



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

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



**INTERIM REPORT  
2019/20**

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

## **MANAGEMENT DISCUSSIONS AND ANALYSIS**

### **MATERIAL ACQUISITIONS AND DISPOSALS**

There was no major acquisition or disposal during the six months ended 30 September 2019 (the "Period") and 30 September 2018.

### **BUSINESS AND FINANCIAL REVIEW**

Revenue of the Company and its subsidiaries (the "Group") for the Period amounted to approximately HK\$15,449,000 (2018: approximately HK\$17,329,000), decreased by approximately HK\$1,880,000 as compared to the same period in 2018. The decrease in revenue was mainly attributable to the US-China Trade War incurred during the Period related to the trading of metals.

During the Period, the Group has incurred a gross gain of approximately HK\$219,000 while it was a gross gain of approximately HK\$535,000 for the same period last year. Other losses amounted to approximately HK\$2,177,000 (2018: approximately HK\$3,724,000). Loss for the Period amounted to approximately HK\$43,110,000 (2018: approximately HK\$51,582,000) in which the decrease was mainly resulted from the recovery of partial proceeds related to the Singapore Legal Action (as defined in the section "Litigation" beneath) by performing the writ of seizure and sale of Lily Bey's property amounting to approximately S\$198,000 and the reversal of provision made in prior years.

### **CAPITAL STRUCTURE AND LIQUIDITY**

#### **Capital Reorganization**

The Company has originally proposed a capital reorganization on 9 November 2017, being part of the resumption proposal ("Original Resumption Proposal") in relation to the proposed restructuring being submitted by the Company to the Stock Exchange on 15 September 2017. In response to the changes in market conditions and the developments of the negotiations between the Company, the Investor and other parties to the Original Resumption Proposal with a view to address the concerns raised by the regulators during the vetting process of the Circular, the Company proposes to implement the amended capital reorganisation (the "Capital Reorganization") on 16 May 2019 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\$4,525,374,000;
- (ii) Share Consolidation: every fifty issued Shares of HK\$0.08 each will be consolidated into one 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, (i) any fractions of Shares arising out of the Share Consolidation will be cancelled; and (ii) 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\$4,525,374,000;
- (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.

The Capital Reorganization was approved by the shareholders as special resolutions by way of poll at the extraordinary general meeting of the Company being held on 24 June 2019 and it became effective on 22 October 2019.

For details, please refer to the announcements of the Company dated 9 November 2017, 14 November 2017, 16 May 2019, 29 May 2019, 24 June 2019, 23 September 2019 and 22 October 2019.

### **Share offer**

The Company has originally proposed an open offer on 9 November 2017 being part of the Original Resumption Proposal. In response to the changes in market conditions and the developments of the negotiations between the Company, the Investor and other parties to the Original Resumption Proposal with a view to address the concerns raised by the regulators during the vetting process of the Circular, the Company proposes to offer a total of 227,679,850 offer shares ("Offer Shares") for subscription at the offer price (i.e. HK\$0.19 per Offer Share) ("Share Offer") on 16 May 2019. Half of the Offer Shares are available for subscription by the members of the public and another half of the Offer Shares ("Reserved Shares") are available for subscription by the qualifying shareholders under the preferential offering as the assured entitlement on the basis of ten Reserved Shares for every six new shares.

The Share Offer was approved by the shareholders as special resolutions by way of poll at the extraordinary general meeting of the Company being held on 24 June 2019 and allotment results of the Share Offer were announced on 13 November 2019.

For details, please refer to the announcements of the Company dated 9 November 2017, 14 November 2017, 16 May 2019, 29 May 2019, 24 June 2019 and 13 November 2019.

Net liabilities of the Group deteriorated to approximately HK\$533,272,000 as at 30 September 2019 from approximately HK\$489,977,000 as at 31 March 2019. The increase in net liabilities was mainly attributable to the increase in interests accumulated for convertible bonds during the Period.

## LITIGATION

- (1) On 4 September 2016 the Company announced, amongst other things, that (i) Evotech (Asia) Pte. Limited (“Evotech”), an indirect wholly-owned subsidiary of the Company, had entered into a Surrender Agreement with Jurong Town Corporation (“JTC”) on 6 April 2016 pursuant to which Evotech agreed to surrender its leasehold interest in the real property located at 42 Gul Circle, Singapore 629577 to JTC at the consideration of S\$5,620,000 and such transaction was completed on 27 June 2016 without the approval and authorization of the Board (“the Unauthorized Transaction”), and (ii) the Company was investigating into the circumstances leading to the entering into the Unauthorized Transaction and the payments made by Evotech from the proceeds of the Unauthorized Transaction.

Upon completion of the said investigation and with the benefit of legal advice, Evotech has on 23 November 2016 commenced legal proceedings at the High Court of The Republic of Singapore (Case no. HC/S 1242/2016) against Mr. Koh Tat Lee (“Mr. Koh”) for breaches of his duties as director and employee of Evotech and against Ms. Lily Bey Lay Lay (“Lily Bey”), another ex-director of Evotech, for breaches of her duties as director of Evotech and, for recovery of damages in the sums of S\$2,285,000 and US\$1,070,000 (the “Singapore Legal Action”).

In the Singapore Legal Action, Mr. Koh and Lily Bey filed their Defence and Counterclaim to contest Singapore Legal Action and also commenced Third Party Proceedings (“Third Party Proceedings”) against the Company and Ms. Yip Man Yi, the Chairman of the Company (the “Singapore Third Parties”).

In the Third-Party Proceedings, Mr. Koh and Lily Bey sought indemnities and/or contributions against the Singapore Third Parties for authorizing and approving all the monetary transactions claimed by Evotech in the Singapore Legal Action to set off of sums as may be applicable between all parties in the legal action, if any.

On 17 January 2017, the High Court of The Republic of Singapore granted leave for service of the Singapore Third-Party Proceedings on the Singapore Third Parties out of the jurisdiction of the Republic of Singapore and the Singapore Third Parties have duly instructed their attorneys in the Republic of Singapore to enter appearance and contest the proceedings.



The hearing commenced on 28 February 2018. At the commencement of the hearing, Mr. Koh and Lily Bey, through their attorney, withdrew the Third-Party Proceedings against the Singapore Third Parties. However, Mr. Koh and Lily Bey did not agree to the amount of legal costs payable to the Singapore Third Parties for the withdrawal of the Third-Party Proceedings. In this regard, the legal costs to be paid by Mr. Koh and Lily Bey to the Singapore Third Parties shall be determined by the High Court of The Republic of Singapore at a taxation hearing.

The Company's attorney filed a bill of costs related to the amount of legal costs payable to the Singapore Third Parties for the withdrawal of the Third-Party Proceedings on 23 May 2018. On 19 June 2018, Mr. Koh and Lily Bey have been ordered by the High Court of The Republic of Singapore to pay legal costs for the sum of S\$99,000 to the Singapore Third Parties. Formal demand for the payment has been issued to Mr. Koh and Lily Bey. Yet, on 3 July 2018, Mr. Koh and Lily Bey have filed a summons for review of the taxation order. On 11 July 2018 and 16 July 2018, statutory demands were served on Lily Bey and Mr. Koh respectively, demanding payment of the legal costs as awarded. On 23 July 2018, Lily Bey fully settled the said legal cost of S\$99,000.

On 8 October 2018, an oral judgment was handed down by the trial judge who ruled in favour of Evotech against the Defendants jointly and severally in the total sum claimed by Evotech with interests running on each of these sums ("Judgment Sum"), while the formal judgment was released on 16 October 2018.

On 7 November 2018, Mr. Koh and Lily Bey filed a notice of appeal ("Appeal") to the Court of Appeal of Singapore to appeal against the judgment. On 13 August 2019, the Court proceeded with hearing the Appeal and dismissed the case in its entirety. The Court awarded costs of S\$42,000 to Evotech to be paid by Mr. Koh and Lily Bey.

On 15 November 2018 and 27 November 2018 respectively, Evotech has filed bankruptcy applications (the "Bankruptcy Applications") being made against Lily Bey and Mr. Koh. After the Court dismissed Lily Bey and Mr. Koh's appeal to appeal against the judgment made towards the Singapore Legal Proceedings as mentioned above, the Court proceeded with the Bankruptcy Applications and on 19 September 2019, the Court ordered that Ms. Lily Bey and Mr. Koh be adjudged bankrupt and such order were filed on 15 October 2019 and 16 October 2019 respectively.

On 2 May 2019, the Company recovered the Judgment Sum in the amount of S\$198,000 by performing the writ of seizure and sale of Lily Bey's property. Evotech is continuing to seek legal advice in relation to the enforcement of the judgment against Mr. Koh and Lily Bey and in the process of implementing such.

The Board has obtained legal opinion that both Evotech and the Company have meritorious claim and defence in the Singapore Legal Action and the Appeal and such proceedings shall have no adverse impact upon the financial position of the Group. Therefore, no provision in respect of the Singapore Legal Action and the Appeal was made in the financial statements.

For details, please refer to the announcements of the Company dated 4 September 2016, 23 November 2016, 10 February 2017, 2 March 2018, 10 October 2018, 9 August 2019, 16 August 2019 and 28 October 2019.

- (2) On 2 November 2017, the Company received a demand letter from Kesterion Investments Limited (“Kesterion”) requesting repayment of a loan amounting to approximately HK\$93 million.

On 17 November 2017, the Company received a Writ of Summons issued by Kesterion in the High Court of the Hong Kong Special Administrative Region under Action Number 2631 of 2017 against CAAL Capital Company Limited (“CAAL”) as the 1st Defendant and the Company as the 2nd Defendant. On 20 and 21 November 2017, the Company and its authorised representatives respectively received another Writ of Summons issued by Kesterion in the High Court of the Hong Kong Special Administrative Region under Action Number 2662 of 2017 against the Company (collectively “the Hong Kong Writs”).

The Hong Kong Writs are in relation to the repayment of a loan originally advanced by Kesterion to the Company. On 4 November 2016, the Company was notified by CAAL that CAAL and Kesterion had entered into a deed of assignment on 31 October 2016 pursuant to which all loan facility originally advanced by Kesterion were assigned to CAAL.

The Company filed its defence for both actions on 25 January 2018. Kesterion filed its reply for both actions on 22 February 2018.

On 5 March 2018, by consent, the Court ordered that these two actions be consolidated, and that under the consolidated action, Kesterion is the Plaintiff while CAAL and the Company are the 1st Defendant and the 2nd Defendant, respectively. On 28 June 2018, CAAL filed its defence for the consolidated action.

As the claim under the Hong Kong Writs is related to the assignment between Kesterion and CAAL, and the Company has already recorded the corresponding loan in the condensed consolidated financial statements, the Board considered that the claim under the Hong Kong Writs shall have no adverse impact upon the financial position of the Group.

For details, please refer to the announcement of the Company dated 28 November 2017.

- (3) On 2 July 2018, Evotech received a Writ of Summons issued by Kesterion in the High Court of the Republic of Singapore under Case Number HC/S 653 of 2018 (the “Singapore Writ”) in relation to the repayment of a loan provided by Kesterion to Evotech in the sum of S\$400,000. As stated in the Singapore Writ, the loan was interest free and repayable on demand and were for the purposes of settling the obligations owed to the Singapore authorities, specifically, the Goods and Services Tax payments owed to the Inland Revenue Authority of Singapore, as a result of the surrender of leasehold property as mentioned in the Company’s announcement dated 4 September 2016 and for general working capital of Evotech.

Evotech has engaged a Singapore law firm to contest the proceedings. The memorandum of appearance was filed by the Singapore law firm on behalf of Evotech on 9 July 2018. On 24 July 2018, Evotech has filed a defence denying the claim and counterclaiming S\$500,000 being the loans made by Evotech to Kesterion in May 2016.

The Board has obtained legal opinion and expects that the Singapore Writ will have no significant effects on the overall financial and/or operational conditions of the Group. Therefore, no provision in respect of the claim was made in the condensed consolidated financial statements.

For details, please refer to the announcement of the Company dated 4 July 2018.

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

## **LISTING STATUS**

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

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



On 17 March 2017, the Stock Exchange notified the Company that the Committee, having considered all the submissions (both written and oral) made by the Company to the Listing Department of the Stock Exchange, the Committee considered that the Company had failed to maintain sufficient operations or assets under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of the Company's shares. The Committee therefore decided to uphold the Decision to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and commenced 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 of the Company has been suspended with effect from 9:00 a.m. on 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 Committee (i.e. 17 September 2017).

On 15 September 2017, the Company submitted the Resumption Proposal to the Stock Exchange and entered into a restructuring framework agreement with an 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 29 June 2018. On 29 June 2018, the Company submitted the new listing application.

The Restructuring Framework Agreement dated 15 September 2017 (as supplemented and amended on 9 November 2017 and 28 June 2018, respectively), the Acquisition Agreement dated 15 September 2017 (as supplemented and amended on 9 November 2017 and 28 June 2018, respectively), the Investor Loan Agreement dated 5 December 2017 and the underwriting agreement in respect of the Open Offer dated 28 June 2018 had been subsequently amended in various occasions in response to the changes in market conditions and the developments of the negotiations between the Company, the Investor and other parties to the Resumption Proposal with a view to addressing the concerns raised by the regulators during the vetting process of the draft circular.

On 23 November 2018, the Company further amended the Resumption Proposal, which was subsequently finalised on 16 May 2019 under the Amended and Restated Agreements entered into between the Company and the relevant parties. Pursuant to the Amended and Restated Agreements, the finalised Resumption Proposal involved:

- (i) the Capital Reorganisation comprising the Share Premium Cancellation, the Share Consolidation, the Capital Reduction, the Unissued Share Capital Cancellation and the Authorised Share Capital Increase;
- (ii) the Share Offer of a total of 227,679,850 Offer Shares for subscription at the Offer Price (i.e. HK\$0.19 per Offer Share) which will be fully underwritten by the Underwriter pursuant to the Underwriting Agreement:
  - Public Offer: a total of 113,839,925 Offer Shares (i.e. the Public Offer Shares) for subscription by members of the public; and
  - Preferential Offering: a total of 113,839,925 Offer Shares (i.e. the Reserved Shares) for subscription by the Qualifying Shareholders on assured basis;
- (iii) the Creditors Schemes: the Creditors with the Claims admitted under the Creditors Schemes would be entitled to receive the Creditors Schemes Consideration of approximately HK\$13.4 million, which is to be satisfied by way of allotment and issue of 70,331,984 New Shares (i.e. the Creditors Shares) at the issue price of HK\$0.19 each and such other sums as may be realised by the Scheme Administrators from the Creditors Schemes Assets;
- (iv) the Acquisition: the Company will acquire the entire issued share capital of the Target Company (i.e. the Sale Shares) for the Consideration of approximately HK\$144.4 million which will be satisfied by way of allotment and issue of 760,000,000 Consideration Shares (representing approximately 62.2% of the Enlarged Issued Share Capital) to the Investor at the Issue Price of HK\$0.19 each; and
- (v) the provision of the Investor Loan and Investor Loan Capitalisation: the Investor agreed to provide the Investor Loan up to HK\$23 million while up to approximately HK\$18 million of which shall be settled by the allotment and issue of the Capitalisation Shares of up to 94,736,842 New Shares (representing approximately 7.8% of the Enlarged Issued Share Capital) at the issue price of HK\$0.19 each and the remaining HK\$5 million and the interest of 5.5% per annum accrued on the amount of the Investor Loan in excess of approximately HK\$18 million shall be settled in cash by proceeds from the Share Offer on the Repayment Date in the event that Completion takes place on the Repayment Date, but fully settled in cash in the event that Completion does not take place on the Repayment Date.

On 4 January 2019, the Company re-submitted a new listing application, and on 24 May 2019 and 29 October 2019, the Stock Exchange has granted the approval-in-principle in relation to the new listing application respectively. Also, the major components as mentioned in (i)-(v) above were approved by the shareholders by way of poll at the extraordinary general meeting of the Company being held on 24 June 2019.

On 13 November 2019, the Share Offer, the Acquisition, the Investor Loan Capitalisation and the Creditors Schemes are completed. It is expected that resumption on trading will commence at 9:00 a.m. on 14 November 2019.

For details, please refer to the announcements of the Company dated 2 December 2016, 20 March 2017, 9 November 2017, 10 November 2017, 21 December 2017, 22 January 2018, 22 February 2018, 23 March 2018, 4 April 2018, 4 May 2018, 4 June 2018, 28 June 2018, 29 June 2018, 1 August 2018, 31 August 2018, 2 October 2018, 2 November 2018, 3 December 2018, 31 December 2018, 31 January 2019, 28 February 2019, 28 March 2019, 29 April 2019, 16 May 2019, 24 June 2019, 12 August 2019, 5 September 2019, 23 September 2019, 20 October 2019, 31 October 2019, 4 November 2019 and 13 November 2019.

## **OUTLOOK**

The Group is principally engaged in trading of metals and securities.

Among the Group's two business segments, the trading of metals contributed the Company's revenue for the Period. Stainless steel wires are widely applied in the manufacturing of electric appliances, mobile communication equipment and highly precise surgical instruments, with the continuous growth of the smartphone market, rapid development of the mobile communication and rising demand for advanced medical equipment in Hong Kong and the PRC, demand of stainless steel wires from mobile communication and medical industries as raw materials and thus the trading of stainless steel wires kept at a steady level throughout the Period.

On the other hand, the Acquisition forms part and parcel of the Resumption Proposal seeking for the resumption of trading in the shares. Upon completion of the Resumption Proposal, the Group will primarily engage in the Target Group's business. All the existing businesses including assets and liabilities of the Company will be transferred to a special purpose vehicle to be established and controlled by the scheme administrators to hold those assets.

Also, the Group will continue to take various measures to enhance its liquidity and financial position including, but not limited, to the possible disposal of the equity of individual subsidiaries of the Group.

The Company will consult its advisers in this respect for the possible measures. And the Board will closely work with professional parties on the new listing application for the Resumption and strive for the best return to the shareholders.

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The board of Directors (the “Board”) of the Company is pleased to report the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the Period together with the comparative figures for the corresponding periods in 2018 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Continuing Operations</b>					
Turnover	7	7,376	8,662	15,449	19,561
<b>Revenue</b>	7	7,376	8,662	15,449	17,329
<b>Cost of sales</b>		(7,215)	(8,395)	(15,230)	(16,794)
<b>Gross profit</b>		161	267	219	535
Administrative expenses		(6,985)	(3,586)	(12,014)	(9,716)
Other income		2,400	163	3,550	163
Other gains and losses	8	(1,250)	(3,796)	(2,177)	(3,724)
<b>Loss from operations</b>		(5,674)	(6,952)	(10,422)	(12,742)
Finance costs	9	(16,579)	(14,956)	(32,735)	(29,920)
<b>Loss before tax</b>		(22,253)	(21,908)	(43,157)	(42,662)
Income tax expenses	10	(11)	–	(11)	(14)
<b>Loss for the period from continuing operations</b>	11	(22,264)	(21,908)	43,168	(42,676)
<b>Discontinued operations (Loss)/Profit for the period from discontinued operations</b>	12	–	(8,315)	58	(8,906)
<b>Loss for the period and attributable to owners of the Company</b>		(22,264)	(30,223)	(43,110)	(51,582)

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Other comprehensive expenses/(income), net of tax</b>				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	(367)	3,683	(151)	4,104
<b>Other comprehensive expenses/(income) for the period, net of tax</b>	(367)	3,683	(151)	4,104
<b>Total comprehensive expenses for the period</b>	(22,631)	(26,540)	(43,261)	(47,478)

	Note	For the three months ended 30 September		For the six months ended 30 September	
		2019 HK cents (unaudited)	2018 HK cents (unaudited)	2019 HK cents (unaudited)	2018 HK cents (unaudited)
<b>Loss per share From continuing and discontinued operations</b>					
Basic	13	(0.65)	(0.88)	(1.26)	(1.51)
Diluted		N/A	N/A	N/A	N/A
<b>From continuing operations</b>					
Basic		(0.65)	(0.64)	(1.26)	(1.25)
Diluted		N/A	N/A	N/A	N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		72	76
Goodwill	14	–	–
<b>Total non-current assets</b>		<u>72</u>	<u>76</u>
<b>Current assets</b>			
Inventories		3,550	2,811
Trade and other receivables	15	37,743	35,604
Financial assets at fair value through profit or loss	16	11,311	14,989
Bank and cash balances		369	599
<b>Total current assets</b>		<u>52,973</u>	<u>54,003</u>
<b>Total assets</b>		<u><u>53,045</u></u>	<u><u>54,079</u></u>

	Notes	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
<b>Current liabilities</b>			
Trade and other payables	17	46,374	34,509
Other borrowings		124,267	119,084
Current tax liabilities		651	640
Promissory notes		30,620	30,316
<b>Total current liabilities</b>		201,912	184,549
<b>Net current liabilities</b>		(148,939)	(130,546)
<b>Total assets less current liabilities</b>		(148,867)	(130,470)
<b>Non-current liabilities</b>			
Convertible bonds	18	360,483	336,245
Corporate bonds		23,922	23,262
<b>Total non-current liabilities</b>		384,405	359,507
<b>Net liabilities</b>		(533,272)	(489,977)
<b>Capital and reserves</b>			
Share capital	19	273,216	273,216
Reserves		(806,488)	(763,193)
<b>Total equity and equity attributable to owners of the Company</b>		(533,272)	(489,977)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	(Unaudited)							
	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2018 (audited)	273,216	3,661,406	1,633	141,439	(4,487,072)	(409,378)	(653)	(410,031)
Total comprehensive income/(expenses) for the period	-	-	4,104	-	(51,582)	(47,478)	-	(47,478)
At 30 September 2018 (unaudited)	<u>273,216</u>	<u>3,661,406</u>	<u>5,737</u>	<u>141,439</u>	<u>(4,538,654)</u>	<u>(456,856)</u>	<u>(653)</u>	<u>(457,441)</u>
At 1 April 2019 (audited)	273,216	3,661,406	1,108	141,439	(9,567,146)	(489,977)	-	(489,977)
Total comprehensive expenses for the period	-	-	(151)	-	(43,110)	(43,261)	-	(43,261)
At 30 September 2019 (unaudited)	<u>273,216</u>	<u>3,661,406</u>	<u>957</u>	<u>141,439</u>	<u>(4,610,256)</u>	<u>(533,238)</u>	<u>-</u>	<u>(533,238)</u>



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Net cash (used in)/generated from operating activities	(3,111)	(9,281)
Net cash generated from investing activities	2,400	500
Net cash generated from/(used in) financing activities	481	6,585
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(230)	(2,196)
Effect of changes in foreign exchange rates	–	(84)
Cash and cash equivalents at beginning of period	599	2,856
	<hr/>	<hr/>
Cash and cash equivalents at end of period	369	576
	<hr/> <hr/>	<hr/> <hr/>
<i>Analysis of cash and cash equivalents</i>		
Bank and cash balance for continuing operations	369	516
Bank and cash balance included in disposal group classified as held for sale	–	60
	<hr/>	<hr/>
	369	576
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## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

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

The Group is principally engaged in trading of metals and securities.

### 2. GOING CONCERN BASIS

The Group had a net liabilities of approximately HK\$533,272,000 as at 30 September 2019, which indicated that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

As the Company had submitted the Resumption Proposal, the successful implementation of which will effect, including but not limited to, the Proposed Restructuring comprising (i) the Capital Reorganisation; (ii) the Share Offer; and (iii) the Creditors Schemes; (iv) the Acquisition.

On 13 November 2019, the Share Offer, the Acquisition, the Investor Loan Capitalisation and the Creditors Schemes are completed. It is expected that resumption on trading will commence at 9:00 a.m. on 14 November 2019.

The Directors are of the view that the major procedures of the Resumption Proposal have been completed and will be successfully implemented. Accordingly, the Directors have prepared the condensed consolidated financial statements on a going concern basis.

Should the Group be unable to achieve a successful restructuring as mentioned above, or alternatively, under other available options of restructuring, and therefore be unable to continue its business as a going concern, adjustments might have to be made to the carrying amounts of the Group's assets to state them at their recoverable amounts and to provide for any further liabilities which might arise.

### 3. BASIS OF PREPARATION

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

These unaudited condensed consolidated financial statements, which do not include all information and disclosures as required in the annual financial statements, should be read in conjunction with the annual report for the year ended 31 March 2019.

The accounting policies and method of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2019.

Please also read in conjunction with the section “Listing Status” above, which forms part of the basis of preparation too.

#### 4. CHANGES IN ACCOUNTING POLICIES

##### (a) **Adoption of new/revised Hong Kong Financial Reporting Standards (“HKFRSs”)**

During the Period, the Group has applied for the first time the following amendments to HKFRSs that are mandatorily effective for an accounting period that begins on or after 1 January 2019:

HKFRS 16	Leases
Amendments to HKAS 28	Long-term Interest in Associates and Joint Ventures
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2015-2017 Cycle

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

##### ***Changes in accounting policies of application on HKFRS 16 Leases***

The Group has applied HKFRS 16 for the first time during the Period. HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 supersedes HKAS 17 “Leases” and the related interpretations.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified assets is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use and those classified as investment properties while other operating lease payments are presents as operating cash flows. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangements and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

As at 30 September 2019, the Group as lessee has non-cancellable operating lease commitments of approximately HK\$140,000. A preliminary assessment indicated that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new arrangements may result changes in measurement, presentation and disclosure as indicated above.

#### ***Changes in accounting policies of application on Amendments to HKAS 28***

The amendments require an entity to apply HKFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. An entity applies HKFRS 9 to such long-term interests before it applies paragraph 38 and paragraphs 40-43 HKFRS 28.

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's condensed consolidated financial statements.

#### ***Changes in accounting policies of application on HK (IFRIC) Interpretation 23 Uncertainty over Income Tax Treatments***

This Interpretation clarifies how to apply the recognition and measurement requirements in HKAS 12 when there is uncertainty over income tax treatments.

The Directors of the Company do not anticipate that the application of this Interpretation will have a material impact on the Group's condensed consolidated financial statements.

## **(b) New/revised HKFRSs that have been issued but are not yet effective**

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

Amendments to HKFRS 10  
and HKAS 28

Sale or Contribution of Assets between an  
Investor and its Associate or Joint Venture

The amendments to HKFRS 10 and HKAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's condensed consolidated financial statements.

## **5. FAIR VALUE MEASUREMENTS**

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

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

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

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

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

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

**Disclosures of level in fair value hierarchy:**

Description	As at 30 September 2019	
	Level 1 HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>Recurring fair value measurements:</b>		
Financial assets at fair value through profit or loss		
Listed securities in Hong Kong	11,311	11,311
	<hr/>	<hr/>
<b>Total fair value measurements</b>	<b>11,311</b>	<b>11,311</b>
	<hr/> <hr/>	<hr/> <hr/>

Description	As at 31 March 2019	
	Level 1 HK\$'000 (audited)	Total HK\$'000 (audited)
<b>Recurring fair value measurements:</b>		
Financial assets at fair value through profit or loss		
Listed securities in Hong Kong	14,989	14,989
	<hr/>	<hr/>
<b>Total fair value measurements</b>	<b>14,989</b>	<b>14,989</b>
	<hr/> <hr/>	<hr/> <hr/>

## 6. SEGMENT INFORMATION

The Group has two reportable segments in its continuing operations during the Period.

Metals – Trading of stainless-steel wires

Securities – Investment and trading of listed securities

Segment profits or losses represents profit or loss from the respective reportable segments less direct operating costs attributable to the respective reportable but does not include taxation and finance costs.

Segment assets exclude unallocated corporate assets.

Segment liabilities exclude current tax liabilities, bank and other borrowings, promissory notes, convertible bonds, corporate bonds and unallocated corporate liabilities.



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

**(a) Segment revenue, results and assets**

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

	Metals	Securities	Total
Six months ended	HK\$'000	HK\$'000	HK\$'000
30 September 2019	(unaudited)	(unaudited)	(unaudited)
Turnover (including proceeds from securities trading)	15,449	–	15,449
Revenue from external customers	15,449	–	15,449
Segment loss before tax	(706)	(5,253)	(5,959)
As at 30 September 2019	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)
Segment assets	16,733	11,311	28,044
	Metals	Securities	Total
Six months ended	HK\$'000	HK\$'000	HK\$'000
30 September 2018	(unaudited)	(unaudited)	(unaudited)
Turnover (including proceeds from securities trading)	17,329	2,232	19,561
Revenue from external customers	17,329	–	17,329
Segment loss before tax	(372)	(4,650)	(5,022)
As at 30 September 2018	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)
Segment assets	15,936	15,387	31,323

## (b) Reconciliation of reportable segment profit or loss

	For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Reportable segment loss	(5,959)	(5,022)
Unallocated depreciation	(17)	(55)
Unallocated other income	3,550	163
Unallocated other gains and losses	(2,177)	(3,724)
Unallocated corporate expenses	(38,565)	(34,038)
	<u>(43,168)</u>	<u>(42,676)</u>

## 7. REVENUE

Revenue represents the net amounts received and receivable for sales of goods to customers, net of good returns and trade discounts. The Group's revenue recognised during the period from continuing operations is as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Sale of metals	<u>7,376</u>	<u>8,662</u>	<u>15,449</u>	<u>17,329</u>
Proceeds from sale of listed securities	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,232</u>
Turnover	<u>7,376</u>	<u>8,662</u>	<u>15,449</u>	<u>19,561</u>

## 8. OTHER GAINS AND LOSSES

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Continuing operations</b>				
Fair value loss on financial assets at fair value through profit or loss	(2,751)	(3,796)	(3,678)	(4,726)
Gain on disposal of financial assets at fair value through profit or loss	–	–	–	1,002
Reversal of provision made in prior years	1,501	–	1,501	–
Net sundry income	–	163	–	163
	<u>(1,250)</u>	<u>(3,796)</u>	<u>(2,177)</u>	<u>(3,724)</u>

## 9. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Continuing operations</b>				
Interest on convertible bonds	14,395	12,572	28,138	24,583
Interest on other borrowings	1,850	1,035	3,633	2,059
Interest on corporate bonds	334	316	660	624
Interest on promissory notes	–	791	304	1,828
Interest on bank and overdrafts	–	242	–	826
	<u>16,579</u>	<u>14,956</u>	<u>32,735</u>	<u>29,920</u>

## 10. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax has been made as the Group has not generated any assessable profits that are subject to Hong Kong profits tax during the period (2018: Nil).

Entities incorporated in other countries are subject to income tax rates of 17% to 25% (2018: 17% to 25%) prevailing in the countries in which such entities operate, based on existing legislation, interpretation and practices in respect thereof.

## 11. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

Loss for the period is stated after charging the following:

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Depreciation	9	28	17	55
Directors' remuneration	470	330	939	660
Operating lease charges in respect of land and building	199	225	372	444
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 12. DISCONTINUED OPERATIONS

During the year ended 31 March 2019, the Group ceased the businesses of trading of beverages, trading of household products, trading of nephrite and chartering of vessel due to the unfavorable market conditions.

The profit/(loss) for the period from discontinued operations is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the discontinued operations.

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit of chartering of vessel (note a)	–	(38)	–	132
Loss of trading of beverages (note b)	–	(7,546)	–	(7,644)
Profit/(Loss) of trading of nephrites (note c)	–	(344)	58	(755)
Loss of trading of household products (note d)	–	(387)	–	(639)
	<u>–</u>	<u>(8,315)</u>	<u>58</u>	<u>(8,906)</u>

- (a) (Loss)/Profit of chartering of vessel, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the three months ended 30 September 2018 HK\$'000 (unaudited)	For the six months ended 30 September 2018 HK\$'000 (unaudited)
Revenue	280	700
Cost of sales	<u>–</u>	<u>–</u>
Gross profit	280	700
Administrative expenses	<u>(318)</u>	<u>(568)</u>
(Loss)/Profit of chartering of vessel for the period	<u>(38)</u>	<u>132</u>

(Loss)/Profit of chartering of vessel for the period include the following:

	For the three months ended 30 September 2018 HK\$'000 (unaudited)	For the six months ended 30 September 2018 HK\$'000 (unaudited)
Depreciation	250	500
Cash flows from discontinued operations:		
Net cash (outflows)/inflows from operating activities	<u>(68)</u>	<u>772</u>
Net cash (outflows)/inflows	<u><u>(68)</u></u>	<u><u>772</u></u>

- (b) Loss of trading of beverages, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the three months ended 30 September 2018 HK\$'000 (unaudited)	For the six months ended 30 September 2018 HK\$'000 (unaudited)
Administrative expenses	(358)	(755)
Other losses	(9,918)	(9,918)
Finance costs	<u>(203)</u>	<u>(415)</u>
Loss before tax	(10,479)	(11,088)
Income tax credit	<u>2,933</u>	<u>3,444</u>
Loss of trading of beverages for the period	<u><u>(7,546)</u></u>	<u><u>(7,644)</u></u>

Loss of trading of beverages for the period include the following:

	For the three months ended 30 September 2018 HK\$'000 (unaudited)	For the six months ended 30 September 2018 HK\$'000 (unaudited)
Depreciation	88	222
Cash flows from discontinued operations:		
Net cash outflows from operating activities	<u>(253)</u>	<u>(699)</u>
Net cash outflows	<u><u>(253)</u></u>	<u><u>(699)</u></u>

- (c) (Loss)/Profit of trading of nephrites, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Other income	–	–	70	0
Administrative expenses	<u>–</u>	<u>(344)</u>	<u>(12)</u>	<u>(755)</u>
(Loss)/Profit of trading of nephrites for the period	<u><u>–</u></u>	<u><u>(344)</u></u>	<u><u>58</u></u>	<u><u>(755)</u></u>

(Loss)/Profit of trading of nephrites for the period include the following:

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Depreciation	–	–	–	–
Cash flows from discontinued operations:				
Net cash inflows/(outflows) from operating activities	190	(69)	260	(155)
Net cash inflows/(outflows)	<u>190</u>	<u>(69)</u>	<u>260</u>	<u>(155)</u>

- (d) Loss of trading of household products, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the three months ended 30 September 2018 HK\$'000 (unaudited)	For the six months ended 30 September 2018 HK\$'000 (unaudited)
Revenue	–	4,583
Cost of sales	–	(4,405)
Gross profit	–	178
Administrative expenses	(387)	(817)
Loss of trading of household products for the period	<u>(387)</u>	<u>(639)</u>



Loss of trading of household products for the period include the following:

	For the three months ended 30 September 2018 HK\$'000 (unaudited)	For the six months ended 30 September 2018 HK\$'000 (unaudited)
Depreciation	–	–
Cash flows from discontinued operations:		
Net cash outflows from operating activities	<u>(101)</u>	<u>(259)</u>
Net cash outflows	<u><u>(101)</u></u>	<u><u>(259)</u></u>

### 13. LOSS PER SHARE

#### (a) From continuing and discontinued operations

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

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Loss</b>				
Loss for the purpose of calculating basic and diluted loss per share	<u>(22,264)</u>	<u>(30,223)</u>	<u>(43,110)</u>	<u>(51,582)</u>

	For the three months ended 30 September		For the six months ended 30 September	
	2019 '000 (unaudited)	2018 '000 (unaudited)	2019 '000 (unaudited)	2018 '000 (unaudited)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	3,415,198	3,415,198	3,415,198	3,415,198

#### ***Diluted loss per share***

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in a decrease in loss per share for both periods.

#### **(b) From continuing operations**

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

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Loss</b>				
Loss for the purpose of calculating basic and diluted loss per share	(22,264)	(21,908)	(43,168)	(42,676)

#### ***Diluted loss per share***

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

**(c) From discontinued operations**

Basic and diluted earnings per share from the discontinued operations is HK\$0.002 cents per share (2018: loss per share: HK\$0.26 cents) based on the profit for the period from discontinued operations attributable to the owners of the Company of approximately HK\$58,000 (2018: loss for the period: approximately HK\$8,906,000) and the denominators used are the same as those detailed above for basic and diluted loss per share.

**14. GOODWILL**

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

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Trading of stainless steel wires: – Fu Hang Metal (Asia) Limited	–	–

**15. TRADE AND OTHER RECEIVABLES**

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Trade receivables	10,896	9,807
Rental and other deposits	2,513	1,504
Prepayments and other receivables	24,334	24,293
	<u>37,743</u>	<u>35,604</u>

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

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
0 to 90 days	8,213	7,550
91 to 180 days	2,262	1,755
Over 180 days	421	502
	<u>10,896</u>	<u>9,807</u>

#### 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Equity securities listed in Hong Kong, at fair value	<u>11,311</u>	<u>14,989</u>

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

During the Period, the net realised gain on disposal of listed securities of nil (2018: gain of approximately HK\$1,002,000) was recognised in the condensed consolidated financial statements.

## 17. TRADE AND OTHER PAYABLES

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Trade and bills payables	10,655	7,335
Accruals and other payables	35,718	27,174
	<u>46,374</u>	<u>34,509</u>

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

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
0 to 90 days	7,155	4,080
91 to 180 days	3,098	1,683
Over 180 days	402	1,572
	<u>10,655</u>	<u>7,335</u>

## 18. CONVERTIBLE BONDS

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
<b>Non-current liabilities</b>		
Liability component of convertible bonds 2% coupon issued on 12 May 2015 (Note)	360,483	336,245

Note:

### Convertible bonds issued on 12 May 2015

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

- (i) the terms of convertible bonds issued on 18 December 2008 (the "Old CB") will be amended to grant the Company a right to redeem all the outstanding Old CB at a redemption price of US\$140,000,000 (equivalent to approximately HK\$1,092,000,000);
- (ii) the Company would exercise such redemption right; and
- (iii) in satisfaction and cancellation of the redemption amount payable under the amended Old CB following such redemption, the Company will issue the new bonds (the "New CB"). The coupon is payable in arrear semi-annually from the issue date.

The holder of the New CB has the right to convert the New CB into the ordinary shares of the Company at a fixed conversion price of HK\$0.5, subject to any anti-dilution adjustments, at any time before the maturity date. On 22 October 2019, the conversion price of the new CB was adjusted to \$86.5 upon completion of Capital Reorganization.

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

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

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

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

The movements of liability component and principal amount of the new CB for the Period are as follows:

	Liability component HK\$'000	Principal amount HK\$'000
At 31 March 2019 (audited)	336,245	390,000
Coupon payment	(3,900)	–
Imputed interest charged for the Period	28,138	–
	<u>360,483</u>	<u>390,000</u>
At 30 September 2019 (unaudited)	<u>360,483</u>	<u>390,000</u>

The interest charged for the Period is calculated by applying an effective interest rate of 17.60% (2018: 17.60%) per annum to the liability component.

On 22 October 2019, the conversion price of the new CB was adjusted to \$86.5 upon completion of Capital Reorganization.

## 19. SHARE CAPITAL

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Authorised:		
31,250,000,000 ordinary shares of HK\$0.08 each (At 31 March 2019: 31,250,000,000 ordinary shares of HK\$0.08 each)	2,500,000	2,500,000
Issued and fully paid:		
3,415,197,762 ordinary shares of HK\$0.08 each (At 31 March 2019: 3,415,197,762 ordinary shares of HK\$0.08 each)	273,216	273,216

## 20. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed financial statements, the Group had the following transactions with its related parties during the Period and balances with related parties as at 30 September 2019:

### Key management personnel remuneration

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

	For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Salaries, bonus and allowances	1,095	1,005
Retirement benefits scheme contributions	54	54
	<u>1,149</u>	<u>1,059</u>



## 21. LEASE COMMITMENTS

At 30 September 2019 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Within one year	140	480
In the second year	—	219
	<u>140</u>	<u>699</u>

Operating lease payments represent rentals payable by the Group for its offices. Leases are negotiated for terms ranging from one to two years.

## 22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 13 November 2019.

## INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the Period (2018: Nil).

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

As at 30 September 2019, there are no interest and/or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations that (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## INTERESTS AND/OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 30 September 2019, so far as the Directors are aware, the following person (other than Directors and chief executives of the Company) had an interest and/or a short position in the shares or underlying shares in respect of equity derivatives of the Company that has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO):

### Long and/or short positions in shares of the Company

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

Save as disclosed above, as at 30 September 2019, the Company has not been notified by any other person (other than any Directors or chief executives of the Company) who had an interest and/or a short position in the shares, underlying shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 to the SFO.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

## SHARE OPTION SCHEME

The Company adopted a share option scheme on 30 July 2012 (the “Share Option Scheme”) for the purpose of providing incentives and rewards to the eligible participants who contributed to the growth of the Group and will expire on 29 July 2022. Under the Share Option Scheme, the Directors 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 Share Option Scheme is valid and effective for a period of ten years from the adoption date.

The total number of shares in respect of which options may be granted under the 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 Share Option Scheme, if the options remain unexercised after a period of 3 years from the date of grant, the options expire. Options are forfeited if the employee is dismissed by the Group by reason of persistent or serious misconduct, breach of material term of the relevant employment contract or summary dismissal.

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

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

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

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 principles and code provisions set out in Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 15 of the GEM Listing Rules except for the deviation described below.

Under code provision A.2.1 of the CG code, the role of Chairman and chief executive officer (the "CEO") should be separated and should not be performed by the same individual. Subsequent to the removal of former CEO Mr. Cheung Hung Man, by the Board on 23 May 2016, the post has been vacant as at 30 September 2019. 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.

## **CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES**

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

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

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

## **ADOPTION OF THE SECOND AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION**

On 24 June 2019, the adoption of the second amended and restated memorandum and articles of association of the Company has been approved by the shareholders of the Company by way of a special resolution at the extraordinary general meeting of the Company.

## **CHANGE OF DIRECTORS' INFORMATION**

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, upon specific enquiry by the Company and following confirmations from the Directors, there are some changes in the information of the Directors subsequent to the date of the Company's annual report 2018/19.

Ms. Yip Man Yi, executive Director and Chairman of the Company, has been appointed as non-executive director of China Ever Grand Financial Leasing Group Co., Ltd. (Stock Code: 379), the issued shares of which are listed on the Main Board of the Stock Exchange, with effect from 17 October 2019.

## **AUDIT COMMITTEE**

The Audit Committee of the Company currently comprises three members, of which all owe 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 roles and functions of the Audit Committee which includes overseeing the relationship with auditor, reviewing and supervising the financial reporting system, risk management and internal control procedures of the Group and reviewing and approving the Company's annual reports and accounts, interim report and quarterly reports to the Board. The Audit Committee has reviewed this interim report in accordance with the GEM Listing Rules.

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

Hong Kong, 13 November 2019

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