

First Quarterly Report 2017



**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)

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

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

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

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

MANAGEMENT DISCUSSIONS AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS

Followings are the major acquisitions and disposals during the three months ended 30 June 2016 (the "Period").

Acquisition of a subsidiary

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

On 10 June 2016, a wholly owned subsidiary of the Company, Zhanhui Limited, entered into an agreement with another vendor (the "Vendor") to acquire 100% of the issued share capital of Fu Hang Metal (Asia) Limited ("the Target") at the consideration of HK\$12,500,000 which has been satisfied by (i) HK\$4,000,000 in cash and (ii) HK\$8,500,000 by the issuance of the promissory note to the Vendor. The Target is engaged in trading of stainless steel wires in Hong Kong and the PRC.

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

Termination of disposals of two subsidiaries

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

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

Nevertheless, the Company intended to terminate both disposals and kept continuing to negotiate with both vendors. For details, please refer to the section named “Events after the reporting period” beneath and announcements of the Company dated 17 June 2016 and 7 August 2016.

BUSINESS AND FINANCIAL REVIEW

The Group’s revenue for the Period amounted to approximately HK\$2,089,000 (2015: approximately HK\$5,931,000), decreased by approximately HK\$3,842,000 as compared to the same period in 2015. The significant decrease in revenue was mainly attributable to minimized revenue from metals business for the Period (2015: approximately HK\$5,530,000).

During the Period, the Group has incurred a gross profit of approximately HK\$92,000 (2015: gross loss of approximately HK\$2,466,000). Other operating income, net amounted to approximately HK\$4,439,000 (2015: other operating expenses, net of approximately HK\$4,650,000). Loss for the period increased to approximately HK\$8,520,000 (2015: profit of approximately HK\$95,289,000) of which approximately HK\$7,020,000 (2015: approximately HK\$144,601,000) was attributable to the fair value gain on redemption of convertible bonds liabilities.

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

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

OUTLOOK

During the Period, the acquisition of Fu Hang Metal (Asia) Limited, gives an opportunity for the Group to expand its business in stainless steel wire industry with growth potential.

Also, in order to further broaden the source of income of the Group, the Group has commenced the trading of cosmetic and skincare products and trading of nephrite in June 2016. The Group primarily imports the cosmetic and skincare products from Korea and nephrite from Canada and then sells both products on a wholesale basis to distributors in Hong Kong and the PRC.

The Board believed that with the newly developed businesses, the Group can greatly improve its operations and financial results in the near future.

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2016

The board of directors (the "Board") of Union Asia Enterprise Holdings Limited (the "Company") is pleased to report the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 30 June 2016 together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Note	For the three months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	3	2,089	5,931
Cost of sales		(1,997)	(8,397)
Gross profit/(loss)		92	(2,466)
Administrative expenses		(8,273)	(16,952)
Fair value gain on redemption of convertible bonds liabilities	4	7,020	144,601
Other operating income/(expenses), net	5	4,439	(4,650)
Profit from operations		3,278	120,533
Finance costs	6	(11,798)	(25,244)
(Loss)/profit before tax		(8,520)	95,289
Income tax expenses	7	–	–
(Loss)/profit for the period		(8,520)	95,289



		For the three months ended 30 June	
	Note	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Other comprehensive income for the period, net of tax <i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		106	295
Total comprehensive (expenses)/income for the period		<u>(8,414)</u>	<u>95,584</u>
(Loss)/profit for the period attributable to:			
Owners of the Company		(8,514)	95,221
Non-controlling interests		<u>(6)</u>	<u>68</u>
		<u>(8,520)</u>	<u>95,289</u>
Total comprehensive (expenses)/income for the period attributable to:			
Owners of the Company		(8,408)	95,516
Non-controlling interests		<u>(6)</u>	<u>68</u>
		<u>(8,414)</u>	<u>95,584</u>
(Loss)/profit per share			
Basic	8	<u>(0.49) cents</u>	<u>5.20 cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

NOTES TO THE CONDENSED QUARTERLY FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands. It's principal business is investment holding.

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

2. BASIS OF PREPARATION

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

These condensed consolidated financial statements, which do not include all information and disclosures as required in the annual financial statements, should be read in conjunction with the annual report for the year ended 31 March 2016.

3. REVENUE

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

	For the three months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Sales of cosmetic and skincare products	1,252	—
Sales of nephrite	567	—
Sales of stainless steel wire	166	—
Sales of beverages	104	401
Sales of metals	—	5,530
	<u>2,089</u>	<u>5,931</u>

4. REDEMPTION OF CONVERTIBLE BONDS

On 18 May 2016, the Company used HK\$229,300,000 to early redeem the outstanding convertible bonds issued on 12 May 2015, with the principal amounts of US\$30,000,000, at 2% discount and waived the interest accrued.

As at 30 June 2016, the Company has outstanding principal amount of convertible bonds of USD50,000,000 (equivalent to approximately HK\$390,000,000), which upon conversion in full will result in the allotment and issue of 225,433,526 Shares.

5. OTHER OPERATING INCOME/(EXPENSES), NET

	For the three months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Fair value gain on financial assets at fair value through profit or loss	646	37
Gain on disposal of property, plant and equipment	—	7
Net interest receivable/(payable) on trade balances	3,817	(4,867)
Net sundry (expenses)/income	(24)	173
	<u>4,439</u>	<u>(4,650)</u>

6. FINANCE COSTS

	For the three months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Finance lease charges	—	9
Interests on convertible bonds	11,489	24,768
Interests on bank loans and overdrafts	309	467
	<u>11,798</u>	<u>25,244</u>

7. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits that are subject to Hong Kong profits tax during the Period (2015: Nil).

Entities incorporated in other countries are subject to income tax rates of 17% to 30% (2015: 17% to 30%) prevailing in the countries in which such entities operate, based on existing legislation, interpretation and practices in respect thereof.

8. (LOSS)/PROFIT PER SHARE

Basic (loss)/profit per share

The calculation of basic (loss)/profit per share is based on the loss attributable to owners of the Company for the Period of approximately HK\$8,514,000 (2015: gain for the period of approximately HK\$95,221,000) and the weighted average number of ordinary shares of 1,721,653,193 shares (2015: 1,830,347,549 shares) in issue during the Period.

Diluted (loss)/profit per share

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

9. EVENTS AFTER THE REPORTING PERIOD

Termination of disposals of two subsidiaries

Based on the proposed Disposals, as mentioned in the section named "Material acquisitions and disposals" above, the Exchange issued a decision letter to the Company on 4 July 2016 and the Exchange was of the view that the Company would not have sufficient level of operations or assets of sufficient value to warrant the continued listing of its securities after the completion of the proposed Disposals pursuant to Rule 17.24 of the GEM Listing Rules.

Regarding the recent development of the Disposals, the Company intends to terminate the Major Disposal and Discloseable Disposal.

For details, please refer to the announcements of the Company dated 4 July 2016 and 7 August 2016.

Proposed capital reorganization

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

- (i) the proposed share consolidation whereby every ten (10) issued shares of the Company ("Share") of HK\$0.08 each will be consolidated into one (1) consolidated shares of HK\$0.80 each ("Consolidated Share");
- (ii) the proposed reduction of the issued share capital through a cancellation of the paid-up capital to the extent of HK\$0.7999 on each of the Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.8 to HK\$0.0001 ("Capital Reduction");
- (iii) the credit arising from the Capital Reduction shall be applied towards offsetting the accumulated deficit of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated deficit of the Company. The balance of credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate; and
- (iv) immediately following the Capital Reduction, the proposed share subdivision whereby each of the authorised but unissued Consolidated Shares of HK\$0.80 be sub-divided into eight thousand (8,000) new Shares of HK\$0.0001 each ("Share Subdivision").

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

Proposed amendment to the Articles of Association

On 25 July 2016, the Company proposed, among others, the amendment to article 98 (the "Proposed Amendment") of the articles of association of the Company. The Proposed Amendment is subject to the approval by the shareholders of the Company by way of a special resolution at the extraordinary general meeting of the Company to be held on 29 August 2016.

Placing of new shares under general mandate

On 28 July 2016, the Company has entered into a placing agreement with Cheong Lee Securities Limited (the "Placing Agent") in respect of placing up to a maximum of 569,199,627 placing shares (the "Placing Shares") at the placing price of HK\$0.08 ("Placing Price"). The Placing Shares represent 20% of the issued share capital of the Company of 2,845,998,135 Shares as at 28 July 2016 and approximately 16.67% of the issued share capital of the Company of 3,415,197,762 Shares as enlarged by the placing.

The placing is conditional upon the Listing Committee of the Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

On 12 August 2016, all conditions precedent to the placing have been fulfilled and completion of the placing took place. 569,199,627 Placing Shares have been placed by the Placing Agent at the Placing Price to not less than six places. The net proceeds from the placing, after deducting the placing commission and other relevant expenses, amounted to approximately HK\$44.0 million and will be used as general working capital of the Group.



10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)										
	Attributable to owners of the Company										
	Share capital	Share premium	Foreign currency translation reserve	Share option reserve	Convertible bond equity reserve	Property revaluation reserve	Investment revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015 (audited)	796,888	3,647,887	(3,700)	8,251	1,263,605	8,161	—	(6,394,206)	(673,114)	48,091	(625,023)
Total comprehensive income for the three months ended 30 June 2015	—	—	295	—	—	—	—	95,221	95,516	68	95,584
Conversion of convertible bonds into shares	312,000	(61,957)	—	—	(59,796)	—	—	—	190,247	—	190,247
Redemption of convertible bonds and issuance of New Bonds	—	—	—	—	(1,033,388)	—	—	1,033,388	—	—	—
Changes in equity for the period	312,000	(61,957)	295	—	(1,093,184)	—	—	1,128,609	285,763	68	285,831
At 30 June 2015 (unaudited)	<u>1,108,888</u>	<u>3,585,930</u>	<u>(3,405)</u>	<u>8,251</u>	<u>170,421</u>	<u>8,161</u>	<u>—</u>	<u>(5,265,597)</u>	<u>(387,351)</u>	<u>48,159</u>	<u>339,192</u>
At 1 April 2016 (audited)	25,298	3,620,942	(3,993)	8,251	227,243	507	1,446	(4,514,496)	(634,802)	(10,440)	(645,242)
Total comprehensive income for the three months ended 30 June 2016	—	—	106	—	—	—	—	(8,514)	(8,408)	(6)	(8,414)
Issuance of new shares	202,382	69,867	—	—	—	—	—	—	272,249	—	272,249
Early redemption of convertible bonds	—	—	—	—	(86,077)	—	—	86,077	—	—	—
Changes in equity for the period	202,382	69,867	106	—	(86,077)	—	—	77,563	263,841	(6)	263,835
At 30 June 2016 (unaudited)	<u>227,680</u>	<u>3,690,809</u>	<u>(3,887)</u>	<u>8,251</u>	<u>141,166</u>	<u>507</u>	<u>1,446</u>	<u>(4,436,933)</u>	<u>(370,961)</u>	<u>(10,446)</u>	<u>(381,407)</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2016 (2015: Nil).

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

As at 30 June 2016, the interests of each director and chief executive of the Company in the shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Exchange were as follows:

The Company

Long and short positions in Shares

Name of director/ chief executive	Number of Shares	Approximate percentage of shareholding	Capacity
Liang Tongwei	12,500,000 (L)	0.44	Beneficial owner

(L) — Long position

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



INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 30 June 2016, there was no person (other than directors and chief executives of the Company) had an interest and/or a short position in the shares or underlying shares in respect of equity derivatives of the Company that has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO).

SHARE OPTION SCHEME

OLD SHARE OPTION SCHEME

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

As at 30 June 2016, the number of share options outstanding under the Old Share Option Scheme were adjusted from 262,800 shares to 32,850 shares and the exercise price were adjusted from HK\$3.58 to HK\$28.64 as a result of the completion of share consolidation on 11 April 2016. On 18 May 2016, the number of share option outstanding were further adjusted from 32,850 shares to 75,934 shares and the exercise price were adjusted from HK\$28.64 to HK\$12.39 as a result of the completion of Rights Issue.

NEW SHARE OPTION SCHEME

On 30 July 2012, the Company adopted a new share option scheme (the "New Share Option Scheme"). The New Share Option Scheme was for the primary purpose of providing incentives and to recognise the contribution of the eligible participants to the growth of the Group and will expire on 29 July 2022. Under the New Share Option Scheme, the Board may grant options to eligible full-time or part-time employees, including any executive, non-executive and independent non-executive Directors, and consultants or advisers of the Company and/or any of its subsidiaries.

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

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

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

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

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

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

Details of the options granted, lapsed or exercised under the Old Share Option Scheme and New Share Option Scheme are as follows:

Category of grantee	Date of grant of the options	Exercise period	Exercise price of the options (HK\$)	Number of share options					Outstanding as at 30 June 2016
				Outstanding as at 1 April 2016	Adjusted during the period	Granted during the period	Exercised during the period	Lapsed during the period	
<i>Old Share Option Scheme:</i>									
Consultants	6 Mar 2007	6 Mar 2007 to 5 Mar 2017	12.39	262,800	(186,866)	—	—	—	75,934 (Note 1)
Total				262,800	(186,866)	—	—	—	75,934
Weighted average exercise price				HK\$3.58	—	N/A	N/A	N/A	HK\$7.60

Note:

- The number of shares issuable under the Old Share Option Scheme and the exercise price were adjusted due to share consolidation completed in April 2016 and rights issue completed in May 2016.

The weighted average share price at the date of exercise for share options exercised during the Period was HK\$7.60. The options outstanding at the end of the Period have a weighted average remaining contractual life of 0.68 year (2015: 0.15 year) and the exercise prices range from HK\$3.58 to HK\$12.39 (2015: HK\$0.5 to HK\$3.58).

COMPETING INTERESTS

None of the Directors, management shareholders or controlling shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete, either directly or indirectly, with the business of the Group or had any other conflicts with the Group during the Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

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

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

Under code provision A.6.7 of the CG code, independent non-executive directors and other non-executive directors should attend general meeting and develop a balanced understanding of the views of shareholders. Several Directors were unable to present at the extraordinary general meetings held on 8 April 2016 due to their other important engagement at the relevant time.

Under code provision E.1.2 of the CG code, the chairman of the board should attend general meeting and she should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. The chairman of the Company was unable to present at the extraordinary general meetings held on 8 April 2016 as she had other important engagement at the relevant time.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company periodically issues notices to its Directors 4 times a year reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of quarterly, interim and annual results. The Company has confirmed that, having made specific enquiry from all Directors, all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for the Period.

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of the Directors since the date of the Annual Report 2016 are set out below:

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

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

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

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

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

AUDIT COMMITTEE

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

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

Hong Kong, 12 August 2016

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