



**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)

**THIRD
QUARTERLY
REPORT
2020/21**

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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 (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.*

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

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

	Note	Three months ended 31 December		Nine months ended 31 December	
		2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Revenue	5	10,780	15,167	39,129	47,075
Cost of services		(6,381)	(7,153)	(19,820)	(21,776)
Gross profit		4,399	8,014	19,309	25,299
Other income		1,259	38	3,672	280
Other gains/(losses)		71	(148)	651	(1,400)
Listing expense	3(d)	—	(57,302)	—	(57,302)
Administrative expenses		(4,803)	(5,997)	(15,320)	(16,532)
Profit/(Loss) from operations		926	(55,395)	8,312	(49,655)
Finance costs	6	(432)	(511)	(1,349)	(1,554)
Profit/(Loss) before tax		494	(55,906)	6,963	(51,209)
Income tax	7	43	(313)	(635)	(1,095)
Profit/(Loss) and total comprehensive income for the period	8	537	(56,219)	6,328	(52,304)
Earnings/(Loss) per share	9	HK0.04 cents	HK(5.59) cents	HK0.52 cents	HK(6.21) cents
Basic					
Diluted		N/A	N/A	N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

	Attributable to the owners of the Company (Unaudited)				
	Share capital HK\$'000 (Note 11)	Share premium HK\$'000	Other reserves HK\$'000 (Note 12)	Retained profits/ (Accumulated losses) HK\$'000	Total equity HK\$'000
At 1 April 2019 (restated)	273,216	—	(272,997)	20,251	20,470
Total comprehensive income for the period	—	—	—	(52,304)	(52,304)
Capital Reorganisation (Note 11(a))	(273,209)	—	—	—	(273,209)
Issue of Creditors Shares (Note 11(b))	7	13,356	—	—	13,363
Issue of Capitalisation Shares (Note 11(c))	9	17,991	—	—	18,000
Issue of shares under the Share Offer (Note 11(d))	23	37,308	—	—	37,331
Acquisition of a subsidiary (Notes 3 and 11(e))	76	87,524	204,515	—	292,115
Dividends (Note 10)	—	—	—	(19,000)	(19,000)
Changes in equity for the period	(273,094)	156,179	204,515	(71,304)	16,296
At 31 December 2019	122	156,179	(68,482)	(51,053)	36,766
At 1 April 2020	122	156,179	(68,482)	(41,395)	46,424
Total comprehensive income and changes in equity for the period	—	—	—	6,328	6,328
At 31 December 2020	122	156,179	(68,482)	(35,067)	52,752

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is at Flat A-G, 15/F, 15 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company together with its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of interior design and execution services.

In the opinion of the directors of the Company, as at 31 December 2020, Whistle Up Limited (“**Whistle Up**”), a company incorporated in the British Virgin Islands, is the immediate and ultimate holding company and Mr. Chan Norman Enrique (“**Mr. Norman Chan**”) is the ultimate controlling party of the Company.

This unaudited condensed consolidated financial information for the nine months ended 31 December 2020 is presented in Hong Kong dollars (“**HK\$**”) which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

2. SIGNIFICANT EVENTS AND TRANSACTIONS

The COVID-19 pandemic has evolved rapidly during the nine months ended 31 December 2020, with the number of cases reported around the world continuing to increase. Travel restrictions and various quarantine measures imposed by various governments in an effort to contain the virus have adversely affected the business environment and economic activities. As a consequence, the Group’s revenue has been reduced as compared to the same period last year.

The Group has considered the impact arising from COVID-19 when preparing the unaudited condensed consolidated financial information, in particular, the Group has assessed that the current market condition as a result of COVID-19 is not a long-term norm. Given the severity, duration and economic consequences of COVID-19 are uncertain, actual impact may differ significantly from the Group’s estimates. The Group will remain alert and cautious on the ongoing development of COVID-19 that may cause further volatility and uncertainty in the global financial market, economy and business environment, and will take necessary measures to address the impact arising therefrom.

3. BASIS OF PREPARATION

This unaudited condensed consolidated financial information has been prepared in accordance with the applicable disclosures required by the GEM Listing Rules. The unaudited condensed consolidated financial information does not include all the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards; and Interpretations.

The unaudited condensed consolidated financial information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which are measured at fair value.

The unaudited condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 March 2020. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial information are consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 March 2020.

As detailed in the Company’s prospectus dated 4 November 2019 (the “**Prospectus**”) and the audited consolidated financial statements of the Group for the year ended 31 March 2020, on 13 November 2019, the Company completed the acquisition of the entire equity interests of Absolute Surge Limited (“**Absolute Surge**”) by issue and allotment of 760,000,000 new shares at the price of HK\$0.19 each to Whistle Up which constituted a reverse takeover (the “**Reverse Takeover**”). Absolute Surge is treated as the acquirer for accounting purpose. Accordingly, the consolidated financial statements of the Group for the year ended 31 March 2020 have been prepared using reverse acquisition methodology, as a continuation of the consolidated financial statements of the legal acquiree — Absolute Surge (treated as the accounting acquirer), that is adjusted retroactively to reflect the capital of the legal parent (the Company is treated as the accounting acquiree). Comparative information presented also has been retroactively adjusted to reflect the legal capital of the Company. The condensed consolidated financial information reflected the following:

- (a) The assets and liabilities of Absolute Surge together with its subsidiaries (collectively referred to as the “**Absolute Surge Group**”) were recognised and measured at their carrying amounts.
- (b) The identified assets and liabilities of the Company were recognised and measured initially at their fair values at the completion date of the Reverse Takeover.
- (c) The deemed acquisition cost for obtaining control over the Company by Absolute Surge was determined using the fair value of the issued shares of the Company immediately before the completion of the Reverse Takeover, being 461,052,631 shares of the Company in issue at HK\$0.19 each (by reference to the offer to certain creditors to convert their debts into shares of the Company (Note 11(b)) and the Company’s share offer price (Note 11(d)), both at HK\$0.19 per share), equivalent to approximately HK\$87,600,000.

- (d) The deemed acquisition cost was allocated to the identifiable assets and liabilities of the Company on the basis of their fair values at the completion date. The excess of the deemed acquisition cost over the fair value of the identified assets and liabilities of the Company amounting to approximately HK\$57,302,000 represented a share-based payment made in exchange for obtaining a listing status was considered as the cost of the listing and accounted for as an expense in accordance with HKFRS 2 Share-based Payment.
- (e) The retained profits and other equity balances of Absolute Surge Group before the completion of the Reverse Takeover.
- (f) The amount recognised as issued equity instruments in the condensed consolidated financial information was determined by adding the issued equity of Absolute Surge immediately before the Reverse Takeover and the deemed acquisition cost.
- (g) The condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 31 December 2019 reflected the financial performance of Absolute Surge Group for the whole period and the financial performance of the Company after the completion of the Reverse Takeover.

4. ADOPTION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in this unaudited condensed consolidated financial information is the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 March 2020. A number of new or amended standards are effective from 1 April 2020 but they do not have a material effect on the unaudited condensed consolidated financial information.

5. REVENUE

An analysis of the Group's revenue for the period is as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Interior design and execution services	10,583	14,954	38,450	46,539
Colour-rendering services	44	180	522	503
Handling services	153	33	157	33
	<u>10,780</u>	<u>15,167</u>	<u>39,129</u>	<u>47,075</u>

6. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Interest on lease liabilities	16	47	70	159
Interest on bank loans	416	464	1,279	1,395
	432	511	1,349	1,554

7. INCOME TAX

Income tax has been recognised in profit or loss as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Current tax				
Hong Kong Profits Tax	(43)	346	670	1,194
Deferred tax				
Origination and reversal of temporary differences	—	(36)	(35)	(108)
Impact of change in tax rate	—	3	—	9
	(43)	313	635	1,095

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong is lowered to 8.25%, and profits above that amount is subject to the tax rate of 16.5%.

8. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is arrived at after charging/(crediting):

	Three months ended 31 December		Nine months ended 31 December	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Employee benefit expense (including directors' emoluments):				
Salaries and allowances	6,797	7,970	20,881	24,829
Other benefits (represent rent paid)	130	58	389	232
Retirement benefit scheme contributions	252	292	766	921
	7,179	8,320	22,036	25,982
Depreciation of property, plant and equipment	173	272	585	991
(Gain)/Loss on disposal of property, plant and equipment	—	(72)	—	368
Depreciation of right-of-use assets	1,112	1,112	3,336	3,347
Rental expenses relating to short-term leases	130	42	389	453
Government grants*	(1,259)	—	(3,639)	—

* Government grants for the Employment Support Scheme (the "ESS") have been received to provide financial support to the Group to retain its employees. The Group is required to undertake that it will not implement redundancies during the subsidy period and to spend all the subsidies on paying salaries to its employees. As such, the ESS subsidy is recognised in profit or loss as other income over the subsidy period to match the payroll expense.

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to the owners of the Company for the three months and nine months ended 31 December 2020 are based on the following:

	Three months ended 31 December		Nine months ended 31 December	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Earnings/(Loss) Profit/(Loss) attributable to owners of the Company	537	(56,219)	6,328	(52,304)
	1,221,053	1,005,561	1,221,053	842,151

	Three months ended 31 December		Nine months ended 31 December	
	2020 (unaudited) '000	2019 (unaudited) '000	2020 (unaudited) '000	2019 (unaudited) '000
Number of shares Weighted average number of ordinary shares used in basic earnings/(loss) per share calculation	1,221,053	1,005,561	1,221,053	842,151

The weighted average number of shares used for the purpose of calculating basic loss per share for the three months and nine months ended 31 December 2019 is determined by reference to Absolute Surge's weighted average number of shares outstanding multiplied by the exchange ratio established in the Reverse Takeover and the weighted average total actual shares of the Company in issue after the completion of the Reverse Takeover.

No diluted earnings/(loss) per share for the periods has been presented as there were no potential dilutive shares outstanding.

10. DIVIDENDS

	Three months ended 31 December		Nine months ended 31 December	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Interim dividends	—	19,000	—	19,000

Prior to the Reverse Takeover, an interim dividend of HK\$19,000,000 was declared in October 2019 and paid to the then equity holder of Absolute Surge in November 2019.

The number of shares ranking for dividends and the dividends per shares are not presented as such information is not meaningful for the purpose of this condensed consolidated financial information.

The Board of Directors does not recommend a payment of any dividend in respect of the nine months ended 31 December 2020.

11. SHARE CAPITAL

	Note	Number of shares	Amount HK\$'000
Authorised:			
At 1 April 2019			
Ordinary shares of HK\$0.08 each		31,250,000,000	2,500,000
Capital Reorganisation	(a)	<u>68,750,000,000</u>	<u>(2,490,000)</u>
At 31 December 2019, 1 April 2020 and 31 December 2020		100,000,000,000	10,000
Ordinary shares of HK\$0.0001 each			
Issued and fully paid:			
At 1 April 2019			
Ordinary shares of HK\$0.08 each		3,415,197,762	273,216
Capital Reorganisation	(a)	(3,346,893,807)	(273,209)
Issue of Creditors Shares	(b)	70,331,984	7
Issue of Capitalisation Shares	(c)	94,736,842	9
Issue of shares upon Share Offer	(d)	227,679,850	23
Issue of Consideration Shares	(e)	<u>760,000,000</u>	<u>76</u>
At 31 December 2019, 1 April 2020 and 31 December 2020		1,221,052,631	122
Ordinary shares of HK\$0.0001 each			

Notes:

- (a) Pursuant to a special resolution passed on 24 June 2019, the Company completed the capital reorganisation on 22 October 2019 (the “**Capital Reorganisation**”), which involved the following:

Every 50 issued shares of the Company of HK\$0.08 each was consolidated into one consolidated share of HK\$4 each (“**Consolidated Share**”) in the issued share capital of the Company (the “**Share Consolidation**”). Upon the completion of the Share Consolidation, any fraction in the issued share capital of the Company arising from the Share Consolidation was cancelled; and the nominal value of the issued Consolidated Shares was reduced from HK\$4 to HK\$0.0001 each through a cancellation of the paid-up capital to the extent of HK\$3.9999 each (the “**Capital Reduction**”).

Upon the Capital Reduction taking effect, all the authorised but unissued share capital of the Company was cancelled in their entirety and the authorised share capital of the Company was increased to HK\$10,000,000 divided into 100,000,000,000 new shares with nominal value of HK\$0.0001 each.

- (b) On 13 November 2019, 70,331,984 new shares (the “**Creditors Shares**”) of HK\$0.0001 each of the Company were issued and allotted for the discharge of the claims under the schemes of arrangement entered into between the Company and certain creditors at the issue price of HK\$0.19 each and resulted in an increase in share premium of approximately HK\$13,356,000.
- (c) On 13 November 2019, 94,736,842 new shares (the “**Capitalisation Shares**”) of HK\$0.0001 each of the Company were issued and allotted to Whistle Up at the issue price of HK\$0.19 each for the settlement of the outstanding loan balance of HK\$18,000,000 and resulted in an increase in share premium of approximately HK\$17,991,000.
- (d) On 13 November 2019, 227,679,850 new shares of HK\$0.0001 each of the Company were issued and allotted at the issue price of HK\$0.19 each in relation to the Share Offer (as defined in the Prospectus). After deduction of share issue expenses of approximately HK\$5,928,000, the premium on the issue of shares under the Share Offer amounting to approximately HK\$37,308,000 was credited to the share premium account.
- (e) On 13 November 2019, the Company acquired the entire equity interests in Absolute Surge at the consideration of HK\$144,400,000, which was satisfied by way of issue and allotment of 760,000,000 new shares (the “**Consideration Shares**”) of HK\$0.0001 each of the Company to Whistle Up at the issue price of HK\$0.19 each.

12. OTHER RESERVES

Other reserves comprise:

- (a) the adjustment of Absolute Surge’s legal capital to reflect the Company’s legal capital (arising from the Reverse Takeover); and
- (b) the difference between the nominal value of share capital of the subsidiaries of Absolute Surge acquired pursuant to a reorganisation over the nominal value of the share capital of Absolute Surge issued in exchange therefor.

13. RELATED PARTY TRANSACTIONS

The directors of the Company are of the view that during the period, transactions with the following parties are considered as related party transactions:

Name of related party	Relationship with the Group
Waldorf Holdings Limited	Controlled by Mr. Norman Chan
H. S. Chan Company Limited	Controlled by a close family member of Mr. Norman Chan

(a) The Group had the following transactions with its related parties during the period:

	Three months ended 31 December		Nine months ended 31 December	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Office rental paid to Waldorf Holdings Limited	1,044	1,044	3,132	3,132
Cleaning expense to H. S. Chan Company Limited	4	3	12	13

(b) Key management personnel compensation

The emoluments of directors and other key management personnel of the Group during the period are as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Salaries and allowances	827	828	2,476	2,367
Other benefits (represent rent paid)	87	58	261	232
Retirement benefit scheme contributions	13	13	40	40
	927	899	2,777	2,639

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) hereby announces the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2020, together with the comparative unaudited figures for the corresponding periods in 2019.

FINANCIAL REVIEW

Revenue

Revenue decreased from approximately HK\$47.1 million for the nine months ended 31 December 2019 to approximately HK\$39.1 million for the nine months ended 31 December 2020, representing a decrease of approximately HK\$8.0 million or 16.9%. The decrease was mainly attributable to the decrease in revenue from residential and commercial projects.

Cost of services

Cost of services for the nine months ended 31 December 2019 and 2020 amounted to approximately HK\$21.8 million and HK\$19.8 million, respectively, representing a decrease of approximately HK\$2.0 million or 9.0%. The decrease was mainly due to a combination of factors, including (i) an increase in subcontracting charges; and (ii) a decrease in direct staff costs.

Gross profit and gross profit margin

For the nine months ended 31 December 2020, gross profit amounted to approximately HK\$19.3 million, which decreased by approximately HK\$6.0 million from approximately HK\$25.3 million for the nine months ended 31 December 2019. The decrease in gross profit was mainly due to the decrease in revenue which decreased by approximately HK\$8.0 million as compared with the same period last year. Gross profit margin decreased from approximately 53.7% for the nine months ended 31 December 2019 to approximately 49.3% for the nine months ended 31 December 2020.

Administrative expenses

Administrative expenses decreased from approximately HK\$16.5 million for the nine months ended 31 December 2019 to approximately HK\$15.3 million for the nine months ended 31 December 2020, representing a decrease of approximately HK\$1.2 million or 7.3%. Such decrease was mainly attributable to the decrease in expenses in salaries and allowances, other staff related costs, oversea travelling and other expenses associated with activities related to business development as compared with the same period last year.

Listing expense

The amount of approximately HK\$57.3 million recorded during the nine months ended 31 December 2019 represents the excess of deemed acquisition cost over the fair value of the identifiable assets and liabilities of the Company at date of the completion of the Reverse Takeover. Details of listing expense are set out in Note 3(d) in the section of “**Notes To The Unaudited Condensed Consolidated Financial Information**”.

Finance costs

Finance costs, which comprised interests on bank loans and lease liabilities, decreased by approximately HK\$0.3 million or 13.2%, from approximately HK\$1.6 million for the nine months ended 31 December 2019 to approximately HK\$1.3 million for the nine months ended 31 December 2020.

Profit/(Loss) before tax

The increase in profit before tax, from loss before tax of approximately HK\$51.2 million for the nine months ended 31 December 2019 to profit before tax approximately HK\$7.0 million for the nine months ended 31 December 2020, representing a significant increase of approximately HK\$58.2 million. Such increase was mainly attributable to a combination of factors, including (i) the decrease in revenue of approximately HK\$8.0 million; (ii) the decrease in cost of services of approximately HK\$2.0 million; (iii) government grants for the ESS of approximately HK\$3.6 million accounted for as other income for the nine months ended 31 December 2020; (iv) other gain on fair value of approximately HK\$0.6 million for the nine months ended 31 December 2020 (other loss on fair value of approximately HK\$1.0 million for the nine months ended 31 December 2019) on key management insurance policies held at the end of period; (v) the impairment loss on leasehold improvements of approximately HK\$0.4 million accounted for as other loss for the nine months ended 31 December 2019; and (vi) the non-recurring listing expense of approximately HK\$57.3 million for the nine months ended 31 December 2019.

Income tax

Income tax decreased by approximately HK\$0.5 million from approximately HK\$1.1 million for the nine months ended 31 December 2019 to approximately HK\$0.6 million for the nine months ended 31 December 2020. Such decrease in income tax was mainly due to (i) the decrease in revenue which decreased by approximately HK\$8.0 million; and (ii) the effect of non-taxable income of the ESS subsidy of approximately HK\$3.6 million for the nine months ended 31 December 2020.

Profit/(Loss) and total comprehensive income

Profit and total comprehensive income for the nine months ended 31 December 2020 increased by approximately HK\$58.6 million, from loss attributable to owners of the Company for the nine months ended 31 December 2019 of approximately HK\$52.3 million to profit attributable to owners of the Company for the nine months ended 31 December 2020 of approximately HK\$6.3 million. Such increase was mainly attributable to the combined effect of the aforementioned items.

Charges over assets of the Group

As at 31 December 2020, the Group's banking facilities are secured by the Group's key management insurance policies at fair value of approximately HK\$17.0 million.

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in provision of interior design and execution services to premises including private residences, corporate offices, service apartments, hotels, residential clubhouses, show flats and sales galleries.

The Group's goals are to achieve sustainable growth and further strengthen its overall competitiveness and business growth in the interior design industry in Hong Kong. The Directors of the Company are of the view that the Group's capability to understand customers' requirements and transform far-fetched concepts into visionary solutions that embrace functionality and aesthetics has gained trust and appreciation from customers and enabled the Group to be one of the reputable players in the interior design industry in Hong Kong.

Hong Kong's primary residential market remained relatively resilient surrounded by various social incidents and the COVID-19 pandemic during the period, with market transactions being impacted by social distancing measures. Despite weakening market sentiment, the Company is of the view that the Hong Kong residential market is likely to be supported by relatively low mortgage rates and continuous demand. The Group will closely monitor potential impact of COVID-19 and local social incidents on the Group's businesses and will continue to develop and strengthen its overall competitiveness and business growth in the interior design industry in Hong Kong.

The Group will continue to capitalise on opportunities by leveraging the Group's competitive strengths and implementing the following strategies: (i) maintain and strengthen market position in Hong Kong; (ii) enhance brand recognition and strengthen marketing efforts; and (iii) continue to recruit talents and enhance internal training to support future growth.

SHARE OFFER

As disclosed in the prospectus of the Company dated 4 November 2019 (the "**Prospectus**"), the Company, Messis Capital Limited ("**Messis Capital**") and Kingston Securities Limited entered into the underwriting agreement on 22 November 2018 (as amended and restated on 16 May 2019) (the "**Underwriting Agreement**") in relation to the share offer (the "**Share Offer**") comprising: (i) the public offer of 113,839,925 shares of the Company (the "**Shares**") for subscription by members of the public; and (ii) the preferential offering of 113,839,925 Shares to the qualifying shareholders (the "**Shareholder(s)**") of the Company on an assured basis.

Completion of the Share Offer took place on 13 November 2019. An aggregate of 227,679,850 Shares (the "**Offer Share(s)**") of HK\$0.0001 each with an aggregate nominal value of HK\$22,767.985 were allotted and issued to members of the public and the qualifying Shareholders at the offer price of HK\$0.19 per Offer Share pursuant to the terms and conditions of the Underwriting Agreement. The Offer Shares were allotted and issued pursuant to the specific mandate granted by the independent Shareholders at the extraordinary general meeting of the Company held on 24 June 2019. As disclosed in the Prospectus, the gross proceeds from the Share Offer of approximately HK\$43.2 million would be applied as to (i) approximately HK\$24.7 million for settlement of the professional fees and expenses in relation to the Reverse Takeover and deemed new listing of the Company including underwriting commission under the Underwriting Agreement; and (ii) the balance of approximately HK\$18.5 million as general working capital of the Company (including but not limited to the repayment of the outstanding amount of loan in excess of approximately HK\$18 million (if necessary) under the investor loan agreement dated 5 December 2017 (as amended and restated on 23 November 2018 and 16 May 2019) (the "**Investor Loan**") and entered into between the Company and Whistle Up.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2020, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long and short positions in the ordinary shares and underlying shares of the Company and associated corporation

The Company/ Name of associated company	Name of Director/ chief executive	Nature of interests	Interest in shares (Note 1)	Interest in underlying shares (Note 1)	Total interest in shares (Note 1)	Approximate percentage of shareholding (Notes 1 and 3)
The Company	Mr. Norman Chan (Note 2)	Interest of controlled corporation	854,736,842(L)	—	854,736,842(L)	70.00%(L)
Whistle Up	Mr. Norman Chan	Beneficial owner	96(L)	—	96(L)	96.00%(L)
	Mr. Lee Alex Kam-fai ("Mr. Alex Lee")	Beneficial owner	3(L)	—	3(L)	3.00%(L)

Notes:

1. "L" represents long position in shares or underlying shares of the Company or its associated corporations and "S" represents short position in shares or underlying shares of the Company or its associated corporations.
2. Whistle Up is beneficially owned as to 96% by Mr. Norman Chan, 3% by Mr. Alex Lee and 1% by Ms. Kwok Lai Yi Susanna (the spouse of Mr. Norman Chan) ("Ms. Susanna Kwok"). Under the SFO, Mr. Norman Chan is deemed to be interested in the Shares held by Whistle Up.
3. The percentage is calculated on the basis of 1,221,052,631 Shares in issue as at 31 December 2020.

Save as disclosed above, as at 31 December 2020, so far as is known to any Directors or chief executive of the Company, none of the Directors and chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2020, so far as is known to the Directors and the chief executives of the Company, the interests and shorts positions of the persons or corporations (other than the Directors and the chief executive of the Company) in the Shares and underlying Shares as recorded in the register to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of shareholder	Nature of interests	Interest in shares of the Company (Note 1)	Interest in underlying shares of the Company (Note 1)	Total interest in shares of the Company (Note 1)	Approximate percentage of shareholding (Note 1 and 3)
Whistle Up	Beneficial owner (Note 2)	854,736,842(L)	—	854,736,842(L)	70.00%(L)
Ms. Susanna Kwok	Interest of spouse (Note 2)	854,736,842(L)	—	854,736,842(L)	70.00%(L)

Notes:

1. "L" represents long position in shares or underlying shares of the Company and "S" represents short position in shares or underlying shares of the Company.
2. Whistle Up is beneficially owned as to 96% by Mr. Norman Chan, 3% by Mr. Alex Lee and 1% by Ms. Susanna Kwok. Under the SFO, Mr. Norman Chan is deemed to be interested in the Shares held by Whistle Up. Ms. Susanna Kwok is the spouse of Mr. Norman Chan. Ms. Susanna Kwok is deemed to be interested in all the Shares in which Mr. Norman Chan is interested in for the purpose of the SFO.
3. The percentage is calculated on the basis of 1,221,052,631 Shares in issue as at 31 December 2020.

Save as disclosed above, as at 31 December 2020, so far as is known to the Directors and the chief executive of the Company, and based on the public records filed on the website of the Stock Exchange and records kept by the Company, no other persons or corporations (other than the Directors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme at the annual general meeting of the Company held 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 which will expire on 29 July 2022.

During the nine months ended 31 December 2020, no share options were granted, exercised, cancelled, lapsed or forfeited. As at 31 December 2020, there were no outstanding share option.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OF THE COMPANY

Save as disclosed in this report, at no time during the nine months ended 31 December 2020 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors (including their respective spouses and children under the age of 18) to acquire benefits by means of the acquisition of the Shares or underlying Shares in, or debentures of, the Company or any of its associated corporations, and none of the Directors or their respective spouses or children under the age of 18 had any right to subscribe for Shares of the Company or any of its associated corporations or had exercised any such right during the nine months ended 31 December 2020.

COMPETING INTERESTS OF DIRECTORS

As at 31 December 2020, none of the Directors, the substantial shareholders of the Company nor any of their respective close associates (as defined under the GEM Listing Rules) had any interest in a business which has or may have significant competition with the business of the Group.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND AFFILIATED COMPANIES

The Group had no material acquisitions or disposals of subsidiaries, associates and affiliated companies during the nine months ended 31 December 2020.

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

During the nine months ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the nine months ended 31 December 2020.

CORPORATE GOVERNANCE PRACTICES

The Company considers the maintenance of a high standard of corporate governance is important to the continuous growth of the Group. The Company's corporate governance practices are based on code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules. The Company has adopted the CG Code to ensure that the Group's business activities and decision-making processes are regulated in a proper and prudent manner.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Norman Chan is acting as the chairman and chief executive officer. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board considers the deviation from code provision A.2.1 of the CG Code to be appropriate in such circumstance.

The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Throughout the nine months ended 31 December 2020 and up to the date of this report, other than the deviation from code provision A.2.1, the Company complied with the provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

DIVIDEND

The Board does not recommend a payment of any dividend by the Company for the nine months ended 31 December 2020.

TENANCY AGREEMENT

On 11 December 2020, BTR (HK) Limited (the “**Tenant**”), an indirect wholly owned subsidiary of the Company as the tenant and Waldorf Holdings Limited (the “**Landlord**”) as the landlord entered into a tenancy agreement (the “**2021 Tenancy Agreement**”) in relation to the lease of the premises located at Flats A, B, C, D, E, F and G on 15th Floor and private parking space Nos. P9, P10 and P11 on 3rd Floor of 15 Chong Yip Street, Kowloon, Hong Kong (the “**Premises**”) for a term of twelve months from 1 January 2021 to 31 December 2021 (both days inclusive).

The terms of the 2021 Tenancy Agreement were determined after arm’s length negotiations between the Tenant and the Landlord with reference to (i) the historical figures of the actual amounts paid by the Tenant under the previous tenancy agreement dated 22 February 2018 (the “**Previous Tenancy Agreement**”) and option notice dated 21 October 2019 (the “**Option Notice**”); and (ii) the prevailing market conditions and the prevailing market rent for similar properties in the vicinity of the Premises at the relevant time.

The Landlord is wholly and beneficially owned by Mr. Norman Chan, who is an executive Director and a controlling shareholder of the Company (as defined in the GEM Listing Rules). The Landlord is therefore a connected person of the Company. Accordingly, the 2021 Tenancy Agreement and the transactions contemplated thereunder constitutes a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. Reference is made to the circular of the Company dated 29 May 2019 in relation to the lease of the Premises under the Previous Tenancy Agreement. As the Previous Tenancy Agreement and the 2021 Tenancy Agreement both relate to the leasing of the Premises, the Previous Tenancy Agreement and the 2021 Tenancy Agreement have been aggregated under Chapter 20 of the GEM Listing Rules.

For the two years ending 31 March 2022, the maximum annual aggregate amounts payable by the Tenant to the Landlord, which are determined with reference to the rents payable by the Tenant to the Landlord under the Previous Tenancy Agreement and the Option Notice and the 2021 Tenancy Agreement, are as follows:

	Year ending 31 March 2021	Year ending 31 March 2022
	HK\$	HK\$
Previous Tenancy Agreement and the Option Notice	3,132,000	—
2021 Tenancy Agreement	1,044,000	3,132,000
Annual caps	4,176,000	3,132,000

For details of the 2021 Tenancy Agreement and the transactions contemplated thereunder, please refer to announcement of the Company dated 11 December 2020.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed herein, the Directors are not aware of any significant event which had material effect on the Group's operating and financial performance subsequent to 31 December 2020.

INTEREST OF THE COMPLIANCE ADVISER

As notified by Messis Capital, the Company's compliance adviser, save for the compliance adviser agreement entered into between the Company and Messis Capital dated 31 October 2019, neither Messis Capital, its close associates (as defined in the GEM Listing Rules) nor any of its directors, employees has or may have any interest in the Group or which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 December 2020.

AUDIT COMMITTEE AND REVIEW OF QUARTERLY RESULTS

The Group has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are to oversee the relationship with Company's auditor, review of the Company's financial information and oversee the Company's financial reporting system, risk management and internal control system.

The Audit Committee comprises of three independent non-executive directors, namely Mr. Chi Chi Hung Kenneth, Mr. Kwong U Hoi Andrew and Mr. Wong Jonathan. The chairman of the Audit Committee is Mr. Chi Chi Hung Kenneth, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules to serve as the chairman of the Audit Committee.

The third quarterly results of the Group for the nine months ended 31 December 2020 have not been audited. The Audit Committee has reviewed and approved the unaudited condensed consolidated financial information of the Group for the nine months ended 31 December 2020 and is of the opinion that the preparation of such statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board
Union Asia Enterprise Holdings Limited
Chan Norman Enrique
Executive Director

Hong Kong, 5 February 2021

As at the date of this report, the Board comprised two executive Directors, Mr. Chan Norman Enrique and Mr. Lee Alex Kam-fai and three independent non-executive Directors, Mr. Kwong U Hoi Andrew, Mr. Wong Jonathan and Mr. Chi Chi Hung Kenneth.