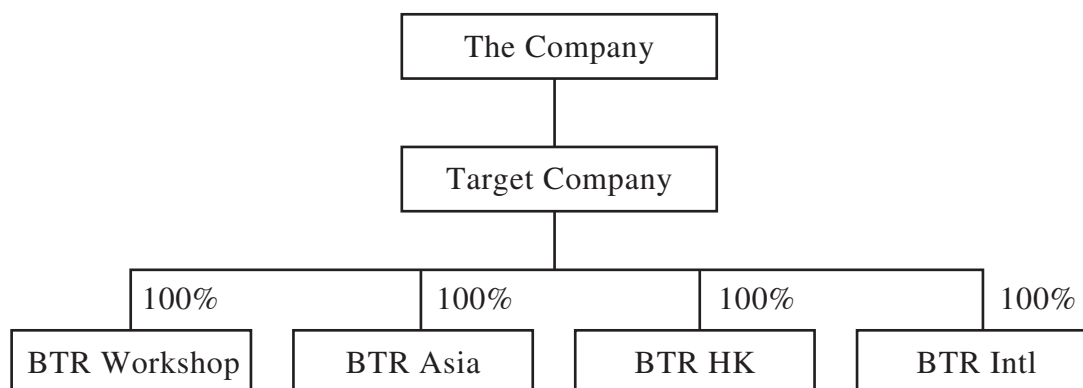
The Target Group conducts assessment on potential projects and the in-house design team develops tailor-made interior design proposals which include design concepts and plans based on the Target Group's clients' requirements, preparing colour and concept boards, and creating drawing work, layout plans and three-dimensional perspectives. The project managers are responsible for monitoring the execution progress of the projects and coordinating the fitting-out works. Upon providing the design proposal to its customers, the customers will engage subcontractors by way of tender to procure necessary decoration materials and carry out fitting-out works. The Target Group's project management team coordinates with each of the selected subcontractors to complete the fitting-out works on time and in accordance with its customers' requirements.

## Shareholding structure

Set out below is the shareholding structure of the Target Group after completion of the reorganisation of the Target Group prior to Completion:



Set out below is the shareholding structure of the Target Group upon Completion:



## History and development

The Target Group was founded in 1995 by Mr. Norman Chan, with the aim to provide modern architecture and contemporary design in Hong Kong. The philosophies of the Target Group are (i) to design with clarity and rigor, with understanding and sensitivity; (ii) to be intelligent, rational and authentic; and (iii) to be consistent from the germination of an idea through to the materialization of the project. Under the mentioned philosophies, the leadership and effort of Mr. Norman Chan and other member of the management, the Target Group has developed, in a period of close to two decades, from a small studio to a team of over 50 design professionals.



## Major milestones

Set out below are the milestones of the Target Group in its history and development:

Year	Major milestones
1995	Establishment of BTR Workshop by Mr. Norman Chan and Mr. Yap Soon Heng
2000	Mr. Yap Soon Heng sold his shares in BTR Workshop to Mr. Norman Chan and Ms. Susanna Kwok. Since then BTR Workshop has been owned as to 99.99% by Mr. Norman Chan and 0.01% by Ms. Susanna Kwok
2004	First interior design service (residential property) to a Hong Kong-based property developer
2009	First overseas interior design service (residential property development with shopping mall located at Manila, Philippines)
2009	Establishment of BTR HK by Mr. Norman Chan, Mr. Alex Lee and Mr. Leung Shiu Fung, Kevin
2013	Establishment of BTR Asia by Mr. Norman Chan
2013	Establishment of BTR Intl by Mr. Norman Chan
2013	First interior design service (hotel renovation project located in Singapore) to a Hong Kong-based multinational hospitality company
2014	The number of staffs in the Principal Subsidiaries exceeds 50

## Management profile

The Target Group has management teams with experience in the interior design industry in Hong Kong. The Company believes that the Target Group's experienced and stable management team has contributed to the success of the Target Group and will further enhance the Target Group's execution capabilities.

## Financial information

The Target Group's revenue was mainly derived from provision of consultancy service fee from provision of interior design services and project management services. The Target Group estimates the percentage of completion of interior design contracts by reference to management's estimation of the overcome of the contracts as well as the proportion of contract costs incurred for work performed to date to the estimated total costs for the contracts. When the final costs incurred by the Target Group are different from the amounts that were initially budgeted, such differences will impact the revenue and profit or loss recognised in the period in which such determination is made. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

Set out below is the unaudited combined financial information of the Principal Subsidiaries for the Track Record Period:

	<b>For the year ended 31 March 2016</b> <i>HK\$'000</i> (unaudited)	<b>For the year ended 31 March 2017</b> <i>HK\$'000</i> (unaudited)
Revenue	49,880	66,127
Profit before taxation	15,278	27,664
Profit after taxation	12,757	23,100
	<b>As at 31 March 2016</b> <i>HK\$'000</i> (unaudited)	<b>As at 31 March 2017</b> <i>HK\$'000</i> (unaudited)
Net assets	61,167	84,267

Pursuant to Rules 19.58(7) and (8) of the GEM Listing Rules, the Company is required to disclose the above financial information of the Target Group in this announcement. Pursuant to Rule 10 of the Takeovers Code, the above unaudited financial information relating to the Target Group constitutes a profit estimate and should be reported on by the Company's financial adviser and reporting accountants (the "**Reports**") under Rule 10.4 of the Takeovers Code. However, due to the practical difficulties of including the Reports in this announcement in terms of the additional time required for the preparation of the Reports by the Company's financial advisers and reporting accountants, the financial information relating to the Target Group is not strictly in compliance with the requirements of Rule 10 of the Takeovers Code.

A full set of the audited financial information relating to the Target Group prepared reported upon by RSM Hong Kong as the reporting accountants under Hong Kong Financial Reporting Standards, which will be in full compliance with the requirements of the Takeovers Code, will be included in the Circular to be issued by the Company to the Shareholders. Shareholders should note that there may be differences between the unaudited financial information relating to the Target Group as presented in this announcement and the audited financial information to be presented in the Circular to be issued by the Company to the Shareholders.

**The Company would like to draw to the attention of the Shareholders and potential investors that the above unaudited financial information in relation to the Target Group does not meet the standard required by Rule 10 of the Takeovers Code and is subject to review by the reporting accountants of the Company and therefore subject to changes. Shareholders and potential investors should exercise caution in placing reliance on the above information in assessing the merits and demerits of the Acquisition and any other transactions disclosed in this announcement.**

#### **Customers**

Set out below are the top five customers of the Target Group during the Track Record Period:

		<b>Revenue generated by each of the top five customers Financial year ended 31 March 2016</b>	
<b>Type of customer</b>		<i>HK\$'000</i>	<i>%</i>
Customer A	Corporate	11,307	22.7%
Customer B	Corporate	11,213	22.5%
Customer C	Corporate	4,539	9.1%
Customer D	Corporate	3,829	7.7%
Customer E	Corporate	3,708	7.4%
<b>Subtotal</b>		<b>34,596</b>	<b>69.4%</b>

Type of customer		Revenue generated by each of the top five customers Financial year ended 31 March 2017	
		HK\$'000	%
Customer B	Corporate	18,307	27.7%
Customer A	Corporate	9,057	13.7%
Customer C	Corporate	5,256	8.0%
Customer E	Corporate	4,253	6.4%
Customer F	Individual	3,000	4.5%
<b>Subtotal</b>		<b>39,873</b>	<b>60.3%</b>

Customers A, B, C, D, E are local property developers in Hong Kong. The Target Group entered into the agreements with the developers on a project basis. Revenue was recognized according to percentage of completion of the design work deriving from the staff expenses incurred for each project.

### Suppliers

The business nature and revenue model of the Target Group does not require any raw materials for its operations and therefore there was no supplier of the Target Group during the Track Record Period.

### Employees and major terms of management contract

As at the date of this announcement, the Target Group has 64 full-time employees. The following table sets forth a breakdown of the employees of the Target Group by functions.

	Number of employees
Design team	56
Finance department	2
Administrative department	6
<b>Total</b>	<b>64</b>

During the Track Record Period, the Target Group has not experienced any strikes or other material labor disturbances that have interfered with its operation.

The design team of the Target Group has over 20-year experience on interior design on premises, including but not limited to, private residences, corporate offices, service apartments, hotels, residential clubhouse, show flats and sales galleries. The philosophy of the Target Group is to design with clarity and rigor, with understanding and sensitivity. It has to be intelligent, rational and authentic and also to be consistent from the germination of an idea through to the materialization of the project.

## **COMPLETION OF THE RESTRUCTURING FRAMEWORK AGREEMENT**

Completion of the Acquisition and the Open Offer, and implementation of the Creditors Schemes (i.e. Completion) and the allotment and issue for the Consideration Shares and Offer Shares will take place simultaneously on the date falling after ten (10) Business Days upon fulfilment of the conditions precedent to the Acquisition Agreement.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Acquisition forms part and parcel of the Resumption Proposal seeking for the resumption of trading in the Shares. Upon Completion, the Group will have a sufficient level of operation for maintaining its listing status on the Stock Exchange. Details of the financial effects of the Proposed Restructuring are set out in the section headed “Financial effects of the Proposed Restructuring” in this announcement.

The Directors consider that the terms and conditions of the Acquisition are on normal commercial terms and the Acquisition is fair and reasonable and in the best interests of both the Company and its Shareholders as a whole.

## **INTENTION OF THE INVESTOR REGARDING THE GROUP UPON RESUMPTION**

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

Upon Completion, all the existing business including assets and liabilities of the Company will be transferred to a nominee of the Scheme Administrators. Accordingly, upon Completion, the Group will primarily engage in the Target’s business, which is provision of interior design services for commercial and residential properties, as well as galleries and show flats for local property developers in Hong Kong. The Investor does not intend resume the existing businesses of the Group.

## CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

The tables below set out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Capital Reorganisation; and (iii) immediately after Completion (including completion of the Acquisition, the Open Offer and the Creditors Schemes, which involve the allotment and issue of the Offer Shares and the Consideration Shares) with or without sub-underwriting arrangements, in two scenarios being (I) scenario A: assuming all the existing Shareholders take up their respective entitlements under the Open Offer; and (II) scenario B: assuming none of the existing Shareholders take up their respective entitlements under the Open Offer:

### Scenario A

	As at the date of this announcement		Immediately after completion of the Capital Reorganisation		Immediately after Completion	
	(Shares)	%	(Shares)	%	(Shares)	%
Concert Group						
Investor	—	—	—	—	2,228,865,908	62.0%
Sub-total	—	—	—	—	2,228,685,908	62.0%
Existing Substantial Shareholder	846,760,000	24.8%	16,935,200	24.8%	338,704,000	9.4%
Underwriter	—	—	—	—	—	—
Public Shareholders						
Liang Tongwei	12,500,000	0.4%	250,000	0.4%	5,000,000	0.1%
Sub-underwriter to the Open Offer	—	—	—	—	—	—
Other existing public shareholders	2,555,937,762	74.8%	51,118,755	74.8%	1,022,375,105	28.4%
Sub-total	2,568,437,762	75.2%	51,368,755	75.2%	1,027,375,105	28.6%
Total	3,415,197,762	100.0%	68,303,955	100.0%	3,594,945,013	100.0%



## Scenario B

	As at the date of this announcement		Immediately after the completion of the Capital Reorganisation		Immediately after Completion		Immediately after Completion with sub-underwriting arrangement	
	(Shares)	%	(Shares)	%	(Shares)	%	(Shares)	%
<b>Concert Group</b>								
Investor	—	—	—	—	2,228,865,908	62.0%	2,228,865,908	62.0%
Sub-total	—	—	—	—	2,228,865,908	62.0%	2,228,865,908	62.0%
Existing Substantial Shareholder	846,760,000	24.8%	16,935,200	24.8%	16,935,200	0.5%	16,935,200	0.5%
Underwriter	—	—	—	—	1,297,775,150	36.1%	467,342,852	13.0%
<b>Public Shareholders</b>								
Liang Tongwei	12,500,000	0.4%	250,000	0.4%	250,000	0.1%	250,000	0.1%
Sub-underwriter to the Open Offer	—	—	—	—	—	—	830,432,298	23.1%
Other existing public shareholders	2,555,937,762	74.8%	51,118,755	74.8%	51,118,755	1.3%	51,118,755	1.3%
Sub-total	2,568,437,762	75.2%	51,368,755	75.2%	51,368,755	1.4%	881,801,053	24.4%
<b>Total</b>	<b>3,415,197,762</b>	<b>100.0%</b>	<b>68,303,955</b>	<b>100.0%</b>	<b>3,594,945,013</b>	<b>100.0%</b>	<b>3,594,945,013</b>	<b>100.0%</b>

### Notes:

- (1) The above tables are for illustrative purpose only. The actual change in the shareholding structure of the Company is subject to the actual number of the Offer Shares to be subscribed by the Shareholders under the Open Offer.
- (2) Certain percentages figures included in the above table are subject to rounding adjustments.

## FINANCIAL EFFECTS OF THE PROPOSED RESTRUCTURING

Upon completion of the Proposed Restructuring, all the existing assets and liabilities of the Company will be transferred to the Scheme Companies and the sole assets of the Company will be the Target's business. Accordingly, the financial information of the Target Group will constitute the substance of the Group upon Completion. The financial information of the Target Group is set out in the section headed "Financial information of the Target Group" in this announcement.

## **FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As all of the percentage ratios in respect of the Acquisition under Rule 19.07 of the GEM Listing Rules exceed 100% and the issue of the Consideration Shares leads to change in control of the Company, the Acquisition constitutes a very substantial acquisition and a reverse takeover for the Company under Chapter 19 of the GEM Listing Rules. In addition, as Mr. Norman Chan, being one of the ultimate beneficial owners of the Target Company, will be proposed to be a Director, the Acquisition also constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to the GEM Listing Rules and approval of the new listing application of the Company by the GEM Listing Committee. Such new listing application is required to comply with all the requirements under the GEM Listing Rules, in particular the requirements under Chapters 11 and 12 of the GEM Listing Rules. As at the date of this announcement, the new listing application has not yet been submitted to the Stock Exchange, and the Company will initiate the new listing application process as soon as practicable.

Pursuant to the Creditors Schemes, the Scheme Companies will be transferred from the Group to the Scheme Administrators or a company to be incorporated and to be held and controlled by the Scheme Administrators. Accordingly, the Scheme Companies to be transferred under the Creditors Schemes are deemed to be disposed of. As one or more of the applicable percentage ratios calculated under the GEM Listing Rules in respect of the Disposal are more than 100%, the Disposal constitutes a very substantial transaction under Chapter 19 of the GEM Listing Rules and therefore subject to the reporting, announcement and shareholder's approval requirements pursuant to the GEM Listing Rules.

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to Rule 10.39 of the GEM Listing Rules, the Open Offer will be subject to the approval by the Shareholders at the EGM by way of poll. As at the date of this announcement, the Company did not have any controlling Shareholder. Therefore, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company shall abstain from voting in favour of the resolution(s) to be proposed at the EGM to consider and, if thought fit, approve the Open Offer.

Save as disclosed above, none of the other Shareholders and its associates have to abstain from voting on any resolutions to be proposed at the EGM.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the New Shares, the Offer Shares and the Consideration Shares.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

### **Whitewash Waiver**

As at the date of this announcement, the Concert Group does not own or control any existing Shares or any convertible securities, warrants, options or derivatives in respect of the existing Shares. Upon Completion, the Concert Group will, in aggregate, hold approximately 62.0% of the issued share capital of the Company after the Capital Reorganisation and as enlarged by the Offer Shares and the Consideration Shares.

As such, the Concert Group would be required to make a mandatory general offer for all the issued shares of the Company (not already owned or agreed to be acquired by the Concert Group) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

The Investor will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll, in which parties of the Concert Group and those who are involved in or interested in the Proposed Restructuring and/or the Whitewash Waiver will abstain from voting on the relevant resolution(s). If the Whitewash Waiver is granted by the Executive, the Concert Group will not be required to make a mandatory offer which would otherwise be required as a result of the allotment and issue of the Consideration Shares. The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Restructuring Framework Agreement will terminate forthwith.

As at the date of this announcement, the Company does not believe that the Proposed Restructuring gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the GEM Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Proposed Restructuring does not comply with other applicable rules and regulations.

## **Special Deal**

The proposed settlement of the indebtedness due to the CB Creditor (who holds approximately 0.179% of the total issued shares of the Company as at the date of this announcement) under the Creditors Schemes, which is not extended to all the other Shareholders, constitutes a special deal under Rule 25 of the Takeovers Code and therefore requires (i) consent by the Executive; (ii) the independent financial adviser to publicly state that in its opinion the repayment and the terms thereunder are fair and reasonable; and (iii) approval by the Independent Shareholders at the EGM. Parties to the Concert Group, the CB Creditor and his associates and parties acting in concert with any of them, and those who are interested in and involved in the Proposed Restructuring, the Whitewash Waiver and/or the Special Deal will be required to abstain from voting on the relevant resolution(s).

The Company will apply to the Executive for its consent to the Special Deal under Rule 25 of the Takeovers Code.

## **INFORMATION REQUIRED UNDER THE TAKEOVERS CODE**

As at the date of this announcement, none of the Investor or other members of the Concert Group own or have control or direction over any existing Shares, rights over Shares, convertible securities, warrants, options or derivatives in respect of the Shares. Other than entering into of the Restructuring Framework Agreement, none of the Investor or other members of the Concert Group have acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to the date of the Restructuring Framework Agreement and up to the date of this announcement.

As at the date of this announcement, save as disclosed in this announcement,

- (a) none of the Investor or other members of the Concert Group has received any irrevocable commitment in relation to voting of the resolutions in respect of transactions, including the Capital Reorganisation, the Open Offer, the Whitewash Waiver, the Special Deal, the Acquisition or any transactions contemplated under the Restructuring Framework Agreement at the EGM;
- (b) there is no outstanding derivative in respect of the securities of the Company which has been entered into by any Investor or other members of the Concert Group;
- (c) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of any of the members of the Concert Group or the Company and which might be material to the Restructuring Framework Agreement, the Open Offer, the Whitewash Waiver, the Special Deal, the Creditors Schemes, the Acquisition or any transactions contemplated thereunder;

- (d) there is no agreement or arrangement to which any Investor or other members of the Concert Group is a party which relates to circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Capital Reorganisation, the Open Offer, the Whitewash Waiver, the Special Deal, the Acquisition or any transactions contemplated under the Restructuring Framework Agreement, including any break fees being payable; and
- (e) none of the Investor or other members of the Concert Group has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the date of this announcement, the issued share capital of the Company comprises 3,415,197,762 Shares and, other than the Convertible Bonds, the Company does not have any options, warrants or convertible securities in issue.

#### **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all three independent non-executive Directors, namely Dr. Wan Ho Yuen, Terence, Mr. Li Kwok Chu and Mr. Lau Shu Yan, has been established to make recommendations to the Independent Shareholders as to whether the Capital Reorganisation, the Open Offer, the Creditors Schemes, the Whitewash Waiver, the Special Deal, and the Acquisition contemplated under the Restructuring Framework Agreement are fair and reasonable and in the interests of the Company and the independent Shareholders taken as a whole and to advise the Independent Shareholders on how to vote after taking into account the advice from the independent financial adviser.

The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in accordance with the requirements under the GEM Listing Rules and the Takeovers Code on such matters. Further announcement(s) will be made by the Company upon the appointment of the independent financial adviser.

#### **EXPECTED DATE OF DESPATCH OF THE CIRCULAR AND APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH THE TAKEOVERS CODE AND THE GEM LISTING RULES**

A Circular containing, among other things, (i) details of the Acquisition; (ii) information about the Capital Reorganisation; (iii) information about the Creditors Schemes; (iv) information about the Open Offer; (v) information about the business of the Target Group; (vi) the Whitewash Waiver; (vii) the Special Deal; (viii) a letter of recommendation from the Independent Board Committee; (ix) a letter of advice from the independent financial adviser to the Independent Shareholders; and (x) a notice of EGM will be despatched to the Shareholders as soon as possible.

The Company will despatch the Circular in accordance with the applicable requirements under the GEM Listing Rules and the Takeovers Code.

Under Rule 19.60(7) of the GEM Listing Rules, the Company is required to despatch the Circular in relation to a very substantial acquisition within 15 Business Days after the publication of the announcement. Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders a circular in respect of, amongst others, the terms of the Acquisition and the Whitewash Waiver within 21 days from the date of publication of this announcement (i.e. 30 November 2017).

As the Company's new listing application is subject to approval by the Stock Exchange, it is expected that additional time is required for the Stock Exchange to approve the Company's new listing application and for the Company to prepare the Circular. As such, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to delay the despatch of the circular to a date on or before 23 March 2018. An application for the consent will be made to the Executive and the Executive has indicated that it is minded to grant consent.

### **THE EGM**

The EGM will be held for the purpose of considering and, if thought fit, approving the resolutions in respect of, inter alia, the Capital Reorganisation, the Open Offer (including the Underwriting Agreement), the Creditors Schemes (which also constitutes the Special Deal pursuant to Rule 25 of the Takeovers Code), the Acquisition, the Whitewash Waiver, and the proposed appointment of proposed Directors. Voting on the resolutions at the EGM will be taken by poll.

**Shareholders and potential investors should note that the Open Offer, the Creditors Schemes, the Acquisition, the Whitewash Waiver and the Special Deal are subject to various conditions which may or may not be fulfilled, in particular, whether the Stock Exchange will allow the Acquisition and accompanying transactions to proceed. There is therefore no assurance that any of these transactions will proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

### **CONTINUED SUSPENSION OF TRADING IN THE SHARES**

Dealing in the Shares on the GEM Board has been suspended since 20 March 2017 and will remain suspended until further notice. The Company will make further announcements on the latest development of the Group as and when appropriate pursuant to the requirements of the GEM Listing Rules and the Takeovers Code.

**The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the resumption of trading in Shares. The Company will keep the public informed of the latest developments by making further announcements as and when appropriate.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the respective meanings set out opposite to them:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Acquisition”	the sale by the Investor and the purchase by the Company of the Sale Share pursuant to the Acquisition Agreement and the Restructuring Framework Agreement
“Acquisition Agreement”	the formal sale and purchase agreement dated 15 September 2017 entered into between the Company and the Investor in relation to the Acquisition (as amended and supplemented on 9 November 2017 and from time to time)
“Application Form(s)”	the form(s) of application for the Offer Shares in such usual form
“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Authorised Share Capital Increase”	the proposed increase of the authorised share capital of the Company to HK\$10,000,000 divided into 100,000,000,000 New Shares of nominal value of HK\$0.0001 each after the Share Consolidation, the Capital Reduction and the Unissued Share Capital Cancellation becoming effective
“BTR Asia”	BTR (Asia) Limited, a company incorporated in Hong Kong with limited liability
“BTR HK”	BTR (HK) Limited, a company incorporated in Hong Kong with limited liability
“BTR Intl”	BTR (Intl) Limited, a company incorporated in Hong Kong with limited liability
“BTR Workshop”	BTR Workshop Limited, a company incorporated in Hong Kong with limited liability



“Business Day(s)”	any day (other than a Saturday or a Sunday or a public holiday or a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Island
“Capital Reduction”	the proposed reduction of the nominal value of the issued Shares (immediately upon the Share Consolidation becoming effective) from HK\$4.0 to HK\$0.0001 each by cancelling the paid-up capital to the extent of HK\$3.9999 on each of the issued Consolidated Shares
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company comprising, inter alia, the Share Premium Cancellation, the Share Consolidation, the Capital Reduction, the Unissued Share Capital Cancellation and the Authorised Share Capital Increase
“CB Creditor”	eForce Holding Limited, being the holder of the Convertible Bonds in the outstanding principal amount of HK\$101.4 million with an annual coupon rate of 2% which will expire on 8 January 2020, and being Shareholder holding approximately 0.179% of the total issued share capital of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the relevant circular in relation to Proposed Restructuring involving the Capital Reorganisation, the Open Offer, the Creditors Schemes and the Acquisition, and the Whitewash Waiver to be despatched by the Company

“Claim”	any debt, liability or obligation of the Company, whether known or unknown, whether present or future, whether certain or contingent, whether liquidated or unliquidated and which includes without limitation a debt or liability to pay money or money’s worth, any liability under any statute or enactment, any liability for breach of trust, any liability in contract, tort or bailment and any liability arising out of an obligation to make restitution which would be admissible to proof in a compulsory winding-up of the Company under the Companies Ordinance and the Companies Law
“Companies Law”	the Companies Law (2013 Revision) of the Cayman Islands as amended from time to time
“Companies Ordinance”	the Companies Ordinance of Hong Kong (Cap 622) as amended from time to time
“Company”	Union Asia Enterprise Holdings Ltd. (stock code: 8173), an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM Board of the Stock Exchange
“Completion”	completion of the Acquisition, the Open Offer and the Creditors Schemes, which will take place simultaneously
“Concert Group”	the Investor and parties acting in concert with it
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the amount of approximately HK\$423,500,000, being the consideration for the Sale Share
“Consideration Price”	HK\$0.19, the price at which the Consideration Shares to be issued under the Acquisition Agreement and the Restructuring Framework Agreement
“Consideration Shares”	the 2,228,865,908 New shares to be issued and allotted as fully paid by the Company to the Investor under the Acquisition Agreement and the Restructuring Framework Agreement

“Consolidated Share(s)”	the ordinary shares of HK\$4.0 each in the capital of the Company upon the Share Consolidation becoming effective
“Convertible Bonds”	convertible bonds with an aggregate principal amount of US\$50,000,000 and interest at the rate of 2% per annum issued on 9 January 2015 which will expire on 8 January 2020
“Corporate Bonds”	corporate bonds with an aggregate principal amount of HK\$30,000,000 interest at the rate of 4.5% per annum issued in 2015 and will be expired in 2023
“Creditors”	collectively all the creditors of the Company who have a claim against the Company as at the date on which the Creditors Schemes become effective
“Creditors Schemes”	the schemes of arrangement to be entered into between the Company and its creditors pursuant to Sections 666 to 675 of the Companies Ordinance and Section 86 of the Companies Law with, or subject to, any modification, addition or conditions approved or imposed by the High Court and the Grand Court
“Creditors Schemes Assets”	all the assets of the Company including but not limited to all the equity interests held by the Company in the Scheme Companies
“Creditors Schemes Consideration”	the proceeds from the Open Offer in the sum of approximately HK\$207 million, and such other sums as may be realized by the Scheme Administrators from the Creditors Schemes Assets
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, among others, all the resolutions of the Company necessary or appropriate in relation to the Capital Reorganisation, the Creditors Schemes (which also constitutes the Special Deal pursuant to Rule 25 of the Takeovers Code), the Acquisition, the Open Offer, the Whitewash Waiver and any other matters as required by law, the GEM Listing Rules, the Stock Exchange and/or the SFC, which are necessary to give effect to the Resumption Proposal, any transactions contemplated under the Acquisition Agreement and the Restructuring Framework Agreement

“Excess Application Form(s)”	the form(s) of application for excess Offer Shares in such usual form
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any of his delegate(s)
“Existing Substantial Shareholder”	Mr. Yeung Wing Yee, who is interested in 846,760,000 Shares, representing approximately 24.8% of the issued share capital of the Company as at the date of this announcement
“GEM Board”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	Listing Committee of the GEM Board
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange from time to time
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“High Court”	the High Court of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board established with all the independent non-executive Directors, namely Dr. Wan Ho Yuen, Terence, Mr. Li Kwok Chu and Mr. Lau Shu Yan, as members
“Independent Shareholder(s)”	the Shareholder(s), to the extent applicable in respect of each resolution, who are not members of the Concert Group and not involved in or interested in (other than solely as a Shareholder) the transactions contemplated under the Restructuring Framework Agreement including the Capital Reorganisation, the Creditors Schemes, the Open Offer, the Acquisition, the Special Deal and the Whitewash Waiver and therefore permitted to vote in respect of the resolution(s) to approve the Capital Reorganisation, the Open Offer, the Creditors Schemes, the Acquisition, the Special Deal and the Whitewash Waiver at the EGM

“Independent Third Party(ies)”	a person(s) or company(ies) who or which is/are independent of and not connected (within the meaning of the GEM Listing Rules) with the Company and its connected persons
“Investor”	Whistle Up Limited, a company incorporated in the British Virgin Islands with limited liability which is beneficially owned as to 96% by Mr. Norman Chan, 3% by Mr. Alex Lee and 1% by Ms. Susanna Kwok
“Investor Loan”	an interest free and unsecured loan in the amount up to HK\$18,000,000 to be provided by the Investor to the Company
“Last Trading Day”	17 March 2017, being the last full trading day immediately before the suspension of trading in the Shares
“Long Stop Date”	31 May 2018 or such other date as the parties to the Restructuring Framework Agreement may agree
“Mr. Alex Lee”	Mr. Lee Kam Fai, Alex
“Mr. Norman Chan”	Mr. Chan Norman, Enrique
“Ms. Susanna Kwok”	Ms. Kwok Lai Yi, Susanna
“New Share(s)”	the ordinary share(s) of HK\$0.0001 each in the capital of the Company immediately following the Capital Reorganisation becoming effective
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) to whom the Directors, based on advice provided by the legal advisers of the Company, are of the opinion that it would be necessary or expedient not to offer the Offer Shares on account either of the legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place
“Offer Shares”	New shares to be allotted and issued under the Open Offer, being 1,297,775,150 New Shares/Consolidated Shares
“Offer Price”	HK\$0.19 per Offer Share

“Open Offer”	the proposed issue of the Offer Shares on the basis of nineteen (19) Offer Shares for every one (1) New Share/Consolidated Share held by that Qualifying Shareholder on the Open Offer Record Date at the Offer Price
“Open Offer Record Date”	the date by reference to which entitlements under the Open Offer are to be determined
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on Open Offer Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“Principal Subsidiaries”	together, BTR Asia, BTR HK, BTR Intl and BTR Workshop
“Promissory Notes”	the unsecured promissory notes with principal amount of HK\$8,500,000 and HK\$19,000,000, carrying 10% and 3% interest per annum and fall due on 10 June 2019 and 25 August 2018, respectively
“Prospectus”	the prospectus in relation to the Open Offer to be despatched to the Qualifying Shareholders and, for information only, to the Non-Qualifying Shareholders
“Prospectus Documents”	the Prospectus, the Application Form(s) and the Excess Application Form(s)
“Proposed Restructuring”	the proposed restructuring of the Group, involving, among other things, the Capital Reorganisation, the Creditors Schemes, the Open Offer and the Acquisition
“Qualifying Shareholder(s)”	the Shareholders other than the Non-Qualifying Shareholders
“Restructuring Framework Agreement”	the restructuring framework agreement dated 15 September 2017 (as supplemented and amended on 9 November 2017 and from time to time) entered into between the Company and the Investor in respect of the Proposed Restructuring
“Resumption Proposal”	the resumption proposal in relation to the Proposed Restructuring submitted by the Company to the Stock Exchange

“Sale Share”	the entire issued share capital of the Target Company
“Scheme Administrators”	such persons to be appointed as the scheme administrators or their successors pursuant to the terms of the Creditors Schemes
“Scheme Companies”	all subsidiaries of the Company as at the date of this announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the existing shares of HK\$0.08 each in the capital of the Company prior to the Capital Reorganisation becoming effective, or where the context so permits, the New Shares after the Capital Reorganisation becoming effective
“Shareholder(s)”	holder(s) of the issued Share(s)
“Share Consolidation”	the consolidation of every fifty (50) Shares into one (1) Consolidated Share of HK\$4.0
“Share Premium Cancellation”	the proposed cancellation of the entire amount in the sum of HK\$3,661,406,000 standing to the credit of the share premium account of the Company to set off against part of the accumulated loss of the Company
“Special Deal”	the proposed settlement under the Creditors Scheme of the Convertible Bonds in the outstanding principal amount of HK\$101.4 million held by the CB Creditor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	the special purpose vehicle incorporated in the BVI with limited liability, namely Absolute Surge Limited, to hold the entire equity interest in the Principal Subsidiaries upon completion of necessary reorganisation steps, which is wholly-owned by the Investor
“Target Group”	together, the Target Company, BTR Asia, BTR HK, BTR Intl and BTR Workshop



“Track Record Period”	the two financial years ended 31 March 2017
“Transaction Loan”	a loan to be procured by the Company in a sufficient amount to finance all the professional fees and all costs and expenses in connection to the preparation of the Resumption Proposal and the transactions contemplated thereunder save for the Acquisition and the work relating to the financial information of the Target Company
“Underwriter”	the underwriter to the Open Offer on a fully underwritten basis
“Underwriting Agreement”	the underwriting agreement to be entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer
“Underwritten Shares”	Offer Shares to be allotted and issued under the Open Offer, being 1,297,775,150 New Shares/Consolidated Shares which are fully underwritten by the Underwriter pursuant to the terms and subject to the conditions set out in the Underwriting Agreement
“Unissued Share Capital Cancellation”	the proposed cancellation of the authorised but unissued share capital of the Company in its entirety immediately upon the Capital Reduction taking effect
“Whitewash Waiver”	a whitewash waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code granted or to be granted by the Executive in respect of the obligations of the Investor to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by it which may arise as a result of the transaction(s) contemplated under the Restructuring Framework Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“%”

per cent

For and on behalf of  
**Union Asia Enterprise Holdings Ltd.**  
**Yip Man Yi**  
Chairman

Hong Kong, 9 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 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 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information relating to the Group contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the Directors in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the board of the Investor comprises two directors, Mr. Chan Enrique, Norman and Lee Kam Fai, Alex.*

*The directors of the Investor jointly and severally accept full responsibility for the accuracy of the information relating to the Investor and the Target Group contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the directors of the Investor in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*This announcement will remain on the page of “Latest Company Announcement” on the GEM website for at least 7 days from the date of its posting and on the website of the Company [www.unionasiahk.com](http://www.unionasiahk.com).*