

STOCK CODE: 8088

AID PARTNERS

汇友资本

AID Partners Capital Holdings Limited

滙友資本控股有限公司*

1st Quarterly Report 2015

For the three months ended 31 March

* For identification purpose only

Characteristics of the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Exchange”)

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

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

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This report, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement in this report misleading.

ABOUT AID PARTNERS CAPITAL HOLDINGS LIMITED

AID Partners Capital Holdings Limited (the “Company” and, together with its subsidiaries, the “Group”) is an independent asset management group listed on the Hong Kong Stock Exchange’s GEM board (HK GEM: 8088).

The Group is engaged in the businesses of asset management and strategic investment.

MANAGEMENT DISCUSSION AND ANALYSIS

During the three months under review, the Group has continued to operate its asset management and strategic investment businesses. Our asset management business represents fund management business under AID Partners Asset Management Limited and our strategic investment business represents the businesses of HMV Ideal Limited and its subsidiaries (the “HMV Ideal Group”) and Complete Star Limited and its subsidiary (the “Complete Star Group”).

As a result of the acquisition of HMV Ideal Group and Complete Star Group in 2014, revenue for the three months under review increased to HK\$16.8 million from that of HK\$6.5 million for the corresponding period last year. Total operating expenses (being distribution and selling expenses, administrative expenses plus other operating expenses) for the three months under review increased to HK\$32.4 million from that of HK\$10.2 million for the corresponding period last year and the increase was mainly due to the increase in amortisation of intangible assets, rent and rates and staff costs of approximately HK\$6.1 million, HK\$3.6 million and HK\$2.2 million, respectively. Finance costs for the three months under review increased to HK\$4.4 million from that of HK\$1.3 million for the corresponding period last year and this was mainly due to the interest on convertible bonds issued in June 2014.

Loss attributable to owners of the Company for the three months under review increased to HK\$25.3 million from that of HK\$4.9 million for the corresponding period last year.

Subsequent to the period under review, the Group has completed the acquisition of 70% issued share capital of Honestway Global Group Limited (“Honestway Global”), in which Honestway Global, together with its subsidiaries, is primarily engaged in the development and operation of mobile-online game business.

The Group will continue to focus its resources to synergize its investee companies and explore new opportunities to create a “Pan-entertainment” platform as well as continue to explore other asset management and strategic investment businesses which will generate attractive returns to its shareholders.



CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCIES

In prior years, the Company regarded US dollars (“US\$”) as its functional currency. However, the Company and most of its major operating subsidiaries’ business transactions in terms of operating, investing and financing activities have increasingly placed greater reliance on HK dollars (“HK\$”). As such, effective from 24 February 2014, the Company and certain of its subsidiaries have changed their functional currency from US\$ to HK\$. HK\$ have also been adopted as the presentation currency of the Group’s quarterly report. The comparative figures in this quarterly report are translated accordingly. The changes in functional and presentation currencies have no significant impact on the financial positions of the Group as at 31 December 2014 and 31 March 2015, or the results and cash flows of the Group for periods ended 31 March 2014 and 2015.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The board of directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2015, together with the comparative unaudited figures of the corresponding period in 2014, as follows:

	Notes	(Unaudited) Three months ended 31 March	
		2015 HK\$'000	(Restated) 2014 HK\$'000
Revenue	3	16,837	6,505
Cost of sales		(8,830)	(2,802)
Gross profit		8,007	3,703
Gain on financial liabilities at fair value through profit or loss		1,558	2,102
Other income	3	1,136	121
Distribution and selling expenses		(6,736)	(2,340)
Administrative expenses		(22,449)	(7,110)
Other operating expenses		(3,211)	(736)
Loss from operations		(21,695)	(4,260)
Finance costs		(4,358)	(1,258)
Loss before taxation		(26,053)	(5,518)
Taxation	4	728	–
Loss for the period		(25,325)	(5,518)

		(Unaudited) Three months ended 31 March	
		2015	(Restated) 2014
		HK\$'000	HK\$'000
	Note		
Attributable to:			
Owners of the Company		(25,257)	(4,905)
Non-controlling interests		(68)	(613)
Loss for the period		(25,325)	(5,518)
Loss per share attributable to owners of the Company for the period			
	6	HK cents	HK cents
Basic		(0.83)	(0.20)
Diluted		N/A	N/A

UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	(Unaudited) Three months ended 31 March	
	2015 HK\$'000	(Restated) 2014 HK\$'000
Loss for the period	(25,325)	(5,518)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations of a subsidiary	–	(45)
Other comprehensive income for the period, net of tax	–	(45)
Total comprehensive income for the period, before and net of tax	(25,325)	(5,563)
Attributable to:		
Owners of the Company	(25,257)	(4,950)
Non-controlling interests	(68)	(613)
Total comprehensive income for the period, before and net of tax	(25,325)	(5,563)

NOTES TO THE UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 21 February 2000 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and, its principal place of business is Units 1&2, 29/F., The Hennessy, 256 Hennessy Road, Wanchai, Hong Kong. The Company's shares have been listed on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 April 2000. The Company and its subsidiaries are together referred to as the Group hereinafter.

The Company acts as the holding company of the Group. The Group is principally engaged in the businesses of asset management and strategic investment.

The unaudited consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (the "IASB") and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by IASB. The unaudited consolidated financial information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

The unaudited consolidated financial information has been prepared under historical cost basis except for certain financial instruments classified as available-for-sale and at fair value through profit or loss, which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited consolidated financial information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited consolidated financial information, are consistent with those set out in the Company's annual audited consolidated financial statements for the year ended 31 December 2014 ("2014 Annual Report").

This consolidated financial information for the three months ended 31 March 2015 is unaudited but has been reviewed by the audit committee of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

This unaudited consolidated financial information should be read in conjunction with the Company's 2014 Annual Report, which has been prepared in accordance with IFRSs.

The principal accounting policies adopted to prepare this unaudited consolidated financial information are consistent with those adopted to prepare to the Company's 2014 Annual Report.

The Group has not early adopted the new/revised IFRSs which have been issued but are not yet effective. The Group is in the process of making an assessment of the potential impact of these new/revised IFRSs and the Directors so far anticipated that the application of these new/revised IFRSs will have no material impact on the Group's unaudited consolidated financial information.

Changes in functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

In prior years, the Company regarded United States dollars ("US\$") as its functional currency. However, the Company and most of its major operating subsidiaries' business transactions in terms of operating, investing and financing activities have increasingly placed greater reliance on Hong Kong dollars ("HK\$"). As such, effective from 24 February 2014, the Company and certain of its subsidiaries have changed their functional currency from US\$ to HK\$. The change in functional currency of the Company was applied prospectively from date of change in accordance with IAS 21 "The Effect of Changes in Foreign Exchange Rates". On the date of the change of functional currency, all assets, liabilities, issued capital and other components of equity and profit and loss account items were translated into HK\$ at the exchange rate on that date.

Changes in presentation currency

HK\$ have also been adopted as the presentation currency of the Group's quarterly report. The change in presentation currency of the Group has been applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", and the comparative figures have also been restated to HK\$.

The changes in presentation currency and the restatement of the comparative amounts from US\$ to HK\$ have had no significant impact on the financial positions of the Group as at 31 December 2014 and 31 March 2015, or the results and cash flows of the Group for periods ended 31 March 2014 and 2015.

3. REVENUE AND OTHER INCOME

Revenue represents the (i) net invoiced value of goods and food and beverages sold, net of discounts, (ii) net receipts from sales of in-app purchases items and (iii) service fee earned.

Other income mainly comprises interest income, rental income and marketing income.

4. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the three months ended 31 March 2015.

No Hong Kong profits tax has been provided for the three months ended 31 March 2014 as the Group did not make any assessable profit for the period.

No recognition of potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential deferred tax assets is uncertain.

5. MOVEMENTS IN RESERVES

	Share premium (Restated) HK\$'000	Convertible bonds equity reserve (Restated) HK\$'000	Capital reserve (Restated) HK\$'000	Capital redemption reserve (Restated) HK\$'000	Employee share-based compensation reserve (Restated) HK\$'000	Foreign exchange reserve (Restated) HK\$'000	Accumulated losses (Restated) HK\$'000	Total (Restated) HK\$'000
At 1 January 2015 (Audited)	280,266	8,061	2,112	601	52,331	-	(380,092)	(36,721)
Employee share-based compensation	-	-	-	-	626	-	-	626
Issue of shares upon exercise of share options	1,235	-	-	-	(571)	-	-	664
Issue of bonus shares	(184,615)	-	-	-	-	-	-	(184,615)
Issue of shares upon conversion of convertible bonds	13,191	-	-	-	-	-	-	13,191
Issue of shares upon conversion of redeemable convertible preference shares	8,418	-	-	-	-	-	-	8,418
Transactions with owners	(161,771)	-	-	-	55	-	-	(161,716)
Loss for the period	-	-	-	-	-	-	(25,257)	(25,257)
Total comprehensive income for the period	-	-	-	-	-	-	(25,257)	(25,257)
At 31 March 2015 (Unaudited)	118,495	8,061	2,112	601	52,386	-	(405,349)	(223,694)
At 1 January 2014 (Audited)	212,885	-	2,112	601	36,109	231	(274,731)	(22,793)
Employee share-based compensation	-	-	-	-	78	-	-	78
Issue of consideration shares for acquisition of subsidiaries	38,520	-	-	-	-	-	-	38,520
Transactions with owners	38,520	-	-	-	78	-	-	38,598
Loss for the period	-	-	-	-	-	-	(4,905)	(4,905)
Other comprehensive income:								
Exchange differences on translating foreign operations of a subsidiary	-	-	-	-	-	(45)	-	(45)
Total comprehensive income for the period	-	-	-	-	-	(45)	(4,905)	(4,950)
At 31 March 2014 (Unaudited)	251,405	-	2,112	601	36,187	186	(279,636)	10,855

6. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) *Basic loss per share*

Basic loss per share is calculated by dividing consolidated loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	(Unaudited) Three months ended 31 March	
	2015	(Restated) 2014
(HK\$'000)		
Consolidated loss attributable to owners of the Company	(25,257)	(4,905)
(Number)		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	3,048,712,185	2,451,371,802
(HK cents)		
Basic loss per share	(0.83)	(0.20)

On 27 January 2015, the Company completed the issue of bonus shares to the qualifying shareholders of the Company on the basis of five (5) bonus shares for every one (1) existing share of the Company held on the record date, i.e. 16 January 2015 (the "Bonus Issue") and a total of 2,366,865,285 new shares of the Company were allotted and issued under the Bonus Issue.

Details of the Bonus Issue were set out in the Company's announcements dated 10 December 2014 and 27 January 2015 and circular dated 19 December 2014.

The comparative figures for the basic loss per share for the three months ended 31 March 2014 are restated to take into effect the Company's Bonus Issue completed during the quarter under review retrospectively as if they had taken place since the beginning of the respective comparative periods.

(b) *Diluted loss per share*

No diluted loss per share for the three months ended 31 March 2015 and 31 March 2014 are shown, as the outstanding share options, convertible bonds, warrants and redeemable convertible preference shares are anti-dilutive or have no dilutive effect.

7. DISPOSAL OF SUBSIDIARIES

On 17 February 2015, the Group disposed of its entire interests in Crosby Capital (Holdings) Limited and its subsidiaries to an independent third party at a consideration of HK\$37,000,000. The net assets of Crosby Capital (Holdings) Limited and its subsidiaries at the date of disposal were as follows:

	2015 HK\$'000
Net assets disposal of:	
Property, plant and equipment	69,141
Other receivables	734
Cash and cash equivalents	332
Accruals and other payables	(105)
Bank borrowings	(32,590)
	<hr/> 37,512
Total consideration	<hr/> 37,000
Loss on disposal of subsidiaries included in other operating expenses in the consolidated statement of profit or loss for the period	<hr/> 512
Satisfied by:	
Cash	<hr/> 37,000

8. EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition of 70% issued share capital of Honestway Global Group Limited (the "Acquisition")

On 1 December 2014, a wholly-owned subsidiary of the Company, the Company, Mr. Zhuang Xiao Jie ("Mr. Zhuang"), Mr. Zhang Yong Feng and Ms. Chen Xiao Ping entered into a sale and purchase agreement, pursuant to which the wholly-owned subsidiary of the Company has agreed to purchase seventy (70) shares of US\$1.00 each in the share capital of Honestway Global Group Limited ("Honestway Global"), representing 70% of the issued capital of Honestway Global at an aggregate amount of RMB84,000,000 (the "Consideration"), subject to adjustments. The Consideration is to be settled in several instalments by cash and issuance of new shares of the Company to Mr. Zhuang.

The Acquisition was completed on 2 April 2015 and the first instalment of RMB14,000,000 (equivalent to approximately HK\$17,686,200) has been settled in cash. Accordingly, the Group directly owns 70% of the issued share capital of Honestway Global and Honestway Global became a subsidiary of the Group thereafter. As of the date of this report, the Directors are in the process of assessing the financial impact of this transaction to the Group.

Details of the Acquisition were set out in the Company's announcements dated 1 December 2014, 17 February 2015, 17 March 2015 and 2 April 2015 and circular dated 2 March 2015.

(b) Memorandum of understanding in relation to two possible acquisitions (the "Possible Acquisitions")

On 24 April 2015, HMV Ideal Limited, an indirect wholly-owned subsidiary of the Company, entered into (i) a memorandum of understanding with Mighty Merit Group Limited for the purpose of setting forth the principal terms of the possible acquisition of the businesses comprising: (a) certain retail stores under the brand name "HMV" in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") and/or (b) certain rights to carry out businesses under the brand name "HMV" in Hong Kong and/or the People's Republic of China; and (ii) a memorandum of understanding with Billion Express Consultants Limited for the purpose of setting forth the principal terms of the possible acquisition of the businesses comprising: (a) a retail store under the brand name "HMV" in Singapore and/or (b) certain rights to carry out businesses under the brand name "HMV" in Singapore.

Details of the Possible Acquisitions were set out in the Company's announcement dated 24 April 2015.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2015 and 31 March 2014.

DISCLOSURE OF INTERESTS

(A) DIRECTORS' INTERESTS

As at 31 March 2015, the interests of the Directors or any chief executive of the Company in the ordinary shares of the Company (the "Shares") and underlying Shares or any of its associated corporations as recorded in the register were:

(i) Interests in the Shares

Name of Director	Personal interest	Family interest	Aggregate long position in Shares	Approximate percentage of the issued share capital of the Company %
Wu King Shiu, Kelvin ("Mr. Wu")	14,400,000	165,600,000	180,000,000	5.67
Ho Gilbert Chi Hang ("Mr. Ho")	264,000	-	264,000	0.01
Yuen Kwok On	2,700,000	-	2,700,000	0.08

Note: Mr. Wu owns 14,400,000 shares and HMV Asia Limited ("HMV Asia") owns 165,600,000 Shares. 62.50% of the issued share capital of HMV Asia are held by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the shares held by HMV Asia.

(ii) Interests in the underlying Shares**(a) Outstanding options**

Name of Director	Date of grant (dd/mm/yyyy)	Exercise price HK\$ (Note 1)	Exercise period (dd/mm/yyyy)	Balance as at 1 January 2015	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Adjusted upon the bonus issue (Note 2)	Balance as at 31 March 2015
Chang Tat Joel ("Mr. Chang")	15/05/2014	0.16	15/05/2014 to 14/05/2024	4,464,000	-	-	-	22,878,000	27,342,000
Mr. Ho	15/05/2014	0.16	15/05/2014 to 14/05/2024	4,464,000	-	-	-	22,878,000	27,342,000
Mr. Wu	20/06/2014	0.16	20/06/2014 to 19/06/2024	4,576,000	-	-	-	22,308,000	26,884,000
Stephen Shiu Junior	20/06/2014	0.16	20/06/2014 to 19/06/2024	500,000	-	-	-	2,437,500	2,937,500
Shi Jinsheng	20/06/2014	0.16	20/06/2014 to 19/06/2024	450,000	-	-	-	2,193,750	2,643,750
Sin Hendrick	20/06/2014	0.16	20/06/2014 to 19/06/2024	450,000	-	-	-	2,193,750	2,643,750

Notes:

1. The conversion price was adjusted for the bonus issue of shares made by the Company on 27 January 2015.
2. The aggregate number of shares that can be subscribed for was adjusted for the bonus issue of shares made by the Company on 27 January 2015.

(b) Outstanding convertible bonds

Name of Director (Note 1)	Conversion price HK\$ (Note 2)	Aggregate long position in underlying Shares	Approximate percentage of the issued share capital of the Company %
Mr. Chang	0.13	1,346,153,846	42.44
Mr. Ho	0.13	1,346,153,846	42.44
Mr. Wu	0.13	1,346,153,846	42.44

Notes:

1. Abundant Star Ventures Limited ("Abundant Star") and Vantage Edge Limited ("Vantage Edge") own 769,230,769 and 576,923,077 underlying Shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum HK\$100,000,000 and HK\$75,000,000, respectively.

Mr. Wu, Mr. Ho and Mr. Chang are deemed to have interests in 1,346,153,846 underlying Shares of which Abundant Star and Vantage Edge were deemed to be interested by virtue of the SFO since they indirectly owned 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital in AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Partners Capital II L.P.. AID Partners Capital II L.P. is a private equity fund interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Abundant Star and Vantage Edge.

2. The Conversion price was adjusted for the bonus issue of shares made by the Company on 27 January 2015.

(c) *Interests in the redeemable convertible preference shares ("RCPS") of the Company*

Name of Director	Personal interest	Family interest	Corporate interest	Aggregate long position in RCPS of the Company	Percentage which the aggregate long position in RCPS represents to the total RCPS of the Company in issue %
Wang Dayong	895,900	–	–	895,900 (Note)	10.50

Note: Mr. Wang Dayong owns 895,900 RCPS, which can be convertible into 107,508,000 Shares at conversion price of HK\$0.13 per Share (reset on 27 January 2015) upon full conversion, representing 3.38% of the total ordinary share capital of the Company in issue.

(d) *Other underlying Shares*

Mr. Wu also owns 88,200,000 underlying Shares by virtue of an agreement entered between Mr. Wu and an independent third party.

(iii) **Short positions**

None of the Directors held short positions in the Shares and underlying Shares or any associated corporation.

Save as disclosed above, as at 31 March 2015, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

(B) SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 March 2015, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(i) Interests in the Shares and underlying Shares

Name	Aggregate long position in Shares	Aggregate long position in underlying Shares	Approximate percentage of the issued share capital of the Company %
Substantial Shareholders			
Wu King Shiu, Kelvin (Notes 1 and 7)	180,000,000	1,461,237,846	51.74
Li Mau (Notes 1 and 7)	180,000,000	1,461,237,846	51.74
Ho Gilbert Chi Hang (Notes 2 and 7)	264,000	1,373,495,846	43.31
Main Wealth Enterprises Limited (Note 4)	397,171,326	–	12.52
Feng Yuantao (Note 4)	397,171,326	–	12.52
Legend Vantage Limited (Note 5)	347,244,306	–	10.94
Li Guangrong (Note 5)	347,244,306	–	10.94
HMV Asia Limited (Note 1)	165,600,000	–	5.22
Chang Tat Joel (Notes 6 and 7)	–	1,373,495,846	43.30
AID Partners Capital II, L.P. (Note 7)	–	1,346,153,846	42.44
AID Partners GP2, Ltd. (Note 7)	–	1,346,153,846	42.44
Billion Power Management Limited (Note 7)	–	1,346,153,846	42.44
Elite Honour Investments Limited (Note 7)	–	1,346,153,846	42.44
Genius Link Assets Management Limited (Note 7)	–	1,346,153,846	42.44
Leader Fortune International Limited (Note 7)	–	1,346,153,846	42.44
Abundant Star Ventures Limited (Note 7)	–	769,230,769	24.25
Vantage Edge Limited (Note 7)	–	576,923,077	18.18
Able Supreme Management Limited (Note 3)	–	766,620,000	24.17
Billion Pine International Limited (Note 3)	–	766,620,000	24.17
Hu Yin (Note 3)	–	766,620,000	24.17

Notes:

1. Mr. Wu King Shiu, Kelvin ("Mr. Wu"), the Chief Executive Officer and Executive Director of the Company, owns 14,400,000 Shares and HMV Asia Limited ("HMV Asia") owns 165,600,000 Shares. 62.50% of the shares of HMV Asia are held by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the Shares held by HMV Asia. Mr. Wu is interested in 26,884,000 options at an exercise price of HK\$0.16 per share to subscribe for Shares. Mr. Wu is deemed to have interest in 1,346,153,846 underlying Shares as mentioned in note 7 below. Mr. Wu is also interested in 88,200,000 underlying Shares. Ms. Li Mau, as the spouse of Mr. Wu, is deemed to be interested in these Shares and underlying Shares for the purpose of the SFO.
2. Mr. Ho Gilbert Chi Hang ("Mr. Ho"), the Chief Investment Officer and Executive Director of the Company, owns 264,000 Shares and is interested in 27,342,000 options at an exercise price of HK\$0.16 per share to subscribe for Shares. Mr. Ho is also deemed to have interest in 1,346,153,846 underlying Shares as mentioned in note 7 below.
3. Able Supreme Management Limited ("Able Supreme") owns 766,620,000 underlying Shares which will be allotted and issued upon full conversion of 6,388,500 RCPS at conversion price of HK\$0.13 per Share (reset on 27 January 2015). The entire issued share capital of Able Supreme is held by Billion Pine International Limited, which in turn is beneficially wholly owned by Mr. Hu Yin ("Mr. Hu"). Accordingly, Mr. Hu is deemed to be interested in these underlying Shares through his 100% indirect interests in Able Supreme.
4. Main Wealth Enterprises Limited ("Main Wealth") owns 397,171,326 Shares. The entire issued share capital of Main Wealth is held by Mr. Feng Yuantao ("Mr. Feng"). Accordingly, Mr. Feng is deemed to be interested in these Shares through his 100% interest in Main Wealth.
5. Legend Vantage Limited ("Legend Vantage") owns 347,244,306 Shares. Mr. Li Guangrong is deemed to be interested in these Shares through his 100% interests in Legend Vantage.
6. Mr. Chang Tat Joel ("Mr. Chang"), an Executive Director of the Company, is interested in 27,342,000 options at an exercise price of HK\$0.16 per share to subscribe for Shares. Mr. Chang is also deemed to have interest in 1,346,153,846 underlying Shares as mentioned in note 7 below.
7. Abundant Star Ventures Limited ("Abundant Star") and Vantage Edge Limited ("Vantage Edge") own 769,230,769 and 576,923,077 underlying Shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$100,000,000 and HK\$75,000,000, respectively.

Mr. Wu, Mr. Ho and Mr. Chang are deemed to have interests in 1,346,153,846 underlying Shares of which Abundant Star and Vantage Edge were deemed to be interested by virtue of the SFO since they indirectly own 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital in AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Partners Capital II L.P.. AID Partners Capital II L.P. is a private equity fund interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Abundant Star and Vantage Edge.

(ii) Short positions

No person held short positions in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

Save as disclosed above, as at 31 March 2015, the Directors of the Company were not aware of any other person who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 31 March 2015, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

(C) POTENTIAL COMPETITION FROM HMV HONG KONG LIMITED

HMV Hong Kong Limited ("HMV HK") is indirect wholly-owned by AID Partners Capital II, L.P.. AID Partners Capital II, L.P. is controlled by AID Partners GP2, Ltd., which is ultimately controlled by Mr. Wu King Shiu, Kelvin and in which Mr. Ho Gilbert Chi Hang and Mr. Chang Tat Joel are directors. HMV HK has been granted an exclusive license by HMV (IP) Limited, a third party independent of the Group, to use the well-known brand name "HMV" within the territory of the People's Republic of China, Hong Kong Special Administrative Region, Macau Special Administrative Region, Taiwan and Singapore. HMV HK also operates retail stores in Hong Kong selling music, movie and television series related contents and products.

The Directors do not consider that there is a material overlap of the Group's business of managing the HMV retail store in Central in Hong Kong and the business of HMV HK as set out above, except that the Group and/or HMV HK may benefit from any increase in popularity of the brand name "HMV", which may be contributed by the Group or HMV HK.

The Directors are of the view that any potential conflict of interest would be effectively mitigated given that the operations of the Group and HMV HK are operated separately and independently by the respective board of directors, performing their fiduciary duties and providing their oversight to safeguard the interests of their respective shareholders. In the event of any conflict of interests, Mr. Wu, Mr. Ho and Mr. Chang would be required to abstain from voting on the relevant resolution(s) at meetings of the Board and/or general meetings of the Company (as the case may be), in accordance with the articles of association of the Company, which complies with the GEM Listing Rules.

As at 31 March 2015, save as disclosed above and so far as the Directors were aware, none of the other Directors or their respective associates were interested in any business which competes or is likely to compete, whether directly or indirectly, with the business of the Group.

(D) SHARE OPTION SCHEMES

The Company's share option scheme which was adopted on 27 March 2002 (the "2002 Share Option Scheme") was expired and a new share option scheme (the "2014 Share Option Scheme") was adopted by an ordinary resolution passed by the shareholders at the extraordinary general meeting of the Company on 15 April 2014 (the "Adoption Date"). The 2014 Share Option Scheme constitutes a share option scheme governed by Chapter 23 of the GEM Listing Rules and will remain in force for 10 years from the Adoption Date.

Upon the expiry of the 2002 Share Option Scheme, no further option can be offered thereunder but any options granted prior to such expiry but not yet exercised shall continue to be valid and exercisable.

The Company operates both the 2002 Share Option Scheme and the 2014 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Pursuant to the 2014 Share Option Scheme, the directors of the Company may grant options to eligible participants persons (as defined in the 2014 Share Option Scheme) to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

2002 Share Option Scheme

The remaining share options granted under the 2002 Share Option Scheme are for other eligible participants and are exercisable as follows:

- (a) the first 30% of the options between the first and tenth anniversary of the date of grant;
- (b) the next 30% of the options between the second and tenth anniversary of the date of grant; and
- (c) the remaining options between the third and tenth anniversary of the date of grant.

The following table sets out information relating to the 2002 Share Option Scheme:

Date of grant (dd/mm/yyyy)	Exercise price (Note 1) HK\$	Exercise period (dd/mm/yyyy)	Number of share options					
			Balance as at 1 January 2015	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Adjusted upon the bonus issue (Note 2)	Balance as at 31 March 2015
24/03/2006	9.51	24/03/2007 to 23/03/2016	269,916	-	-	-	1,349,409	1,619,325
26/04/2006	9.51	26/04/2007 to 25/04/2016	809,756	-	-	-	4,048,269	4,858,025
29/01/2007	4.51	29/01/2008 to 28/01/2017	134,956	-	-	-	674,331	809,287
11/02/2008	2.22	11/02/2009 to 10/02/2018	708,543	-	-	-	3,548,140	4,256,683
29/12/2008	0.22	29/12/2009 to 28/12/2018	269,916	-	(818,336)	-	1,366,756	818,336
07/10/2010	0.20	07/10/2011 to 06/10/2020	985,203	-	(1,171,000)	-	4,783,160	4,597,363
16/03/2012	0.20	16/03/2013 to 15/03/2022	3,400,000	-	(1,845,180)	-	17,102,000	18,656,820
14/05/2012	0.19	14/05/2013 to 13/05/2022	980,000	-	-	-	4,879,368	5,859,368
			<u>7,558,290</u>	<u>-</u>	<u>(3,834,516)</u>	<u>-</u>	<u>37,751,433</u>	<u>41,475,207</u>

Notes:

- (1) The exercise prices of the share options were adjusted for the bonus issue of shares made by the Company on 27 January 2015.
- (2) The aggregate number of shares that can be subscribed for was adjusted for the bonus issue of shares made by the Company on 27 January 2015.

No option was granted under the 2002 Share Option Scheme during the three months ended 31 March 2015.

No option was lapsed during the three months ended 31 March 2015.

The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$0.30.

The weighted average remaining contractual life of the options outstanding as at 31 March 2015 was approximately 5.3 years.

2014 Share Option Scheme

The following table sets out information relating to the 2014 Share Option Scheme:

Date of grant (dd/mm/yyyy)	Grantees	Exercise period (Notes)	Number of share options				Adjusted upon the bonus issue (Note 5)	Balance as at 31 March 2015	Exercise price per share (Note 6) HK\$
			Balance as at 1 January 2015	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period			
15/05/2014	Directors	(1)	8,928,000	-	-	-	45,756,000	54,684,000	0.16
20/06/2014	Directors	(2)	5,976,000	-	-	-	29,133,000	35,109,000	0.16
			14,904,000	-	-	-	74,889,000	89,793,000	
15/05/2014	Other eligible participants	(3)	1,404,000	-	(200,000)	-	6,170,500	7,374,500	0.16
20/06/2014	Other eligible participants	(4)	6,736,000	-	-	-	32,838,000	39,574,000	0.16
			8,140,000	-	(200,000)	-	39,008,500	46,948,500	
		Total	23,044,000	-	(200,000)	-	113,897,500	136,741,500	

Notes:

- (1) Exercisable from 15 May 2014 to 14 May 2024.
- (2) Exercisable from 20 June 2014 to 19 June 2024.
- (3) Divided into two tranches exercisable from 15 May 2014 and 15 May 2015, respectively to 14 May 2024.
- (4) Divided into two tranches exercisable from 20 June 2014 and 20 June 2015, respectively to 19 June 2024.
- (5) The aggregate number of shares that can be subscribed for was adjusted for the bonus issue of shares made by the Company on 27 January 2015.
- (6) The exercise prices of the share options were adjusted for the bonus issue of shares made by the Company on 27 January 2015.

No option was granted under the 2014 Share Option Scheme during the three months ended 31 March 2015.

No option was lapsed during the three months ended 31 March 2015.

The weighted average closing price of the shares immediately before the date on which share options were exercised was HK\$2.69.

The weighted average remaining contractual life of the options outstanding as at 31 March 2015 was approximately 8.4 years.

Share-based compensation expense of HK\$626,000 was recognised in the consolidated statement of profit or loss for the three months ended 31 March 2015.

AUDIT COMMITTEE

The Company established an audit committee on 31 March 2000 with the written terms of reference. The terms of reference are available on the Company's website (www.aid8088.com). The Audit Committee comprises three Independent Non-Executive Directors, Messrs. Yuen Kwok On (Chairman), Shi Jinsheng and Sin Hendrick. The duties of the Audit Committee include: managing the relationship with the Group's external auditor, reviewing the financial information of the Company, and overseeing the Company's financial reporting process and internal control systems. The Audit Committee reports its work, findings and recommendations to the Board after each meeting.

The Audit Committee meets at least quarterly with the most recent meeting held on 11 May 2015. The unaudited consolidated financial information of the Company for the three months ended 31 March 2015 has been reviewed by the Audit Committee.

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

The Company has not redeemed any of its shares during the three months ended 31 March 2015 and 31 March 2014. Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the three months ended 31 March 2015 and 31 March 2014.

By Order of the Board
AID PARTNERS CAPITAL HOLDINGS LIMITED
Wu King Shiu, Kelvin
Executive Director

Hong Kong, 11 May 2015

As at the date of this report, the Directors of the Company are:

Executive Directors: *Chang Tat Joel, Ho Gilbert Chi Hang, Huang Kenian, Wang Dayong and Wu King Shiu, Kelvin*

Non-Executive Director: *Stephen Shiu Junior*

Independent Non-Executive Directors: *Shi Jinsheng, Sin Hendrick and Yuen Kwok On*