

STOCK CODE: 8088



AID PARTNERS

AID Partners Technology Holdings Limited
滙友科技控股有限公司*

Interim Report 2016
For the six months ended 30 June

* For identification purpose only

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 TECHNOLOGY HOLDINGS LIMITED

AID Partners Technology Holdings Limited (formerly known as AID Partners Capital Holdings Limited) (“AID Partners” or the “Company” and, together with its subsidiaries, the “Group”) is an independent asset management group listed on GEM (HK GEM 8088).

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months under review, the Group has continued to engage in the businesses of asset management and strategic investment. Our asset management business represents fund management business under AID Partners Asset Management Limited. Our strategic investment business represents the business of, among others, HMV M&E Limited (“HMV M&E”) and its subsidiaries (the “HMV M&E Group”), Complete Star Limited (“CSL”) and its subsidiary (the “CSL Group”), Honestway Global Group Limited (“HGGL”) and its subsidiaries (the “HGGL Group”) as well as other strategic investments globally.

(A) NEW INVESTMENTS

On 29 January 2016, the Group completed the acquisition of approximately 14.74% equity interest in Kabushiki Kaisha Hyakusen Renma, a company incorporated in Japan which owns and operates STAYJAPAN.com (<https://stayjapan.com/>) — one of the leading legitimate platforms in Japan for licensed property owners to list vacant rooms for private lodging and for guests to book vacation rentals, at a cash consideration of JPY490 million (equivalent to approximately HK\$32.7 million). Together with the acquisition of the entire issued share capital of AID Japan Co., Ltd.* (formerly known as EEL 21 Co., Ltd.*) on 1 April 2016, a long established business advisory company in Japan principally focusing in entertainment and investment business, at a cash consideration of JPY60 million (equivalent to approximately HK\$4.2 million), the Group further expands its global presence and strengthens its capability in Japan and across the Asia Pacific region.

On 31 May 2016, the Group completed the acquisition of the entire issued share capital of Mystery Apex Limited, which is principally engaged in the provision of online music streaming service to public through mobile apps and personal computers, at a cash consideration of approximately HK\$2.9 million.

On 23 May and 24 June 2016, the Group completed the acquisition of an aggregate of 581,387 series A preferred stocks of Zoux, Inc., a company incorporated in the United States of America with limited liability, at an aggregate cash consideration of US\$30 million (equivalent to approximately HK\$234 million). The company is principally engaged in robotics, pioneering autonomous mobility-as-a-service and is developing a breakthrough, fully automated, electric vehicle fleet and the supporting ecosystem required to bring the service to market at scale.



(B) DISPOSAL OF HMV M&E GROUP

On 1 March 2016, the Group entered into a sale and purchase agreement with WiL Fund I, L.P. (“WiL”), an independent third party, which is one of the largest venture capital funds in Japan, pursuant to which (i) the Group has agreed to sell 2,250 existing ordinary shares of HMV M&E, a wholly-owned subsidiary of the Group, for a cash consideration of US\$9 million (equivalent to approximately HK\$70.2 million); and (ii) the Group shall apply the consideration received for the subscription of 2,250 new ordinary shares in the capital of HMV M&E (the “Deemed Disposal”). The Deemed Disposal was completed on 4 March 2016 and as a result, HMV M&E was owned as to approximately 18.37% by WiL and as to approximately 81.63% by the Group. The Deemed Disposal resulted in a gain of approximately HK\$30.3 million, being the difference between the cash consideration received and the net assets attributable to the 18.37% equity interest in HMV M&E disposed of at the date of Deemed Disposal, recognised in other reserve.

On 14 March 2016, the Group entered into a sale and purchase agreement with an indirect wholly-owned subsidiary of China 3D Digital Entertainment Limited (Stock code: 8078) (“China 3D”), a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM, in which the Group has agreed to sell 10,000 existing ordinary shares, representing approximately 81.63% equity interest, in HMV M&E, for a consideration of HK\$408.2 million to be satisfied by the issue and allotment of an aggregate of 1,118,219,178 shares (the “Consideration Shares”) of China 3D (the “Disposal”). China 3D is principally engaged in the entertainment business, with a focus in television program and movie production, distribution, distribution licensing, cinema operation and management in both Hong Kong and the People’s Republic of China (the “PRC”), artists management, money lending activities and acquisitions of corporate, preference shares as well as investment in securities. The Disposal has been completed on 3 August 2016. The Disposal is estimated to recognise a gain of approximately HK\$945 million before tax and after estimated transaction costs directly in profit or loss, which is calculated based on the fair value of the Consideration Shares determined by the closing share price of China 3D on 3 August 2016 less the estimated proportionate share of unaudited net asset value of HMV M&E Group as at 30 June 2016. As the actual amount of the gain on the Disposal to be recognised by the Group will be based on the actual net asset value of HMV M&E Group as at the date of completion, the amount to be recognised in the audited consolidated financial statements of the Company for the year ending 31 December 2016 may vary from the aforementioned amount. The Consideration Shares represent approximately 20.47% of the issued share capital of China 3D as at the date of completion.

The Group will continue to engage in the businesses of strategic investment and asset management. As at the date of this report, as part of the strategic investment business of the Company, the Group has made strategic investments (i) in Korea in the Korean pop artist management and production business; (ii) in Japan in the online platform for private lodging in Japan business; (iii) in the United States of America for the businesses of robotics, pioneering autonomous mobility-as-a-service; and (iv) in the entertainment business through its shareholding in China 3D; as well as the operations of mobile/online games and mobile game distribution and publishing platform through its subsidiaries, CSL Group and HGGL Group. The Group also operates its asset management business through its wholly-owned subsidiary, AID Partners Asset Management Limited (a corporation licensed to carry out business in type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Group will continue to seek for potential strategic investment and development opportunities and given the Group has accumulated remarkable experience in investing and operating technology businesses over the year, the Directors believe that it is in the interest of the Company to further develop the strategy of investing in world-class technology and becoming a partner for the commercial roll out of such technology in Asia for its investee companies. Therefore, following the approval by the shareholders of the Company on 27 June 2016, the name of the Company has been changed to "AID Partners Technology Holdings Limited". Given the availability of targets and the resources of the Group, the Directors consider that, in addition to internet and mobile applications which the Group has already been engaged in, robotic technology and applications, virtual reality (VR), artificial intelligence (AI) equipment and contents, and healthcare technology are the most attractive sectors that the Group can be capitalised on. The Group will also continue to build and strengthen its team to expand its asset management business and related platform, which may be by way of, among others, investment, acquisition and/or self development.

FINANCIAL REVIEW

Revenue for the six months under review increased approximately 230% to HK\$157.4 million from HK\$47.7 million for the corresponding period last year. The increase in revenue was driven by (i) the acquisition of 70% equity interest in the HGGL Group in April 2015; (ii) the acquisition of four (4) additional HMV retail stores in Hong Kong, together with the acquisition of the rights to use the intellectual properties associated with HMV in Hong Kong, the PRC and Singapore (together, the "HMV Business"), on 30 November 2015; and (iii) the opening of HMV flagship store in Causeway Bay in late 2015 which generated more retail sales and food and beverage income during this period.

Other net income for the six months under review increased to HK\$43.9 million from HK\$1.1 million for the corresponding period last year, mainly due to gain on remeasurement of contingent consideration payables.

Total operating expenses (being selling and distribution expenses, administrative expenses and other operating expenses) for the six months under review were HK\$150.9 million as compared to HK\$71.4 million for the corresponding period last year and this increase was mainly due to (i) continuous expansion of the existing business and operation of the Group including the selling and distribution expenses incurred by the HMV Business and the HGGL Group; and (ii) amortisation expense of intangible assets relating to the acquisitions of the HMV Business, the CSL Group and the HGGL Group. The Group improved from a loss from operations of HK\$48.6 million for the six months ended 30 June 2015 to HK\$39.6 million for the six months ended 30 June 2016.

As a result, the Group reported a loss attributable to owners of the Company for the six months under review of HK\$51.3 million as compared to a loss of HK\$57.4 million for the corresponding period last year.

FINANCIAL POSITION AND RESOURCES

LIQUIDITY

As at 30 June 2016, the Group had cash and bank balances (including short-term deposit, pledged bank deposits and cash and cash equivalents included in assets classified as held for sale) of HK\$417.5 million and net current assets of HK\$680.5 million, decreased from HK\$824.9 million and HK\$776.5 million as at 31 December 2015, respectively. The decrease in cash and bank balances was mainly due to the investment in available-for-sale investments during the six months under review. As at 30 June 2016 and 31 December 2015, the Group was in net cash position and hence no gearing ratio was presented.

SIGNIFICANT CAPITAL ASSETS AND INVESTMENTS

Other than the significant investments mentioned in the section of "Management Discussion and Analysis", the Group acquired property, plant and equipment totalling HK\$17.6 million during the six months under review which mainly comprising the acquisition of a property located in Japan and the assets from the acquisitions of subsidiaries.

GEARING**(A) Convertible Bonds***2014 Convertible Bonds*

In April 2014, the Company entered into a subscription agreement (the "Subscription Agreement") with Abundant Star Ventures Limited and Vantage Edge Limited, pursuant to which Abundant Star Ventures Limited and Vantage Edge Limited agreed to subscribe the convertible bonds in principal amount of HK\$100,000,000 and HK\$75,000,000 respectively, bearing a compound interest rate of 5% per annum (the "2014 Convertible Bonds"). On 13 June 2014, with the fulfilment of all conditions required for the 2014 Convertible Bonds, the Company issued the 2014 Convertible Bonds, of which (i) approximately HK\$5 million was used for the operation of the retail store in Central, (ii) approximately HK\$5 million was used for the renovations to the retail store in Central, (iii) approximately HK\$3 million was used for the anticipated music license rights fees that would be payable to music records companies in relation to the business that HMV Ideal Group operates, (iv) approximately HK\$3 million for the operation of the online business, (v) approximately HK\$3 million was used for marketing and public relations, (vi) approximately HK\$36.9 million was used to settle the consideration payable and profit bonus in respect of the acquisition of 70% equity interest in CSL, (vii) approximately HK\$30.3 million was used to settle the consideration and capital injection in respect of the acquisition of 70% equity interest in HGGL, (viii) approximately HK\$1 million was used as professional fees in respect of the acquisition of equity interests in CSL and HGGL and (ix) approximately HK\$27.4 million was used as general working capital of the Group.

During the period ended 30 June 2016, principal amount of HK\$175,000,000 of the 2014 Convertible Bonds was converted into 1,590,909,090 ordinary shares of the Company at the conversion price of HK\$0.11 per share.

2015 HK\$140 million Convertible Bonds

In July 2015, the Company entered into a subscription agreement with Hong Kong HNA Holding Group Co. Limited ("HNA"), pursuant to which HNA agreed to subscribe the convertible bond in principal amount of HK\$140,000,000, bearing a compound interest rate of 8% per annum (the "2015 \$140 million Convertible Bonds"). On 20 July 2015, with the fulfilment of all conditions required for the 2015 HK\$140 million Convertible Bonds, the Company issued the 2015 HK\$140 million Convertible Bonds.

The terms and conditions of the 2015 HK\$140 million Convertible Bonds are detailed in Note 22 to the unaudited condensed consolidated financial statements. In accordance with the terms and conditions thereof, the initial conversion price is HK\$0.325 per share.

(B) Other payables

The balance mainly represented the aggregate contingent consideration payable by the Group for the acquisition of 70% equity interest in HGGL of HK\$13,687,000 payable during the year ending 31 December 2017 (31 December 2015: (i) the acquisition of 70% equity interest in CSL of HK\$4,184,000 payable during the year ending 31 December 2016 and (ii) the acquisition of 70% equity interest in HGGL of HK\$55,462,000 payable during the year ending 31 December 2016 and HK\$36,262,000 payable during the year ending 31 December 2017).

As at 30 June 2016, the Group had no other significant debt.

CHARGES

As at 30 June 2016, there were no significant charges on the Group's investments and assets (31 December 2015: Nil).

COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no significant commitments, other than those under operating leases for the rental of its office premises and HMV retail stores as set out in Note 27 to the unaudited condensed consolidated financial statements and no significant contingent liabilities, including pension obligations.

EQUITY STRUCTURE

An analysis of the movements in equity during the period is provided in the unaudited consolidated statement of changes in equity on page 22 of the unaudited condensed consolidated financial statements.

As at 30 June 2016, the total number of ordinary shares issued was 9,257,611,734, increased from 7,461,740,884 as at 31 December 2015 and the increase was due to: (i) the issue of shares to settle the consideration payable and profit bonus in respect of the acquisition of 70% equity interest in HGGL, and (ii) the conversion of the 2014 Convertible Bonds during the six months under review.

As at 30 June 2016, the total number of redeemable convertible preference shares issued was 7,019,790 (31 December 2015: 7,019,790).

Details of the movements in redeemable convertible preference shares, convertible bonds and share capital are set out in Notes 20, 22 and 24 to the unaudited condensed consolidated financial statements, respectively.

Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the six months under review.

Non-controlling interests in the unaudited consolidated statement of financial position represented the 30% non-controlling shareholders' interest in each of the CSL Group and the HGGL Group, 18.37% non-controlling shareholder's interest in the HMV M&E Group, and 36.58% non-controlling shareholders' interest in HMV Brave Co., Ltd..

EMPLOYEE INFORMATION

As at 30 June 2016, the Group had 306 full-time employees (31 December 2015: 351). Details of the directors' and employees' remuneration during the six months under review are provided in Note 7 to the unaudited condensed consolidated financial statements.

The remuneration packages of the Group's directors and employees are kept at a competitive level to attract, retain and motivate directors and employees of the quality required to run the Group successfully. In general, remuneration consists of a combination of a fixed salary paid in cash and a performance linked bonus paid in cash and options. A portion of the bonus may be deferred subject to the achievement of certain pre-determined targets and conditions. The Group's remuneration policies and practices are reviewed regularly.

FOREIGN CURRENCY EXPOSURE

The Group conducts its businesses mainly in Hong Kong Dollars (“HK\$”), United States Dollars (“US\$”) and Renminbi (“RMB”), which include income and expenses, assets and liabilities. During the six months under review, the exchange rate of US\$ and RMB to HK\$ basically remained stable. The Group’s management believes that the fluctuation of US\$ and RMB will not have a significant impact on the Group’s operations. The Group has not issued any financial instruments for hedging purposes.

CONTRACTUAL ARRANGEMENTS

On 2 April 2015, the Group completed to acquire 70% equity interest in HGGL, which indirectly owned a wholly-foreign-owned-enterprise, 深圳八零八八科技有限公司 (“WFOE” or “SZ8088”). WFOE entered into the corresponding contractual arrangements to control and operate a foreign restricted business, namely 上海威搜游科技有限公司 (“VSOYOU”) under the relevant PRC laws and regulations (the “Contractual Arrangements”).

PARTICULARS OF VSOYOU AND ITS REGISTERED OWNERS, AND A SUMMARY OF THE MAJOR TERMS OF THE CONTRACTUAL AGREEMENTS

VSOYOU is a company with limited liability established in the PRC, its registered owners are 張永鋒先生 (Mr. Zhang Yong Feng*) and 陳曉萍女士 (Ms. Chen Xiao Ping*). A summary of the major terms of the Contractual Arrangement has been published on the website of the Company.

DESCRIPTION OF VSOYOU’S BUSINESS ACTIVITIES AND THEIR SIGNIFICANCE TO THE GROUP

VSOYOU is primarily engaged in the development and operation of mobile-online games business in the PRC. The net asset value of VSOYOU as at 31 December 2015 was approximately HK\$41,596,000 which represents approximately 6% of the Group’s net assets as at 31 December 2015, the revenue (post-acquisition) of VSOYOU for the year ended 31 December 2015 was approximately HK\$65,236,000 which represents approximately 41% of the Group’s revenue for the year ended 31 December 2015. The net profit (post-acquisition) of VSOYOU for the year ended 31 December 2015 was approximately HK\$20,799,000.

REASON FOR USING THE CONTRACTUAL ARRANGEMENTS

As advised by the PRC legal adviser, VSOYOU is primarily engaged in the development and operation of mobile-online games business and is considered to be engaged in the provision of value-added telecommunication services and internet cultural business. Pursuant to the applicable PRC laws and regulations, the said business of VSOYOU is subject to prohibition on foreign investment. Shareholders of VSOYOU are required to be PRC domestic natural persons, enterprise legal persons or other social organisations and foreign investors are not allowed to directly invest in VSOYOU. As such, the Group cannot acquire the equity interest in VSOYOU at that time. Having regard to such foreign investment restrictions, the Contractual Arrangements were designed to provide WFOE and, thus the Group with effective control over the financial and operational policies of VSOYOU and (to the extent permitted by PRC laws and regulations) the right to acquire the equity interest in VSOYOU.

RISKS ASSOCIATED WITH THE CONTRACTUAL ARRANGEMENTS AND ACTIONS TAKEN BY THE COMPANY TO MITIGATE THE RISKS

WFOE does not have any direct equity ownership in VSOYOU and will have to rely on the Contractual Arrangements to control, operate, and be entitled to the economic benefits and risks arising from the value-added telecommunication services and internet cultural business in the PRC conducted through VSOYOU. However, there are risks involved with the operations of WFOE's business under the Contractual Arrangements, as the case may be.

- (i) There is no assurance that the Contractual Arrangements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the Contractual Arrangements do not comply with applicable regulations.
- (ii) The Contractual Arrangements may not be as effective in providing control over and entitlement to the economic interests in VSOYOU as direct ownership.
- (iii) Potential conflicts of interest among WFOE, VSOYOU and existing shareholder(s) of VSOYOU may exist.
- (iv) The Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed.
- (v) WFOE's ability to acquire the entire equity interests in or assets of VSOYOU may be subject to various limitations and substantial costs.
- (vi) Certain terms of the Contractual Arrangements may not be enforceable under the PRC laws.

In light of the above risks associated with the Contractual Arrangements, the Group has adopted a set of procedures, systems and internal control measures to ensure the sound and effective operation of the Group and the implementation of the Contractual Arrangements. Such procedures, systems and internal control measures include (i) regular discussions of matters relating to compliance and regulatory enquiries from governmental authorities, if any, by the board of directors of the Company at board meetings; and (ii) retaining legal adviser and/or other professional to assist the Group to deal with specific issues arising from the Contractual Arrangements, if so required.

MATERIAL CHANGE OR UNWINDING OF THE CONTRACTUAL ARRANGEMENTS

There was no material change or unwinding of the Contractual Arrangements since the date of the Contractual Arrangements were entered into up to the date of this report.

CORPORATE GOVERNANCE REPORT

(A) CORPORATE GOVERNANCE PRACTICES

Throughout the period of the six months ended 30 June 2016, the Company has complied with the code provisions (“Code Provisions”) as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules, except for the following deviation:

Code Provision A.2.1

Code Provision A.2.1 provides that the roles of the Chairman and Chief Executive Officer (“CEO”) should be separate and should not be performed by the same individual.

Following the step down of Mr. Clive Ng Cheang Neng from the office of Chairman and an Executive Director of the Company on 20 June 2014, the Company has not appointed Chairman, and the roles and functions of the Chairman have been performed by all the Executive Directors of the Company collectively.

Mr. Wu King Shiu, Kelvin has been appointed as CEO of the Company with effect from 23 May 2014. On 16 March 2016, Mr. Wu King Shiu, Kelvin was appointed as the Chairman and was re-designated from CEO to Chief Investment Officer, and Mr. Ho Gilbert Chi Hang was re-designated from Chief Investment Officer to CEO.

(B) DIRECTORS’ SECURITIES TRANSACTIONS

- (i) The Company has adopted a code of conduct regarding Directors’ securities transactions 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.
- (ii) Having made specific enquiries of all Directors of the Company, the Company is satisfied that the Directors of the Company have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules, and with the Company’s code of conduct regarding Directors’ securities transactions.

DISCLOSURE OF INTERESTS

(A) DIRECTOR'S INTERESTS

As at 30 June 2016, the interests of the Directors or any chief executive of the Company in the ordinary shares of the Company (the "Share") 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	Corporate interest	Family interest	Aggregate long position in Shares	Approximate percentage of the issued share capital of the Company %
Wu King Shiu, Kelvin ("Mr. Wu")	28,488,000	2,045,453,090	165,600,000	2,239,541,090	24.19
Ho Gilbert Chi Hang ("Mr. Ho")	264,000	2,045,453,090	–	2,045,717,090	22.09
Chang Tat Joel ("Mr. Chang")	–	2,045,453,090	–	2,045,453,090	22.09
Yuen Kwok On ("Mr. Yuen")	1,980,000	–	–	1,980,000	0.02

Notes:

- Mr. Wu, Mr. Ho and Mr. Chang owns 28,488,000, 264,000 and nil Shares, respectively. Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited own 454,544,000, 909,090,909 and 681,818,181 Shares, respectively. Mr. Wu, Mr. Ho and Mr. Chang are deemed to have interests in 454,544,000, 909,090,909 and 681,818,181 Shares of which Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited 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 of AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Partners Capital II, L.P. ("AID Cap II"). AID Cap II is interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited.
- HMV Asia Limited owns 165,600,000 Shares. 62.50% of the issued share capital of HMV Asia Limited 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 Limited.

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

Name of Director	Date of grant (dd/mm/yyyy)	Exercise price HK\$	Exercise period (dd/mm/yyyy)	Balance	Granted	Exercised	Cancelled/	Balance
				as at 1 January 2016	during the period	during the period	lapsed during the period	as at 30 June 2016
Mr. Wu	20/06/2014	0.16	20/06/2014 to 19/06/2024	26,884,000	-	-	-	26,884,000
	01/04/2016	0.247	01/04/2016 to 31/03/2026	-	70,000,000	-	-	70,000,000
				<u>26,884,000</u>	<u>70,000,000</u>	<u>-</u>	<u>-</u>	<u>96,884,000</u>
Mr. Ho	15/05/2014	0.16	15/05/2014 to 14/05/2024	27,342,000	-	-	-	27,342,000
	01/04/2016	0.247	01/04/2016 to 31/03/2026	-	70,000,000	-	-	70,000,000
				<u>27,342,000</u>	<u>70,000,000</u>	<u>-</u>	<u>-</u>	<u>97,342,000</u>
Mr. Chang	15/05/2014	0.16	15/05/2014 to 14/05/2024	27,342,000	-	-	-	27,342,000
	01/04/2016	0.247	01/04/2016 to 31/03/2026	-	5,000,000	-	-	5,000,000
				<u>27,342,000</u>	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>32,342,000</u>
Mr. Chinn Adam David	01/04/2016	0.247	01/04/2016 to 31/03/2026	-	3,000,000	-	-	3,000,000
Professor Lee Chack Fan, GBS,SBS,JP	01/04/2016	0.247	01/04/2016 to 31/03/2026	-	3,000,000	-	-	3,000,000
Mr. Yuen	01/04/2016	0.247	01/04/2016 to 31/03/2026	-	3,000,000	-	-	3,000,000

Note: The closing price of the Shares quoted on the Stock Exchange on 31 March 2016, being the business date immediately before the date on which share options were granted, was HK\$0.215.

(iii) Short positions

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

Save as disclosed above, as at 30 June 2016, 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 30 June 2016, 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			
Mr. Wu (Notes 1 and 5)	2,239,541,090	96,884,000	25.23%
Li Mau (Notes 1 and 5)	2,239,541,090	96,884,000	25.23%
Mr. Ho (Notes 2 and 5)	2,045,717,090	97,342,000	23.14%
Mr. Chang (Notes 3 and 5)	2,045,453,090	32,342,000	22.44%
AID Cap II (Note 5)	2,045,453,090	–	22.09%
AID Partners GP2, Ltd. (Note 5)	2,045,453,090	–	22.09%
Hong Kong HNA Holding Group Co. Limited (Note 4)	1,636,360,000	430,769,230	22.32%
David Tin	909,088,000	–	9.81%
Billion Power Management Limited (Note 5)	2,045,453,090	–	22.09%
Elite Honour Investments Limited (Note 5)	2,045,453,090	–	22.09%
Genius Link Assets Management Limited (Note 5)	2,045,453,090	–	22.09%
Leader Fortune International Limited (Note 5)	2,045,453,090	–	22.09%
Abundant Star Ventures Limited (Note 5)	909,090,909	–	9.81%
Vantage Edge Limited (Note 5)	681,818,181	–	7.36%
Hero Sign Limited (Note 5)	454,544,000	–	4.90%
Able Supreme Management Limited (Note 6)	–	1,081,095,600	11.67%
Billion Pine International Limited (Note 6)	–	1,081,095,600	11.67%
Hu Yin (Note 6)	–	1,081,095,600	11.67%

Notes:

- Mr. Wu, the Chairman, the Chief Investment Officer and Executive Director of the Company, owns 28,488,000 Shares and HMV Asia Limited owns 165,600,000 Shares. 62.50% of the shares of HMV Asia Limited 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 Limited. Mr. Wu is interested in 26,884,000 share options and 70,000,000 share options at an exercise price of HK\$0.16 per Share and HK\$0.247 per Share, respectively, to subscribe for Shares. Mr. Wu is deemed to have interest in 454,544,000 Shares, 909,090,909 Shares and 681,818,181 Shares as mentioned in note 5 below, respectively. 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.
- Mr. Ho, the Chief Executive Officer and Executive Director of the Company, owns 264,000 Shares and is interested in 27,342,000 share options and 70,000,000 share options at an exercise price of HK\$0.16 per Share and HK\$0.247 per Share, respectively, to subscribe for Shares. Mr. Ho is also deemed to have interest in 454,544,000 Shares, 909,090,909 Shares and 681,818,181 Shares as mentioned in note 5 below, respectively.

3. Mr. Chang, an Executive Director, is interested in 27,342,000 share options and 5,000,000 share options at an exercise price of HK\$0.16 per Share and HK\$0.247 per Share, respectively, to subscribe for Shares. Mr. Chang is also deemed to have interest in 454,544,000 Shares, 909,090,909 Shares and 681,818,181 Shares as mentioned in note 5 below, respectively.
4. Hong Kong HNA Holding Group Co. Limited is wholly-owned by HNA Financial Holdings International Co., Ltd. ("HNA Financial"). HNA Financial is wholly-owned by Beijing HNA Financial Holdings Co., Ltd. ("Beijing HNA"). Beijing HNA is wholly-owned by HNA Investment Holding Co., Ltd. ("HNA Investment"). HNA Investment is wholly-owned by HNA Group Holdings Co., Ltd. ("HNA Holdings"). HNA Holdings is wholly-owned by HNA Group Company Limited ("HNA Group"). HNA Group is owned as to approximately 70% by Hainan Traffic Administration Holdings Company Limited ("Hainan Traffic"). Hainan Traffic is owned as to approximately 50% by Sheng Tang Development (Yangpu) Company Limited ("Sheng Tang"). Sheng Tang is owned as to 65% by Hainan Province Cihang Foundation and 35% by Tang Dynasty Development Company Limited ("Tang Dynasty"). Tang Dynasty is owned as to approximately 98% by Pan-American Aviation Holding Company Limited, which is in turn 100% beneficially owned by Jun Guan.
5. Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited own 454,544,000, 909,090,909 and 681,818,181 Shares. Mr. Wu, Mr. Ho and Mr. Chang are deemed to have interest in 454,544,000, 909,090,909 and 681,818,181 Shares of which Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited are deemed to have interests 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 of AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Cap II. AID Cap II interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited.
6. Able Supreme Management Limited owns 1,081,095,600 underlying Shares which will be allotted and issued upon full conversion of 6,930,100 RCPS at conversion price of HK\$0.10 per Share (reset on 11 August 2015). The entire issued share capital of Able Supreme Management Limited is held by Billion Pine International Limited, which in turn is beneficially wholly-owned by Mr. Hu Yin. Accordingly, Mr. Hu Yin is interested in these underlying Shares through his 100% indirect interest in Able Supreme Management Limited.

(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 30 June 2016, 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 30 June 2016, 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 indirectly wholly-owned by AID Cap II. AID Cap II is controlled by AID Partners GP2, Ltd., which is ultimately controlled by Mr. Wu and in which Mr. Ho and Mr. Chang are directors. HMV HK has been granted an exclusive license by Palm Green Capital Limited (Record Shop 3 Limited (formerly named HMV (IP) Limited) was the former licensor), a third party independent of the Group, to use the well-known brand name “HMV” within the territory of the PRC, Hong Kong, the Macau Special Administrative Region of the PRC, Taiwan and Singapore (“HMV IP Rights”).

Pursuant to the sale and purchase agreement dated 28 August 2015 in relation to the sale and purchase of the HMV Business, at completion on 30 November 2015 (i) the HMV IP Rights in respect of the PRC, Hong Kong and Singapore were assigned by HMV HK to HMV Marketing Limited (“HMV Marketing”); and (ii) the assets in respect of the retailing business of “HMV” operating through the four (4) physical retail stores located in Hong Kong and operated by HMV HK prior to the completion of the said acquisition were transferred by HMV HK to HMV Marketing (the “HMV Acquisition”). After completion of the HMV Acquisition and as at 30 June 2016, HMV Marketing has the licence to use the HMV IP Rights within the PRC, Hong Kong and Singapore and HMV HK has the licence to use the HMV IP Rights within the Macau Special Administrative Region of the PRC and Taiwan.

HMV Marketing and HMV HK each have the rights to use the HMV IP Rights in different territories as set out above. Given that there is no overlap of territories in the use of the HMV IP Rights by HMV Marketing and HMV HK, the Directors do not consider that there is any material competition between the business of Group and that of HMV HK.

As at 30 June 2016, 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 HK\$	Exercise period (dd/mm/yyyy)	Number of share options				
			Balance as at 1 January 2016	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Balance as at 30 June 2016
24/03/2006	9.51	24/03/2007 to 23/03/2016	1,619,325	-	-	(1,619,325)	-
26/04/2006	9.51	26/04/2007 to 25/04/2016	4,858,025	-	-	(4,858,025)	-
29/01/2007	4.51	29/01/2008 to 28/01/2017	809,287	-	-	-	809,287
11/02/2008	2.22	11/02/2009 to 10/02/2018	4,256,683	-	-	-	4,256,683
29/12/2008	0.22	29/12/2009 to 28/12/2018	818,336	-	-	-	818,336
07/10/2010	0.20	07/10/2011 to 06/10/2020	2,370,561	-	-	-	2,370,561
16/03/2012	0.20	16/03/2013 to 15/03/2022	5,342,580	-	-	-	5,342,580
14/05/2012	0.19	14/05/2013 to 13/05/2022	5,859,368	-	-	-	5,859,368
Total			25,934,165	-	-	(6,477,350)	19,456,815

No option was granted or exercised under the 2002 Share Option Scheme during the six months ended 30 June 2016.

6,477,350 options were lapsed during the six months ended 30 June 2016.

The weighted average remaining contractual life of the options outstanding under the 2002 Share Option Scheme as at 30 June 2016 was approximately 4.34 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				Balance as at 30 June 2016	Exercise price per share HK\$
			Balance as at 1 January 2016	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period		
15/05/2014	Directors (1)		54,684,000	-	-	-	54,684,000	0.16
20/06/2014	Directors and former directors (2)		32,465,250	-	-	-	32,465,250	0.16
01/04/2016	Directors (3)		-	154,000,000	-	-	154,000,000	0.247
			87,149,250	154,000,000	-	-	241,149,250	
20/06/2014	Other eligible participants (4)		35,402,750	-	-	-	35,402,750	0.16
01/04/2016	Other eligible participants (3)		-	97,368,000	-	(504,000)	96,864,000	0.247
			35,402,750	97,368,000	-	(504,000)	132,266,750	
	Total		122,552,000	251,368,000	-	(504,000)	373,416,000	

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 1 October 2016 and 1 April 2017, respectively to 31 March 2026.
- (4) Divided into two tranches exercisable from 20 June 2014 and 20 June 2015, respectively to 19 June 2024.

No option was exercised under the 2014 Share Option Scheme during the six months ended 30 June 2016.

The closing price of the shares of the Company quoted on the Stock Exchange on 31 March 2016, being the business date immediately before the date on which share options were granted, was HK\$0.215.

During the six months ended 30 June 2016, 504,000 options were lapsed upon resignation of other eligible participants.

The weighted average remaining contractual life of the options outstanding under 2014 Share Option Scheme as at 30 June 2016 was approximately 9.16 years.

The fair value of the options granted during the six months ended 30 June 2016, measured at the date of grant, totalled approximately HK\$33,307,000.

The following significant assumptions were used to derive the fair value of the share options granted during the six months ended 30 June 2016, using the Binomial Option Pricing Model:

- (i) an expected volatility is 84%;
- (ii) no dividend yield;
- (iii) the estimated expected life of the options granted is 10 years; and
- (iv) the risk free rates are based on the yield of 10 years of government bonds of Hong Kong Monetary Authority.

In determining the volatility, the historical volatility of the Company prior to the issuance of share options has been considered. The volatility is measured based on the daily price change and the volatility measured on daily basis provided a reasonable estimation for the expected volatility is considered.

Share-based compensation expense of HK\$12,324,000 was recognised in the unaudited consolidated statement of profit or loss for the six months ended 30 June 2016.



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of AID Partners Technology Holdings Limited
(formerly known as AID Partners Capital Holdings Limited)
(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 18 to 60 which comprises the consolidated statement of financial position of AID Partners Technology Holdings Limited (formerly known as AID Partners Capital Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2016 and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income for the six months and three months ended 30 June 2016 and consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

BDO Limited

Certified Public Accountants

Chiu Wing Cheung Ringo

Practising Certificate Number P04434

Hong Kong, 8 August 2016

RESULTS

The board (the "Board") of directors (the "Director(s)") of the Company announces the unaudited consolidated results of the Group for the six months and three months ended 30 June 2016, together with the comparative unaudited figures of the corresponding periods in 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months and three months ended 30 June 2016

	Notes	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue	5	157,386	47,678	68,420	30,841
Cost of sales		(87,131)	(24,860)	(38,041)	(16,030)
Gross profit		70,255	22,818	30,379	14,811
Fair value loss on financial asset at fair value through profit or loss	16	(2,859)	–	(2,883)	–
Fair value gain/(loss) on financial liabilities at fair value through profit or loss	21	54	(1,089)	1,055	(2,647)
Other net income	6	43,894	1,089	17,752	233
Selling and distribution expenses		(51,874)	(14,845)	(23,972)	(8,109)
Administrative expenses		(99,022)	(50,853)	(56,219)	(28,404)
Other operating expenses		(10)	(5,726)	–	(2,795)
Loss from operations		(39,562)	(48,606)	(33,888)	(26,911)
Finance costs	8	(9,945)	(9,465)	(2,882)	(5,107)
Share of losses of associates		(3,935)	–	(2,384)	–
Loss before taxation	9	(53,442)	(58,071)	(39,154)	(32,018)
Taxation credit/(charge)	10	2,409	571	1,113	(157)
Loss for the period		(51,033)	(57,500)	(38,041)	(32,175)
Attributable to:					
Owners of the Company		(51,313)	(57,419)	(37,025)	(32,162)
Non-controlling interests		280	(81)	(1,016)	(13)
Loss for the period		(51,033)	(57,500)	(38,041)	(32,175)
Loss per share attributable to owners of the Company for the period	11	HK cents	HK cents (Restated)	HK cents	HK cents (Restated)
Basic		(0.62)	(1.52)	(0.40)	(0.83)
Diluted		N/A	N/A	N/A	N/A

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months and three months ended 30 June 2016

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Loss for the period	(51,033)	(57,500)	(38,041)	(32,175)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations of subsidiaries and associates	362	12	211	12
Other comprehensive income for the period, net of tax	362	12	211	12
Total comprehensive income for the period, before and net of tax	(50,671)	(57,488)	(37,830)	(32,163)
Attributable to:				
Owners of the Company	(49,504)	(57,407)	(35,367)	(32,150)
Non-controlling interests	(1,167)	(81)	(2,463)	(13)
Total comprehensive income for the period, before and net of tax	(50,671)	(57,488)	(37,830)	(32,163)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	13,382	53,416
Available-for-sale investments	13	264,000	30,000
Intangible assets	14	155,957	262,002
Interests in associates	15	33,801	3,603
Investment in convertible bond	16	12,949	11,622
Financial asset at fair value through profit or loss	16	8,149	11,008
Deposits and other receivables	18	13,329	30,376
		501,567	402,027
Current assets			
Inventories	17	–	39,903
Trade and other receivables	18	205,368	78,010
Tax recoverable		1,458	–
Pledged bank deposits		–	7,000
Short-term deposit		23,278	–
Cash and cash equivalents		313,469	817,867
		543,573	942,780
Assets of a disposal group classified as held for sale	23	323,769	–
		867,342	942,780
Current liabilities			
Trade and other payables	19	62,341	153,245
Redeemable convertible preference shares	20	5,467	5,455
Financial liabilities at fair value through profit or loss	21	1,683	2,738
Current tax liabilities		4,191	4,847
		73,682	166,285
Liabilities of a disposal group classified as held for sale	23	113,154	–
		186,836	166,285
Net current assets		680,506	776,495
Total assets less current liabilities		1,182,073	1,178,522

	Notes	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Non-current liabilities			
Other payables	19	–	44,812
Convertible bonds	22	148,520	318,909
Financial liabilities at fair value through profit or loss	21	–	27,835
Deferred tax liabilities		11,770	31,370
		160,290	422,926
Net assets			
		1,021,783	755,596
EQUITY			
Share capital	24	722,094	582,016
Reserves	25	235,045	145,375
Equity attributable to owners of the Company			
Non-controlling interests		957,139	727,391
		64,644	28,205
Total equity			
		1,021,783	755,596

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Equity attributable to owners of the Company											Non-controlling interests	Total equity	
	Share capital HK\$'000	Share premium HK\$'000	Convertible bonds equity reserve HK\$'000	Capital reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Shares to be issued HK\$'000	Foreign exchange reserve HK\$'000	Other reserve HK\$'000	Statutory surplus reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000			
At 1 January 2016 (Audited)	582,016	498,265	9,982	2,112	601	49,063	-	(1,693)	-	3,331	(616,286)	727,391	28,205	755,596
Loss for the period	-	-	-	-	-	-	-	-	-	-	(51,313)	(51,313)	280	(51,033)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations of subsidiaries and associates	-	-	-	-	-	-	1,809	-	-	-	-	1,809	(1,447)	362
Total comprehensive income for the period	-	-	-	-	-	-	1,809	-	-	-	(51,313)	(49,504)	(1,167)	(50,671)
Share-based compensation	-	-	-	-	-	12,324	-	-	-	-	-	12,324	-	12,324
Issue of shares upon conversion of convertible bonds	124,091	76,580	(8,061)	-	-	-	-	-	-	-	-	192,610	-	192,610
Issue of consideration shares for acquisition of subsidiaries	15,987	27,815	-	-	-	-	-	-	-	-	-	43,802	-	43,802
Lapse of share options	-	-	-	-	-	(25,307)	-	-	-	-	25,307	-	-	-
Disposal of interests in subsidiaries without loss of control (Note 29)	-	-	-	-	-	-	-	30,516	-	-	-	30,516	39,946	70,462
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(2,340)	(2,340)
At 30 June 2016 (Unaudited)	722,094	802,660	1,921	2,112	601	36,080	-	116	30,516	3,331	(642,292)	957,139	64,644	1,021,783
At 1 January 2015 (Audited)	36,907	280,266	8,061	2,112	601	52,331	-	-	-	-	(380,092)	186	11,953	12,139
Loss for the period	-	-	-	-	-	-	-	-	-	-	(57,419)	(57,419)	(81)	(57,500)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations of subsidiaries	-	-	-	-	-	-	12	-	-	-	-	12	-	12
Total comprehensive income for the period	-	-	-	-	-	-	12	-	-	-	(57,419)	(57,407)	(81)	(57,488)
Share-based compensation	-	-	-	-	-	945	-	-	-	-	-	945	-	945
Issue of shares upon exercise of share options	2,372	7,071	-	-	-	(3,623)	-	-	-	-	-	5,820	-	5,820
Issue of bonus shares	184,615	(184,615)	-	-	-	-	-	-	-	-	-	-	-	-
Issue of shares upon exercise of redeemable convertible preference shares	17,635	12,434	-	-	-	-	-	-	-	-	-	30,069	-	30,069
Issue of shares upon conversion of convertible bonds	13,650	13,192	-	-	-	-	-	-	-	-	-	26,842	-	26,842
Issue of consideration shares for acquisition of subsidiaries	5,570	20,850	-	-	-	-	-	-	-	-	-	26,420	-	26,420
Shares to be issued upon exercise of redeemable convertible preference shares	-	-	-	-	-	-	13,277	-	-	-	-	13,277	-	13,277
Lapse of share options	-	-	-	-	-	(283)	-	-	-	-	283	-	-	-
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	-	-	-	-	-	8,673	8,673
At 30 June 2015 (Unaudited)	260,749	149,198	8,061	2,112	601	49,370	13,277	12	-	-	(437,228)	46,152	20,545	66,697

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Notes	Unaudited Six months ended 30 June 2016 HK\$'000	Unaudited Six months ended 30 June 2015 HK\$'000
Operating activities			
Loss before taxation		(53,442)	(58,071)
Adjustments for:			
Amortisation of intangible assets		13,491	14,677
Share-based compensation expense		12,324	945
Fair value loss on financial asset at fair value through profit or loss		2,859	–
Fair value (gain)/loss on financial liabilities at fair value through profit or loss		(54)	1,089
Gain on remeasurement of contingent consideration payables		(34,235)	(10,882)
Finance costs		9,945	9,465
Share of losses of associates		3,935	–
Loss on disposal of subsidiaries	30	–	512
Other cash flows used in operating activities		(33,605)	(7,965)
Net cash used in operating activities		(78,782)	(50,230)
Investing activities			
Disposal of subsidiaries, net of cash	30	–	36,668
Acquisition of subsidiaries, net of cash	31	8,884	(12,366)
Acquisition of an associate	15	(32,683)	–
Loans to independent third parties	18(ii)	(70,000)	–
Loans to HMV M&E Limited (“HMV M&E”) and its subsidiary to be disposed of by the Group	23	(48,400)	–
Investment in available-for-sale investments	13	(234,000)	–
Payment of contingent consideration payables		(4,207)	(14,388)
Increase in bank deposits with more than three months to maturity when placed		(23,278)	–
Other cash flows used in investing activities		(15,990)	(2,034)
Net cash (used in)/generated from investing activities		(419,674)	7,880

		Unaudited Six months ended 30 June 2016 HK\$'000	Unaudited Six months ended 30 June 2015 HK\$'000
Financing activities			
Issue of shares upon exercise of share options		–	5,820
Issue of shares upon exercise of redeemable convertible preference shares, net of expenses		–	27,922
Disposal of interests in subsidiaries without loss of control	29	70,462	–
Proceeds from shares to be issued to holders of redeemable convertible preference shares		–	13,277
Repayment to a director		–	(11,600)
Other cash flows used in financing activities		(2,340)	(360)
Net cash generated from financing activities		68,122	35,059
Net decrease in cash and cash equivalents		(430,334)	(7,291)
Cash and cash equivalents at 1 January		817,867	102,067
Effect of exchange rate changes on cash and cash equivalents		(358)	–
Cash and cash equivalents at 30 June		387,175	94,776
Analysis of cash and cash equivalents:			
Cash and cash equivalents		313,469	94,776
Cash and cash equivalents included in assets of a disposal group classified as held for sale	23	73,706	–
		387,175	94,776

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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.

Pursuant to a special resolution duly passed at the extraordinary general meeting of the Company held on 27 June 2016, together with the approval of the Registrar of Companies in the Cayman Islands on 28 June 2016 and the approval of Registrar of Companies in Hong Kong on 25 July 2016, the name of the Company has been changed from "AID Partners Capital Holdings Limited (滙友資本控股有限公司)" to "AID Partners Technology Holdings Limited (滙友科技控股有限公司)" with effect from 28 June 2016.

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 condensed consolidated financial statements have been prepared in accordance with applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules") and International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB").

The unaudited condensed consolidated financial statements have 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, and assets and liabilities of a disposal group classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell.

These unaudited condensed consolidated financial statements for the six months ended 30 June 2016 are unaudited but have been reviewed by the audit committee of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended 31 December 2015 ("2015 Annual Report"), which have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The principal accounting policies adopted to prepare the unaudited condensed consolidated financial statements are consistent with those adopted to prepare the Company's 2015 Annual Report, except for the following additional accounting policies adopted by the Group:

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell.

Revenue recognition

Subscription fee income is recognised when services are rendered or substantially performed in accordance with terms of the contract, net of discounts.

The IASB has issued a number of amendments to IFRSs which are first effective for accounting period beginning on 1 January 2016, the adoption of these amendments has no material impact on how the Group's financial performance and financial position for the current and prior periods have been prepared and presented.

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 condensed consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the unaudited condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. 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 condensed consolidated financial statements, are consistent with those set out in the Company's 2015 Annual Report.

4. SEGMENT INFORMATION

In identifying the Group's operating segments, management generally follows the Group's service lines which represent the main service lines provided by the Group.

The Group has identified the following reportable operating segments:

- (i) Asset management — provision of fund management and asset management.
- (ii) Strategic investment — acquiring controlling stakes in companies engaging in among others, O2O (Online to Offline) lifestyle and e-commerce business.

Each of these operating segments is managed separately as each of them requires different resources.

The chief operating decision makers, which are collectively the three Executive Directors of the Company, assess the performance of the operating segments based on a measure of operating profit. The measurement policies used by the Group for reporting segment results under IFRS 8 are the same as those used in its financial statements prepared under IFRSs, except that:

- loss on disposal of subsidiaries;
- fair value loss on financial asset at fair value through profit or loss;
- fair value gain/(loss) on financial liabilities at fair value through profit or loss;
- share-based compensation expense;
- finance costs;
- share of losses of associates;
- taxation credit; and
- certain other unallocated income and expenses

are not included in arriving at the operating results of the operating segments.

Segment assets include all assets but exclude available-for-sale investments, interests in associates, investment in convertible bond, and financial asset at fair value through profit or loss as well as corporate assets unrelated to the business activities of any operating segment.

Segment liabilities include all liabilities but exclude financial liabilities at fair value through profit or loss, convertible bonds, redeemable convertible preference shares, deferred tax liabilities and corporate liabilities unrelated to the business activities of any operating segment.

Revenues generated, losses incurred from operations and total assets and liabilities by each of the Group's operating segments are summarised as follows:

(a) Operating Segments

	Asset management		Strategic investment		Total	
	Unaudited Six months ended 30 June 2016 HK\$'000	Unaudited Six months ended 30 June 2015 HK\$'000	Unaudited Six months ended 30 June 2016 HK\$'000	Unaudited Six months ended 30 June 2015 HK\$'000	Unaudited Six months ended 30 June 2016 HK\$'000	Unaudited Six months ended 30 June 2015 HK\$'000
Revenue from external customers	-	-	157,386	47,678	157,386	47,678
Total segment loss from operations	(2,636)	(1,133)	(27,634)	(21,784)	(30,270)	(22,917)
Other net income not allocated					43,894	914
Loss on disposal of subsidiaries					-	(512)
Fair value loss on financial asset at fair value through profit or loss					(2,859)	-
Fair value gain/(loss) on financial liabilities at fair value through profit or loss					54	(1,089)
Share-based compensation expense					(12,324)	(945)
Unallocated corporate expenses					(38,057)	(24,057)
Loss from operations					(39,562)	(48,606)
Finance costs					(9,945)	(9,465)
Share of losses of associates					(3,935)	-
Loss before taxation					(53,442)	(58,071)
Taxation credit					2,409	571
Loss for the period					(51,033)	(57,500)

This segment of strategic investment mainly comprises investments in HMV retail business and mobile game businesses.

Unallocated corporate expenses mainly comprise legal and professional fees, rent and rates and salaries and allowances.

	Asset management		Strategic investment		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	30 June	31 December	30 June	31 December	30 June	31 December
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	6,472	2,376	580,929	493,761	587,401	496,137
Unallocated property, plant and equipment					11,204	752
Available-for-sale investments					264,000	30,000
Interests in associates					33,801	3,603
Investment in convertible bond					12,949	11,622
Financial asset at fair value through profit or loss					8,149	11,008
Unallocated corporate assets					451,405	791,685
Total assets					1,368,909	1,344,807

All assets are allocated to operating segments other than unallocated assets (mainly comprising available-for-sale investments, interests in associates, investment in convertible bond, financial asset at fair value through profit or loss, certain other receivables and cash and cash equivalents).

	Asset management		Strategic investment		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	30 June	31 December	30 June	31 December	30 June	31 December
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment liabilities	23	644	133,479	92,604	133,502	93,248
Financial liabilities at fair value through profit or loss					1,683	27,835
Convertible bonds					148,520	318,909
Redeemable convertible preference shares					5,467	5,455
Deferred tax liabilities					28,078	31,370
Unallocated corporate liabilities					29,876	112,394
Total liabilities					347,126	589,211

All liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising financial liabilities at fair value through profit or loss, convertible bonds, redeemable convertible preference shares, deferred tax liabilities and contingent consideration payables).

	Asset management		Strategic investment	
	Unaudited	Unaudited	Unaudited	Unaudited
	Six months	Six months	Six months	Six months
	ended	ended	ended	ended
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information				
Depreciation of property, plant and equipment	–	–	4,119	3,922
Gain on disposal of property, plant and equipment	–	–	–	(2)
Share-based compensation expense	–	–	–	55

(b) Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	Unaudited	Unaudited	Unaudited	Audited
	Six months	Six months		
	ended	ended		
	30 June	30 June	30 June	31 December
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	114,670	31,401	225,628	371,225
The People's Republic of China ("PRC")	42,716	16,277	724	802
Other Asian countries	–	–	11,215	–
	157,386	47,678	237,567	372,027

5. REVENUE

	Unaudited		Unaudited	
	Six months		Three months	
	ended	ended	ended	ended
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of goods	96,003	21,475	43,090	10,028
Sales of food and beverage	8,673	974	4,262	516
Sales of in-app purchase items	5,061	5,737	2,205	2,389
Advertising income	11,017	3,215	4,937	1,631
Game publishing service income	35,001	16,277	12,653	16,277
Concession stores income	714	–	356	–
Subscription fee income	917	–	917	–
	157,386	47,678	68,420	30,841

6. OTHER NET INCOME

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Bank interest income	916	195	467	78
Effective interest income on investment in convertible bond (Note 16)	1,768	–	884	–
Gain on remeasurement of contingent consideration payables (Note 33)	34,235	–	10,882	–
Net foreign exchange gain/(loss)	3,132	(24)	2,987	(26)
Gain on disposal of property, plant and equipment	–	2	–	–
Rental income	–	645	–	–
Interest income on loans to independent third parties	1,114	–	889	–
Others	2,729	271	1,643	181
	43,894	1,089	17,752	233

7. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' REMUNERATION)

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Fees	530	204	265	104
Salaries, allowances and benefits in kind	39,692	12,535	20,555	6,950
Bonus paid and payable	1,729	216	717	29
Share-based compensation expense	12,324	312	12,324	130
Retirement fund contributions	1,537	443	725	266
	55,812	13,710	34,586	7,479

8. FINANCE COSTS

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Effective interest expense on convertible bonds — wholly repayable within five years (Note 22)	9,910	7,818	2,877	3,858
Effective interest expense on redeemable convertible preference shares (Note 20)	12	43	5	22
Interest on bank loans — not wholly repayable within five years	–	80	–	–
Other interest expense — wholly repayable within five years	23	1,524	–	1,227
	9,945	9,465	2,882	5,107

9. LOSS BEFORE TAXATION

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Loss before taxation is arrived at after charging/(crediting):				
Auditor's remuneration:				
— audit services	526	258	352	216
— other services	307	509	307	443
Cost of inventories recognised as expenses	61,752	13,823	27,670	6,360
Depreciation of property, plant and equipment	4,574	4,538	1,542	2,240
Amortisation of intangible assets (included in administrative expenses)	13,491	14,677	6,746	8,591
Employee benefit expense (including directors' remuneration) (Note 7)	55,812	13,710	34,586	7,479
Share-based compensation expense — others	—	633	—	189
Gain on disposal of property, plant and equipment	—	(2)	—	—
Net foreign exchange (gain)/loss	(3,132)	24	(2,987)	26
Impairment of inventories	1,093	154	577	36
Operating lease charges in respect of leased premises	29,360	10,714	13,426	5,874

10. TAXATION CREDIT/(CHARGE)

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Current tax				
Hong Kong:				
— Charged for the period	(537)	(468)	(344)	(278)
PRC Enterprise Income Tax:				
— Charged for the period	(31)	(1,596)	(31)	(1,596)
Deferred tax credit	2,977	2,635	1,488	1,717
Taxation credit/(charge)	2,409	571	1,113	(157)

Hong Kong profits tax has been provided at the tax rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six months and three months ended 30 June 2016 and 2015.

One of the Group's major operating subsidiary, 上海威搜游科技有限公司 (Shanghai VSOYOU Technology Co., Ltd.* or "VSOYOU"), was established in the PRC and carries on business in the PRC as a software enterprise. This subsidiary has, pursuant to the relevant laws and regulations in the PRC, obtained exemption from PRC Enterprise Income Tax for two years starting from its first profit-making year, followed by a 50% reduction for the next three years (the "Tax Exemption"). This subsidiary which is currently entitled to the Tax Exemption from 1 January 2015 would continue to enjoy such treatments until the Tax Exemption period expires, but not beyond 31 December 2019.

Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions during the six months and three months ended 30 June 2016 and 2015.

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.

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Unaudited Six months ended 30 June 2016	2015 (Restated)	Unaudited Three months ended 30 June 2016	2015 (Restated)
<i>(HK\$'000)</i>				
Loss for the purpose of calculating basic loss per share (consolidated loss attributable to owners of the Company)	(51,313)	(57,419)	(37,025)	(32,162)
<i>(Number)</i>				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	8,310,071,148	3,773,056,839	9,158,401,413	3,872,100,256
(HK cents)				
Basic loss per share	(0.62)	(1.52)	(0.40)	(0.83)

The calculation of basic loss per share for the six months and three months ended 30 June 2015 has taken into account of the effect of the placing of 4,005,392,000 new shares on 11 August 2015 (the "Placing").

The comparative figures for the basic loss per share for the six months and three months ended 30 June 2015 are restated to take into effect of the inherent bonus element of the Placing as if it had taken place since the beginning of the respective comparative periods.

For the six months and three months ended 30 June 2016 and 2015, the diluted loss per share would reduce if the outstanding share options, convertible bonds and redeemable convertible preference shares were taken into account, as those financial instruments had an anti-dilutive effect and were hence ignored in the calculation of diluted loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property, plant and equipment totalling HK\$17,630,000 (six months ended 30 June 2015: HK\$2,232,000), which included HK\$197,000 in respect of the acquisition of 100% equity interest in subsidiaries (six months ended 30 June 2015: HK\$437,000 in respect of the acquisition of 70% equity interest in Honestway Global Group Limited ("HGGL")) (Note 31). Also, certain property, plant and equipment of HK\$53,005,000 was included in assets of a disposal group classified as held for sale as disclosed in Note 23.

On 17 February 2015, the Group disposed of a property with net carrying amount of approximately HK\$69,141,000 in respect of the disposal of all the entire interest in Crosby Capital (Holdings) Limited and its subsidiaries (Note 30).

13. AVAILABLE-FOR-SALE INVESTMENTS

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
<i>Unlisted investments, at cost</i>		
Equity securities	264,818	30,818
Less: impairment losses	(818)	(818)
	264,000	30,000

Movements in available-for-sale investments during the period/year are as follows:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
At 1 January	30,000	818
Additions during the period/year	234,000	30,000
Less: change in fair value recognised directly in other comprehensive income	-	(818)
At 30 June/31 December	264,000	30,000

On 23 May and 24 June 2016, the Group acquired an aggregate of 581,387 series A preferred stocks of Zoox, Inc., a company incorporated in the United States of America with limited liability and is principally engaged in robotics, pioneering autonomous mobility-as-a-service, at an aggregate cash consideration of US\$30,000,000 (equivalent to approximately HK\$234,000,000). On the assumption that all series A preferred stocks are fully converted into its common stock based on the conversion ratio of 1:1, the Group will hold approximately 2.85% equity interest of Zoox, Inc.

In August 2015, the Group acquired 40% equity interest in Glory Kingdom Group Limited, a company incorporated in the British Virgin Islands with limited liability and has a subsidiary whose activity is to engage in movie related business, at a cash consideration of HK\$30,000,000.

The fair value of unlisted investments was not disclosed as there was no open market on the unlisted investments and the fair value cannot be measured reliably.

14. INTANGIBLE ASSETS

	Goodwill	Trademarks	Trademark licence	Platform	Intellectual property	Mobile games	Distribution network	Non- compete agreements	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note (a))	(Note (b))	(Note (c))	(Note (d))	(Note (e))	(Note (f))	(Note (g))	(Note (h))	
Carrying amount at 1 January 2015 (Audited)	87,173	-	12,000	15,983	37,069	-	-	-	152,225
Acquisition of subsidiaries (Note 31(c))	61,539	-	-	-	-	14,850	7,766	26,610	110,765
Acquisition of HMV IP Rights and HMV Business	10,256	77,634	-	-	-	-	-	-	87,890
Amortisation	-	(323)	(12,000)	(15,983)	(7,764)	(5,569)	(1,942)	(3,992)	(47,573)
Impairment	(41,305)	-	-	-	-	-	-	-	(41,305)
Carrying amount at 31 December 2015 (Audited) and 1 January 2016	117,663	77,311	-	-	29,305	9,281	5,824	22,618	262,002
Acquisition of subsidiaries (Notes 31(a) and (b))	14,223	-	-	-	-	-	-	-	14,223
Reclassified as assets of a disposal group held for sale (Note 23)	(31,407)	(75,370)	-	-	-	-	-	-	(106,777)
Amortisation	-	(1,941)	-	-	(3,882)	(3,713)	(1,294)	(2,661)	(13,491)
Carrying amount at 30 June 2016 (Unaudited)	100,479	-	-	-	25,423	5,568	4,530	19,957	155,957

Notes:

- (a) Goodwill acquired through acquisition of subsidiaries is allocated to the Group's cash-generating unit. A summary of goodwill allocation is presented below:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
HMV	-	31,407
Complete Star Limited ("CSL") and its subsidiary (the "CSL Group")	24,717	24,717
HGGL	61,539	61,539
AID Japan Co., Ltd. ("AID Japan") (formerly known as EEL 21 Co., Ltd.) (Note 31(a))	1,940	-
Mystery Apex Limited ("Mystery Apex") (Note 31(b))	12,283	-
	100,479	117,663

- (b) Trademarks represent the rights to use the name "HMV", the various HMV trademarks and trade mark applications, and the HMV domain names for the purposes of conducting the retail business of "HMV" operating through the retail stores selling music, movies and television series related contents and products located in Hong Kong and any other business to be conducted in the PRC, Hong Kong and Singapore.
- (c) Trademark licence represents the rights to operate the Central Retail store using the brand name "HMV" and the exclusive use of the domain name www.hmv.com.hk to conduct the e-commerce business of retailing music, films, games and portable digital technology products in Hong Kong through the use of the name of "HMV", the licensed marks and the domain names. On 30 November 2015, the Group completed the acquisition of HMV IP Rights and HMV Business and therefore the trademark licence arose from the acquisition of HMV Ideal Limited in 2014 was written-off and its net carrying amount of HK\$9,360,000 as at 30 November 2015 was fully amortised in December 2015.

- (d) Platform represents a form of data-processing-related intangible asset under domain name www.vissible.com, http://viss.me and mobile application “VISS” on iOS and Android operated smartphones to provide technology and online platforms for its users to share information of fashion and lifestyle products. During the year ended 31 December 2015, the Group fully amortised the platform with net carrying amount of HK\$2,283,000 as if full amortisation had not been taken place as at 31 December 2015 due to unfavourable change in operation of the platform.
- (e) Intellectual property represents a series of interactive role-playing game Apps available on the three major global digital distribution platform, namely Apple’s App Store, Google’s Play Store and Amazon’s App Store.
- (f) Mobile games represent self-developed games to be launched to the mobile game market.
- (g) Distribution network represents the mobile application which provides download access to users of the mobile application to download mobile games in the PRC.
- (h) Non-compete agreements refer to the restrictive covenants included in employment contracts of certain key management personnel of VSOYOU who agreed not to enter into or start a similar profession or trade in competition against VSOYOU’s business.

Amortisation is provided on straight-line method over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any impairment losses. The amortisation expenses are recognised in profit or loss.

Trademarks	20 years
Trademark licence	5 years
Platform	2 years
Intellectual property	5 years
Mobile games	2 years
Distribution network	3 years
Non-compete agreements	5 years

15. INTERESTS IN ASSOCIATES

On 29 January 2016, the Group acquired approximately 14.74% equity interest in Kabushiki Kaisha Hyakusen Renma (“Hyakusen Renma”) at a cash consideration of JPY490,000,000 (equivalent to approximately HK\$32,683,000). Although the Group’s ownership interest in Hyakusen Renma is below 20%, the Group has appointed one out of five directors of the board of Hyakusen Renma in accordance with the shareholders’ agreement. In the opinion of the Directors, the Group is able to exercise significant influence on its financial and operating policies and accordingly, the interest in Hyakusen Renma is accounted for as an associate.

16. INVESTMENT IN CONVERTIBLE BOND/FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

In December 2015, Shiny Diamond Limited (“Shiny Diamond”), an indirect wholly-owned subsidiary of the Company, entered into a subscription agreement (the “Subscription Agreement”) with Brave Entertainment Co. Ltd. (“Brave Entertainment”) pursuant to which Shiny Diamond agreed to subscribe for convertible bond with principal amount of HK\$22,158,000, bearing an interest rate of 4% per annum receivable quarterly in arrears. On 3 December 2015, all the conditions precedent set out in the Subscription Agreement were fulfilled and that the subscription of the convertible bond was completed.

The convertible bond is convertible at the option of Shiny Diamond at any time during the period commencing from the date after the date of subscription up to and including the date immediately preceding the third anniversary of the date of subscription of the convertible bond (the “Maturity Date”) at a price of HK\$387 per share. The convertible bond is transferable with prior notification to Brave Entertainment. Shiny Diamond may, having given not less than thirty days’ notice to the issuer, redeem all or some of the convertible bonds then outstanding on the date which is 18 months after the date of issue and every subsequent 3 months thereafter prior to the Maturity Date.

The embedded derivatives (i.e. the early redemption and conversion option) of the convertible bond are separated from the host contract because its economic characteristics and risk are not closely related to those of the host contract and is accounted for as financial asset at fair value through profit or loss.

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
<i>Investment in convertible bond:</i>		
At 1 January	11,622	–
Subscription	–	11,410
Effective interest income for the period/year (Note 6)	1,768	283
Interest received	(441)	(71)
	<hr/>	<hr/>
At 30 June/31 December	12,949	11,622
<i>Financial asset at fair value through profit or loss:</i>		
At 1 January	11,008	–
Subscription	–	10,748
Fair value (loss)/gain for the period/year	(2,859)	260
	<hr/>	<hr/>
At 30 June/31 December	8,149	11,008

Interest income of the debt component for the six months ended 30 June 2016 is calculated using the effective interest method by applying an effective interest rate of 31.9% (31 December 2015: 31.9%) to the receivable component.

The methods and assumptions applied for the valuation of the convertible bond are as follows:

Valuation of derivative component

Derivative component is measured at fair value by a firm of independent professional valuers, Grant Sherman Appraisal Limited ("Grant Sherman"), using the Binomial Option Pricing Model, at initial recognition and at the end of the reporting period. The inputs into the model as at date of subscription and as at 30 June 2016 and 31 December 2015, were as follows:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Expected volatility	44.61%	44.56%
Expected life	2.42 years	2.92 years
Risk-free rate	0.902%	1.187%
Credit spread	15.74%	29.42%
Expected dividend yield	0%	0%

As at 30 June 2016 and 31 December 2015, the convertible bond was neither past due nor impaired. The Directors of the Company are of the opinion that no impairment allowance is necessary in respect of the balance as there has not been a significant change in credit quality and the balance is considered to be fully recoverable. The Group does not hold any collateral or other credit enhancements over the convertible bond.

17. INVENTORIES

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Finished goods for resale	–	39,903

18. TRADE AND OTHER RECEIVABLES

	Notes	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Trade receivables	(i)	69,771	42,188
Other receivables	(ii)	138,383	28,958
Deposits and prepayments	(iii)	10,543	37,240
Total		218,697	108,386
Categorised as:			
Current portion		205,368	78,010
Non-current portion		13,329	30,376
		218,697	108,386

Notes:

- (i) Ageing analysis of trade receivables based on invoice date and net of impairment losses is as follows:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
0–30 days	59,173	39,462
31–60 days	4,128	2,099
61–90 days	3,048	2
Over 90 days	3,422	625
Total	69,771	42,188

Sales of goods and food and beverage are normally made on a cash basis. Credit card receivables from financial institutions in respect of those sales are settled within 45 days (31 December 2015: 45 days).

Game publishing service income is receivables from mobile network operators and channel owners and are settled within 30 to 60 days (31 December 2015: 30 to 60 days).

Subscription fee income is receivables from telecommunication operators and is settled within 30 days (31 December 2015: N/A).

Ageing analysis of trade receivables, based on due date, which are past due but not impaired is as follows:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Less than 60 days past due	5,637	2,248
Over 60 days past due	1,278	627
Total	6,915	2,875

As at 30 June 2016, trade receivables of HK\$6,915,000 (31 December 2015: HK\$2,875,000), that were past due but not impaired had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

There was no provision made on trade receivables as at 30 June 2016 and 31 December 2015.

- (ii) All other receivables under current portion as at 30 June 2016 and 31 December 2015 were aged less than 30 days past due, based on the due date.

As at 30 June 2016, other receivables included (i) a loan with principal amount of HK\$12,519,000 (31 December 2015: HK\$12,519,000) under non-current portion to a shareholder of the Group's associate, which is secured, interest bearing at 5% per annum and repayable after one year; (ii) loans to independent third parties in aggregate principal amounts of HK\$70,000,000 (31 December 2015: Nil), which are secured, interest bearing at 5% per annum and repayable in six months; (iii) a loan with a principal amount of US\$3,000,000 (equivalent to approximately HK\$23,400,000) (31 December 2015: Nil) to HMV M&E, an indirectly non-wholly owned subsidiary of the Group to be disposed of as detailed in Note 23, which is unsecured, interest bearing at 3% per annum and repayable in one year; and (iv) another loan with a principal amount of HK\$25,000,000 (31 December 2015: Nil) to a wholly-owned subsidiary of HMV M&E to be disposed of as detailed in Note 23, which is unsecured, interest bearing at 5% per annum and repayable in one year.

- (iii) As at 31 December 2015, included in deposits and prepayments was a deposit of HK\$5,850,000 for an investment in the production of a popular American television series in the PRC. The investment is subject to various conditions precedent, which, up to 14 August 2015, have not been satisfied. According to the agreement, the Group is entitled to recover the full amount of the deposit and the Group is in the legal process of doing so. However, the Group considered that the chance of such deposit's recoverability was remote, therefore an impairment of HK\$5,850,000 was provided for during the year ended 31 December 2015. As at 30 June 2016, such deposit and the impairment were included in the assets of a disposal group classified as held for sale.

19. TRADE AND OTHER PAYABLES

	Notes	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Trade payables	(i)	22,639	48,253
Other payables	(ii)	36,581	110,512
Accrued charges	(iii)	3,121	39,292
Total		62,341	198,057
Categorised as:			
Current portion		62,341	153,245
Non-current portion		–	44,812
		62,341	198,057

Notes:

- (i) Ageing analysis of the trade payables based on invoice date is as follows:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
0–30 days	21,745	22,616
31–60 days	–	14,820
61–90 days	763	6,808
91–120 days	131	4,009
Total	22,639	48,253

- (ii) The balance included the aggregate contingent consideration payable by the Group for the acquisition of 70% equity interest in HGGL of HK\$13,687,000 payable during the year ending 31 December 2017 (31 December 2015: (i) the acquisition of 70% equity interest in CSL of HK\$4,184,000 payable during the year ending 31 December 2016 and (ii) the acquisition of 70% equity interest in HGGL of HK\$55,462,000 payable during the year ending 31 December 2016 and HK\$36,262,000 payable during the year ending 31 December 2017) (Note 33).
- (iii) As at 31 December 2015, the balance included the provision for store reinstatement costs of HK\$10,206,000 which the Group is presently obligated to make under non-cancellable operating lease contracts, of which HK\$1,654,000 was expected to be settled within one year and HK\$8,552,000 was expected to be settled after more than one year. Provision for store reinstatement costs of HK\$8,673,000 was included in trade and other payables in liabilities of a disposal group classified as held for sale as at 30 June 2016 (Note 23).

20. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

On 14 September 2011 ("issue date"), the Company issued 10,019,790 redeemable convertible preference shares ("RCPS") of par value of US\$0.10 each (before the capital reduction with effect from 31 May 2012) at subscription price of US\$2.00 per RCPS, of which US\$0.10 per RCPS was paid on subscription and the remaining balance of US\$1.90 per RCPS will be paid immediately prior to the conversion of the RCPS into ordinary shares of the Company.

Each holder of the RCPS has the option to convert the RCPS into ordinary shares of the Company at an initial conversion price of HK\$1.23 per share, subject to the conversion price reset scheme. At the end of 6-month period from the issue date and at the end of every 6-month period thereafter, the conversion price per share shall be adjusted to 110% of the one-month volume weighted average price of the ordinary shares of the Company. The conversion price shall not be lower than the par value of the ordinary shares of the Company. The RCPS mature five years from the issue date at an amount equals to the initial RCPS subscription price of the RCPS redeemed or can be converted into shares on and after the issue date up to 7 September 2016 at the holder's option upon the payment of the remaining balance of US\$1.90 per share. The RCPS holders may request the Company to redeem the RCPS (in whole or in part) on or after the third anniversary of the issue date of the RCPS. The RCPS are not entitled to any dividend and may be redeemed by the Company after the issue date at the early redemption amount provided that the closing market price of the ordinary shares of the Company is at least 150% of the conversion price for 30 consecutive trading days.

In accordance with the terms and conditions thereof, the conversion price was reset on 14 March 2012, 14 March 2013, 14 September 2013, 14 March 2014, 27 January 2015, 20 July 2015 and 11 August 2015, and the prevailing conversion price is HK\$0.10 per share as reset upon the completion of Placing as set out in Note 11 on 11 August 2015.

As at 30 June 2016, the outstanding number of RCPS issued was 7,019,790 (31 December 2015: 7,019,790). The residual amount of the proceeds of the RCPS over the fair value of the embedded derivatives, estimated at the date of issuance using Binomial Option Pricing Model, is assigned as the liability component.

The carrying value of the liability component of the RCPS recognised in the consolidated statement of financial position at the end of the reporting period are as follows:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Net carrying amount at 1 January	5,455	7,502
Exercise of RCPS	–	(2,134)
Effective interest expense for the period/year (Note 8)	12	87
Net carrying amount at 30 June/31 December	5,467	5,455

Interest expense on the RCPS is calculated using the effective interest method by applying the effective interest rate of 1.14% (31 December 2015: 1.14%) per annum.

21. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
<i>Derivatives embedded in the RCPS issued:</i>		
Balance at 1 January	2,738	3,821
Exercise of RCPS	–	(1,055)
Fair value gain for the period/year	(1,055)	(28)
	<hr/>	<hr/>
Balance at 30 June/31 December	1,683	2,738
<i>Derivatives embedded in the convertible bonds issued:</i>		
Balance at 1 January	27,835	24,364
Conversion of bonds	(28,836)	(3,343)
Fair value loss for the period/year	1,001	6,814
	<hr/>	<hr/>
Balance at 30 June/31 December	–	27,835
	<hr/>	<hr/>
Total balance	1,683	30,573
Categorised as:		
Current liabilities	1,683	2,738
Non-current liabilities	–	27,835
	<hr/>	<hr/>
Total balance	1,683	30,573
	<hr/>	<hr/>
Net (gains)/losses recognised in profit or loss relating to financial instruments held by the Group at 30 June/31 December	(54)	6,786

The fair values as at 30 June 2016 and 31 December 2015 are calculated using the Binomial Option Pricing Model for the derivatives embedded in the convertible bonds and RCPS respectively. The inputs into the model are as follows:

	Derivatives embedded in the RCPS		Derivatives embedded in the 2014 Convertible Bonds	
	Unaudited 30 June 2016	Audited 31 December 2015	Unaudited 30 June 2016	Audited 31 December 2015
Expected volatility	78.46%	112.94%	N/A	84.52%
Expected life	0.2 years	0.7 years	N/A	1.45 years
Risk-free rate	0.16%	0.10%	N/A	0.84%
Spot price of the Company	HK\$0.126	HK\$0.305	N/A	HK\$0.305
Expected dividend yield	0%	0%	N/A	0%

The Binomial Option Pricing Model requires the input of highly subjective assumptions, including the volatility of share price, therefore the changes in subjective input assumptions can materially affect the fair value estimates.

22. CONVERTIBLE BONDS

(a) *Tranche 1 and Tranche 2 Convertible Bonds*

In June 2010, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place 5-year Zero Coupon Convertible Bonds with an aggregate principal amount of up to HK\$250,000,000, comprising Tranche 1 of principal amount up to HK\$160,000,000 ("Tranche 1 Convertible Bonds") and Tranche 2 of principal amount of up to HK\$90,000,000 ("Tranche 2 Convertible Bonds"), subject to certain conditions. In October 2010, with the fulfilment of all conditions required for Tranche 1 Convertible Bonds, the Company issued the Tranche 1 Convertible Bonds, HK\$156,000,000 of which was used to finance the repurchase of the convertible bonds previously issued in March 2006 as detailed in the Company's 2010 Annual Report. On 30 March 2011, with the fulfilment of all conditions required for Tranche 2 Convertible Bonds, the Company further issued the Tranche 2 Convertible Bonds, the proceeds of which was used to finance the purchase of the office premises together with the bank loans.

The Tranche 1 and Tranche 2 Convertible Bonds are denominated in Hong Kong dollars and are convertible at the option of the bondholder(s) at any time after the date of issuance up to and including the date which is seven days prior to the maturity date of 4 October 2015, into new shares of the Company at a price of HK\$0.18 per share initially, subject to the conversion price reset where at the end to 6-month period from the date of issuance and at the end of every 6-month period thereafter, the conversion price shall be adjusted to 110% of the one-month volume weighted average price with a floor of HK\$0.78 per share and provided that the conversion price shall not in any event be higher than the lower of HK\$1.80 per share and the previous adjusted conversion price reset. The Tranche 1 and Tranche 2 Convertible Bonds are transferable without restriction and may be redeemed by the Company after the date of issuance at the early redemption amount, which shall result in an annual yield equal to 3.5% per annum compound on a semi-annual basis, provided that the closing market price of the shares is at least 150% of the conversion price for 30 consecutive trading days. The bondholder(s) of the Tranche 1 and Tranche 2 Convertible Bonds may request the Company to redeem at the aforesaid early redemption amount on or after third anniversary year from 4 October 2010.

In accordance with the terms and conditions thereof, the conversion price was reset on 4 April 2011, 4 October 2011, 4 April 2013, 24 February 2014 and 27 January 2015.

The Tranche 1 and Tranche 2 Convertible Bonds were fully converted in January 2015 and July 2014, respectively.

(b) *2014 Convertible Bonds*

In April 2014, the Company entered into a subscription agreement (the "Subscription Agreement") with Abundant Star Ventures Limited and Vantage Edge Limited pursuant to which Abundant Star Ventures Limited and Vantage Edge Limited agreed to subscribe the convertible bonds in principal amount of HK\$100,000,000 and HK\$75,000,000, respectively, bearing a compound interest rate of 5% per annum. On 13 June 2014, all the conditions precedent set out in the Subscription Agreement have been fulfilled and that the issue of the 2014 Convertible Bonds was completed.

The 2014 Convertible Bonds are convertible at the option of the bondholders at any business day during the period commencing from the date of issue of the convertible bonds up to and including the date falling seven days prior to the third anniversary of the date of issue of the 2014 Convertible Bonds (the "Maturity Date") at a price of HK\$0.80 per share initially. The prevailing conversion price is HK\$0.11 per share upon completion of the Placing on 11 August 2015. The 2014 Convertible Bonds are only transferable with the prior notification to the Company and may be transferred in integral multiples of HK\$1,000,000. The Company may, having given not less than thirty days' notice to the bondholders, redeem the 2014 Convertible Bonds then outstanding, at a premium of 10% above the outstanding principal amount of the 2014 Convertible Bonds, in integral multiples of HK\$1,000,000 at any time prior to the Maturity Date and subject to bondholder's agreement.

The 2014 Convertible Bonds were fully converted on 5 April 2016.

(c) 2015 HK\$140 million Convertible Bonds

In July 2015, the Company entered into a subscription agreement (the "Subscription Agreement") with Hong Kong HNA Holding Group Co. Limited ("HNA") pursuant to which HNA agreed to subscribe the convertible bonds in principal amount of HK\$140,000,000, bearing a compound interest rate of 8% per annum. On 20 July 2015, all the conditions precedent set out in the Subscription Agreement have been fulfilled and that the issue of the 2015 HK\$140 million Convertible Bonds was completed.

The 2015 HK\$140 million Convertible Bonds is convertible at the option of the bondholder at any business day during the period commencing from the date falling on the first anniversary of the issue date up to and including the date falling seven days prior to the fifth anniversary of the date of issue of the 2015 HK\$140 million Convertible Bonds (the "Maturity Date") at a price of HK\$0.325 per share initially. The 2015 HK\$140 million Convertible Bonds is only transferable with prior notification to the Company and may be transferred in integral multiples of HK\$1,000,000. The Company may, having given not less than thirty days' notice to the bondholder, redeem the 2015 HK\$140 million Convertible Bonds then outstanding, at a premium of 10% above the outstanding principal amount of the 2015 HK\$140 million Convertible Bonds, in integral multiples of HK\$1,000,000 at any time prior to the Maturity Date and subject to the bondholder's agreement.

The conversion option embedded in the 2015 HK\$140 million Convertible Bonds meets the definition of equity instrument of the Company, and is classified as equity and presented separately from the liability component of the 2015 HK\$140 million Convertible Bonds.

The carrying values of the liability component of the convertible bonds recognised in the consolidated statement of financial position at the end of the reporting period are as follows:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Net carrying amounts at 1 January	318,909	183,331
Effective interest expense for the period/year (Note 8)	9,910	21,497
Conversion of the 2014 Convertible Bonds	(180,299)	–
Conversion of Tranche 1 and Tranche 2 Convertible Bonds	–	(23,498)
Issue of 2015 HK\$140 million Convertible Bonds	–	137,579
Net carrying amounts at 30 June/31 December	148,520	318,909

The interest expense of the 2014 Convertible Bonds and the 2015 HK\$140 million Convertible Bonds for the six months ended 30 June 2016 is calculated using the effective interest method by applying effective interest rates of 10.08% (31 December 2015: 10.08%) and 8.3% (31 December 2015: 8.3%) per annum to the liability component, respectively.

23. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 14 March 2016, the Group entered into a sale and purchase agreement with an indirect wholly-owned subsidiary of China 3D Digital Entertainment Limited ("China 3D"), in which the Group has agreed to sell 10,000 existing ordinary shares, representing approximately 81.63% equity interest, in HMV M&E for a consideration of HK\$408,150,000 to be satisfied by the issue and allotment of an aggregate of 1,118,219,178 shares (the "Consideration Shares") of China 3D (the "Disposal"). The Disposal has been completed on 3 August 2016 and the Consideration Shares represent approximately 20.47% of the issued share capital of China 3D as at the date of completion. The Disposal does not constitute a discontinued operation as it does not represent the disposal of a separate major line of business or geographic area of operation. The HMV M&E and its subsidiaries (the "HMV M&E Group") was included within the strategic investment segment (Note 4).

In accordance with IFRS 5, the assets and liabilities of the HMV M&E Group were presented under assets and liabilities of a disposal group classified as held for sale as at 30 June 2016 and have been stated at their carrying amounts which is lower than their fair value less costs of disposal.

At the end of the reporting period, the major classes of assets and liabilities of the disposal group classified as held for sale in the consolidated statement of financial position correspondingly are as follows:

	Unaudited 30 June 2016 HK\$'000
Property, plant and equipment (Note 12)	53,005
Intangible assets (Note 14)	75,370
Goodwill (Note 14)	31,407
Deposits, trade and other receivables	47,125
Inventories	33,806
Amount due from a related company	2,335
Pledged bank deposits	7,015
Cash and cash equivalents	73,706
	<hr/>
Assets of a disposal group classified as held for sale	323,769
	<hr/>
Trade and other payables	(48,446)
Loans from an indirectly wholly-owned company of the Group (Note 18(ii))	(48,400)
Deferred tax liabilities	(16,308)
	<hr/>
Liabilities of a disposal group classified as held for sale	(113,154)
	<hr/>

24. SHARE CAPITAL

	Number of ordinary shares	Number of redeemable convertible preference shares	Value HK\$'000
Authorised (par value of US\$0.01 each)			
At 30 June 2016 and 31 December 2015	19,000,000,000	1,000,000,000	1,560,000
Issued and fully paid (par value of US\$0.01 each)			
At 31 December 2015 (Audited)	7,461,740,884	7,019,790	582,016
Conversion of the 2014 Convertible Bonds (Note (a))	1,590,909,090	–	124,091
Consideration shares issued for the acquisition of HGGL (Note (b))	204,961,760	–	15,987
At 30 June 2016 (Unaudited)	9,257,611,734	7,019,790	722,094

Notes:

- (a) On 5 April 2016, the 2014 Convertible Bonds with principal amount of HK\$175,000,000 were fully converted into 1,590,909,090 ordinary shares at the conversion price of HK\$0.11 per share.
- (b) On 14 April 2016, (i) 165,291,588 ordinary shares were issued to the vendor of HGGL at an issue price of HK\$0.214 per share in respect of the third instalment of consideration for the acquisition of 70% equity interest in HGGL and (ii) 39,670,172 ordinary shares were also issued to the vendor of HGGL at an issue price of HK\$0.2081 per share to settle the profit bonus payment.

25. RESERVES

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Share premium	802,660	698,265
Convertible bonds equity reserve	1,921	9,982
Capital reserve	2,112	2,112
Capital redemption reserve	601	601
Employee share-based compensation reserve (Note (a))	36,080	49,063
Foreign exchange reserve	116	(1,693)
Other reserve (Note (b))	30,516	–
Statutory surplus reserve	3,331	3,331
Accumulated losses	(642,292)	(616,286)
Total	235,045	145,375

Notes:

- (a) On 1 April 2016, a total of 251,368,000 share options were granted to certain directors of the Company and other eligible participants under the Company's 2014 Share Option Scheme. The estimated fair value of the share options granted during the six months ended 30 June 2016 amounted to HK\$33,307,000 which was determined based on the fair value of the share options issued on the date of grant. No share option was granted during the year ended 31 December 2015. During the six months ended 30 June 2016, share options amounted to HK\$25,307,000 and HK\$24,000 were lapsed under the Company's 2002 Share Option Scheme and 2014 Share Option Scheme respectively.
- (b) Other reserve represented the differences between the considerations and the carrying amounts of net assets attributable to the reduction of interests in subsidiaries being disposed of to non-controlling shareholders.

26. MATERIAL RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following material related party transactions:

- (a) Remuneration for key management personnel of the Group, including amounts paid to the Directors of the Company is as follows:

	Unaudited Six months ended 30 June 2016 HK\$'000	Unaudited Six months ended 30 June 2015 HK\$'000
Fees	530	204
Salaries, allowances and benefits in kind	6,023	3,198
Retirement fund contributions	27	27
Share-based compensation expense	7,565	–
	14,145	3,429

- (b) During the period, the material related party transactions were:

	Unaudited Six months ended 30 June 2016 HK\$'000	Unaudited Six months ended 30 June 2015 HK\$'000
Advertising expenses paid and payable to a related company, Totally Apps Holdings Limited ("Totally Apps") (i)	2,244	2,618
Rental expenses and related charges paid and payable to a related company, HMV Hong Kong Limited ("HMV HK") (i)	7,943	–
Service fee paid and payable to the non-controlling shareholder, Outblaze Ventures Holdings Limited ("Outblaze") (i)	1,184	1,184

Note:

- (i) The amounts were charged based on terms mutually agreed between the relevant parties.
- (c) As at 30 June 2016 and 31 December 2015, the balances with related parties were:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Amount due from HMV HK	–	151
Amount due from HMV Kafe Limited	–	155
Amount due from Totally Apps	3,124	11,527
Amount due to Outblaze	(1,091)	(2,063)
Loan to a shareholder of an associate (Note 18(iii))	12,519	12,519

27. COMMITMENTS

(a) Operating leases

As at 30 June 2016, the total future minimum lease payments of the Group under non-cancellable operating leases in respect of land and buildings are payable as follows:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Within one year	50,722	24,951
In the second to fifth years	103,496	65,893
After five years	15,860	–
	170,078	90,844

As at 30 June 2016, the future minimum lease payments included payables by the HMV M&E Group in respect of operating leases for the rental of its office premises and HMV retail stores totalling HK\$161,958,000.

(b) Capital commitments

In December 2015, the Group entered into a sale and purchase agreement to purchase a property located in Japan for own use at a cash consideration of HK\$10,787,000. As at 31 December 2015, the Group paid a deposit of HK\$1,047,000, representing 10% of purchase consideration of the property. The remaining balance of HK\$9,740,000 was fully settled in January 2016. As at 31 December 2015, the Group had capital commitment of HK\$2,117,000 for office renovation work, which was fully settled in January 2016.

Other than the above, the Group had no material capital commitments as at 30 June 2016 and 31 December 2015.

28. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2016, the Group had the following major non-cash transactions:

- (i) On 5 April 2016, the 2014 Convertible Bonds with aggregate principal amount of HK\$175,000,000 at the conversion price of HK\$0.11 per share whereby a respective total number of 1,590,909,090 ordinary shares were issued. As a result of the conversion, share capital and share premium account of the Company have increased by approximately HK\$124,091,000 and HK\$76,580,000 respectively and aggregate of which represents proportional amounts of the derivative component and the liability component at the time of conversion.
- (ii) On 14 April 2016, 165,291,588 ordinary shares were issued to the vendor of HGGL in respect of the third instalment of consideration for the acquisition of 70% equity interest in HGGL. As the 2015 profit bonus has been achieved, 39,670,172 ordinary shares were issued to the vendor of HGGL to settle the profit bonus payment.

During the six months ended 30 June 2015, the Group had the following major non-cash transactions:

- (i) On 29 January 2015, the Tranche 1 Convertible Bonds in aggregate principal amount of HK\$21,000,000 at the conversion price of HK\$0.12 per share whereby a respective total number of 175,000,000 conversion shares were issued. As a result of the conversion, share capital and share premium account of the Company increased by approximately HK\$13,650,000 and HK\$13,191,000 respectively and aggregate of which represented proportional amounts of the derivative component and the liability component at the time of conversion.
- (ii) On 30 April 2015, 41,564,729 ordinary shares were issued to Outblaze in respect of the second instalment of consideration for the acquisition of 70% equity interest in CSL. As the 2014 profit bonus was achieved, 29,839,609 ordinary shares were issued to Outblaze to settle the profit bonus payment.

29. DISPOSAL OF INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

(a) *Deemed disposal of approximately 18.37% equity interest in HMV M&E*

On 1 March 2016, the Group entered into a sale and purchase agreement with an independent third party pursuant to which (i) the Group has agreed to sell 2,250 existing ordinary shares, representing approximately 18.37% equity interest, in HMV M&E for a cash consideration of US\$9,000,000 (equivalent to approximately HK\$70,200,000); and (ii) the Group shall apply the consideration received for the subscription of 2,250 new ordinary shares in the capital of HMV M&E (the "Deemed Disposal"). The Deemed Disposal has been completed on 4 March 2016. It was accounted for as equity transaction with the non-controlling interests and the increase in equity attributable to owners of the Company, as included in other reserve, was summarised as follows:

	HK\$'000
Consideration received from non-controlling interests	70,200
Less: net assets of 18.37% equity interest in the HMV M&E Group	(39,857)
	<hr/>
Gain on disposal within equity	30,343

(b) *Partial disposal of 40% equity interest in HMV Brave Co., Ltd.*

On 4 May 2016, the Group entered into a sale and purchase agreement with Brave Entertainment and a shareholder of Brave Entertainment, pursuant to which the Group disposed of 20% and 20% equity interests in HMV Brave Co., Ltd. ("HMV Brave"), an indirect wholly-owned subsidiary of the Group, respectively at an aggregate cash consideration of HK\$262,000 ("Brave Disposal"). As the Group held approximately 17.12% equity interest in Brave Entertainment, the effective non-controlling interests in HMV Brave were approximately 36.58%. Brave Disposal was completed on 20 and 23 May 2016. It was accounted for as equity transaction with non-controlling interests and an increase in equity attributable to owners of the Company, as included in other reserve, was summarised as follows:

	HK\$'000
Consideration received from non-controlling interests	262
Less: net assets of 36.58% equity interest in HMV Brave	(89)
	<hr/>
Gain on disposal within equity	173

30. DISPOSAL OF SUBSIDIARIES

On 17 February 2015, the Group disposed of its entire interests in Crosby Capital (Holdings) Limited and its subsidiaries to an individual 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:

	HK\$'000
Net assets of subsidiaries disposal of:	
Property, plant and equipment (Note 12)	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
Net cash inflow arising on disposal:	
Cash consideration	37,000
Cash and bank balances disposed of	<hr/> (332)
	<hr/> 36,668

31. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of AID Japan

On 1 April 2016, the Group completed the acquisition of the entire issued share capital of AID Japan, which is a long established business advisory company in Japan and is principally focusing in entertainment and investment business, at a cash consideration of JPY60,000,000 (equivalent to approximately HK\$4,164,000), in which was paid at completion date. The acquisition was made to further expand the Group's global presence and strengthen its capability in Japan and across the Asian Pacific region.

The provisional fair value of identifiable assets and liabilities of AID Japan as at the date of acquisition were:

	Note	HK\$'000
Net assets acquired:		
Property, plant and equipment (Note 12)		105
Trade and other receivables, deposits and prepayments		5,177
Cash and cash equivalents		14,665
Trade and other payables		(17,723)
		2,224
The provisional fair value of net assets acquired		2,224
Total consideration		4,164
		1,940
Goodwill arising on acquisition (Note 14)	(ii)	1,940
Consideration satisfied by:		
Cash		4,164
		(4,164)
Net cash inflow arising on acquisition:		
Cash consideration		(4,164)
Cash and bank balances acquired		14,665
		10,501

As at the date of these unaudited condensed consolidated financial statements, the Group has not finalised the fair value assessments for assets acquired from the acquisition. The relevant fair value of net assets acquired stated above are on provisional basis.

Notes:

- (i) The fair value of trade and other receivables amounted to HK\$137,000. The gross amount of these receivables is HK\$137,000. None of these receivables have been impaired and it is expected that the full contractual amount can be collected.
- (ii) Goodwill of HK\$1,940,000 arose on this acquisition, which is not deductible for tax purposes, comprises the acquired workforce and the expected synergies arising from the combination of the existing operations of the Group.
- (iii) The acquisition-related costs of HK\$27,000 have been expensed and are included in administrative expenses for the six months ended 30 June 2016.
- (iv) No revenue was contributed from the acquired business to the Group and a loss after tax of approximately HK\$1,616,000 was incurred for the period from 1 April 2016 to 30 June 2016.

- (v) Had the acquisition occurred on 1 January 2016, the Group's revenue and loss after tax would have been approximately HK\$158,172,000 and HK\$51,062,000 respectively for the six months ended 30 June 2016.
- (vi) This pro forma information is for illustrative purpose and is not necessarily an indication of revenue and the results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

(b) Acquisition of Mystery Apex

On 31 May 2016, the Group completed the acquisition of the entire issued share capital of Mystery Apex, which is principally engaged in the provision of online music streaming service to public through mobile apps and personal computers, at a cash consideration of approximately HK\$2,928,000, in which approximately HK\$1,753,000 was paid at completion date and the remaining consideration of approximately HK\$1,175,000 is to be paid by instalments, subject to adjustment. The acquisition was made to enable the Group to establish a presence in the digital music market, complementing the Group's existing operations while providing a new stream of revenue to the Group. Details of the abovementioned acquisition were set out in the Company's announcement dated 31 May 2016.

The provisional fair value of identifiable assets and liabilities of Mystery Apex and its subsidiaries as at the date of acquisition were:

	Note	HK\$'000
Net liabilities acquired:		
Property, plant and equipment (Note 12)		92
Trade and other receivables, deposits and prepayments		3,829
Cash and cash equivalents		136
Trade and other payables		(13,412)
Shareholder's loan		(72,153)
		(81,508)
Add: assignment of the shareholder's loan		72,153
		(9,355)
The provisional fair value of net liabilities acquired		2,928
Goodwill arising on acquisition (Note 14)	(ii)	12,283
Consideration satisfied by:		
Cash		1,753
Other payable		1,175
		2,928
Net cash outflow arising on acquisition:		
Cash consideration		(1,753)
Cash and bank balances acquired		136
		(1,617)

As at the date of these unaudited condensed consolidated financial statements, the Group has not finalised the fair value assessments for intangible assets acquired from the acquisition. The relevant fair value of net assets acquired stated above are on provisional basis.

Notes:

- (i) The fair value of trade and other receivables amounted to HK\$2,583,000. The gross amount of these receivables is HK\$2,583,000. None of these receivables have been impaired and it is expected that the full contractual amount can be collected.
- (ii) Goodwill of HK\$12,283,000 arose on this acquisition, which is not deductible for tax purposes, comprises the acquired workforce and the expected synergies arising from the combination of the existing operations of the Group.
- (iii) The acquisition-related costs of HK\$198,000 have been expensed and are included in administrative expenses for the six months ended 30 June 2016.
- (iv) The acquired business contributed revenue of approximately HK\$917,000 and profit after tax of approximately HK\$97,000 to the Group for the period from 31 May 2016 to 30 June 2016.
- (v) Had the acquisition occurred on 1 January 2016, the Group's revenue and loss after tax would have been approximately HK\$161,970,000 and HK\$53,251,000 respectively for the six months ended 30 June 2016.
- (vi) This pro forma information is for illustrative purpose and is not necessarily an indication of revenue and the results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

(c) Acquisition of HGGL

On 2 April 2015, the Group completed the acquisition of 70% issued share capital of HGGL, which is principally engaged in the development, distribution and operation of mobile games in the PRC, at a consideration of RMB84,000,000 (equivalent to approximately HK\$106,117,200), in which RMB14,000,000 (equivalent to approximately HK\$17,686,200) was paid at completion date and the remaining consideration of RMB70,000,000 (equivalent to approximately HK\$88,431,000) was to be paid by instalments, subject to adjustment. The acquisition is in line with the Group's strategy and can add value to existing investments of the Group, namely the mobile game franchise "Star Girl" operated by the CSL Group.

The fair value of identifiable assets and liabilities of HGGL Group as at the date of acquisition were:

	Notes	HK\$'000
Net assets acquired:		
Property, plant and equipment		437
Trade and other receivables, deposits and prepayments		27,863
Cash and cash equivalents		5,320
Intangible assets (Note 14)		49,226
Trade and other payables		(22,452)
Provision for taxation		(3,019)
Deferred tax liabilities recognised upon fair value adjustments		(12,306)
		<hr/>
The fair value of net assets acquired		45,069
Less: non-controlling interests		(13,520)
		<hr/>
		31,549
Total consideration at fair value		93,088
		<hr/>
Goodwill arising on acquisition (Note 14)	(ii)	61,539
		<hr/>
Consideration satisfied by:		
Cash		17,686
Contingent consideration payable, at fair value	(iii)	75,402
		<hr/>
		93,088
		<hr/>
Net cash outflow arising on acquisition:		
Cash consideration		(17,686)
Cash and bank balances acquired		5,320
		<hr/>
		(12,366)
		<hr/>

After acquisition and upto 30 June 2016, the second and the third instalments and the profit bonus payment were paid and settled by cash of HK\$7,579,800 and 210,865,031 ordinary shares of the Company with aggregate fair value of HK\$45,065,000.

Notes:

- (i) The fair value of trade and other receivables amounted to HK\$25,945,000. The gross amount of these receivables is HK\$25,945,000. None of these receivables had been impaired and it was expected that the full contractual amount could be collected.
- (ii) Goodwill of HK\$61,539,000 arose on this acquisition, which is not deductible for tax purposes, comprises the acquired workforce and the expected synergies arising from the combination of the existing operations of the Group.
- (iii) The contingent consideration represents the second, third and fourth instalments of the consideration and includes a performance-based adjustment, which principally based on the shortfall between the unaudited consolidated net profit of 深圳八零八八科技有限公司 (Shenzhen 8088 Technology Co., Ltd.* or "SZ8088") and VSOYOU for the period ended 30 June 2015, the audited consolidated net profit of SZ8088 and VSOYOU for the year ended 31 December 2015 and year ending 31 December 2016, and the performance target of RMB8,800,000 (equivalent to approximately HK\$11,117,040), RMB22,000,000 (equivalent to approximately HK\$27,792,600) and RMB29,000,000 (equivalent to approximately HK\$36,635,700) respectively, if any. In the event of the above target profits are met, the second, third and fourth considerations will be settled as follows:

Second instalment

- (i) as to RMB6,000,000 (equivalent to approximately HK\$7,579,800) to be settled by cash; and (ii) as to RMB1,000,000 (equivalent to approximately HK\$1,263,300) by the issue and allotment of consideration shares payable and to be settled within 15 business days from the date of issue of the interim report for the period ended 30 June 2015.

Third instalment

- Assuming the second instalment is not payable, (i) as to RMB6,000,000 (equivalent to approximately HK\$7,579,800) to be settled by cash, and (ii) as to RMB29,000,000 (equivalent to approximately HK\$36,635,700) by the issue and allotment of consideration shares and to be settled within 15 business days from the date of issue of the annual report for the year ended 31 December 2015; and
- Assuming the second instalment is payable, an amount equivalent to the second instalment shall be deducted from the third instalment and RMB28,000,000 (equivalent to approximately HK\$35,372,400) to be settled by the issue and allotment of consideration shares and to be settled within 15 business days from the date of issue of the annual report for the year ended 31 December 2015.

Fourth instalment

- as to RMB35,000,000 (equivalent to approximately HK\$44,215,500) by the issue and allotment of consideration shares and to be settled within 15 business days from the date of issue of the annual report for the year ending 31 December 2016.

In the event that the 2015 audited net profit is less than RMB22,000,000 (equivalent to approximately HK\$27,792,600) or the 2016 audited net profit is less than RMB29,000,000 (equivalent to approximately HK\$36,635,700), the third or fourth instalment will be adjusted by deducting the amount equal to 3.85 times of the shortfall for the relevant years, and the amount of adjustment shall be no more than RMB35,000,000 (equivalent to approximately HK\$44,215,500). There will not be any upward adjustment to the third and the fourth instalments.

In the event that the 2015 audited net profit exceeds the 2015 profit target, the purchaser shall pay to the vendor a profit bonus equal to 50% of 3.85 times of the amount of the 2015 audited net profit in excess of the 2015 profit target, provided that the 2015 profit bonus shall be no more than RMB15,400,000 (equivalent to approximately HK\$19,454,820). The 2015 profit bonus shall be settled by the issue and allotment of the 2015 profit bonus shares, within fifteen business days from the date of issue of the 2015 annual report. The issue and allotment of 2015 profit bonus shares shall be subject to the same conditions as the issue and allotment of the second instalment consideration shares, the third instalment consideration shares and the fourth instalment consideration shares. If any of the conditions for the issue and allotment of the 2015 profit bonus shares is not satisfied, the purchaser will settle that portion of the 2015 profit bonus by cash. The issue price of the 2015 profit bonus shares shall be the average closing price of the shares quoted on GEM for the ten business days immediately preceding the date of the issue of the 2015 annual report.

The vendor undertakes to each of the purchaser and the company that, subject to completion taking place and the issue of the consideration shares to the vendor pursuant to the third instalment and the fourth instalment (as applicable), it shall not, directly or indirectly, and shall procure that the holder(s) of the shares and/or shares shall not, directly or indirectly:

- (a) in respect of the 30% of the shares issued at anytime pursuant to the third instalment, for a three-month period commencing on the date of issuance of the third instalment consideration shares;
- (b) in respect of the remaining 70% of the shares issued at anytime pursuant to the third instalment, for a six-month period commencing on the date of issuance of the third instalment consideration shares;
- (c) in respect of the 50% of the fourth Instalment consideration shares issued at anytime pursuant to the fourth instalment, for a six-month period commencing on the date of issuance of the fourth instalment consideration shares;
- (d) in respect of the remaining 50% of the fourth instalment consideration shares issued at anytime pursuant to the fourth instalment, for a twelve-month period commencing on the date of issuance of the fourth instalment consideration shares;

sell, transfer or otherwise dispose of (including but not limited to the creation of any options over or pledge or charge as security) any of such shares described above. This undertaking shall survive the completion, save for:

- (a) where such disposal is made in the acceptance of an offer made in accordance with the Takeovers Code by any third party; or
- (b) where such disposal is made pursuant to an offer by the Company to purchase its own shares which is made by the Company under the Hong Kong Code on Share Repurchases.

Please refer to the circular dated 2 March 2015 for details of the acquisition.

The potential undiscounted amount of the contingent consideration adjustment that the Group could be required to make such arrangement is between RMB Nil to RMB70,000,000 (equivalent to approximately HK\$88,431,000). At the acquisition date, the fair value of the contingent consideration payable of HK\$75,402,000 was estimated by applying Monte Carlo Simulation by a firm of independent professional valuers, Grant Sherman. As at 30 June 2016, the fair value of the contingent consideration payable was remeasured at HK\$13,687,000 (31 December 2015: HK\$91,724,000) by Grant Sherman, net of settlement of the third instalment and profit bonus with an aggregate fair value of HK\$43,802,000, and hence a gain on fair value of HK\$34,235,000 (six months ended 30 June 2015: Nil) was recorded under "Other net income" in profit or loss for the six months ended 30 June 2016.

- (iv) During the year ended 31 December 2015, the acquired business contributed revenue of approximately HK\$65,236,000 and profit after tax of approximately HK\$20,608,000 for the period from 2 April 2015 to 31 December 2015.

Had the acquisition occurred on 1 January 2015, the Group's revenue and loss after tax would have been approximately HK\$180,989,000 and approximately HK\$224,065,000 respectively for the year ended 31 December 2015.

The non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interest's proportionate share of the recognised amount of the net assets of these companies and amounted to HK\$13,520,000.

The acquisition-related costs of HK\$1,750,000 have been expensed and are included in administrative expenses for the year ended 31 December 2015.

This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future results.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks, which are the same as those detailed in the Company's 2015 Annual Report, which are managed by the three Executive Directors of the Company collectively in close cooperation with the Board.

33. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial assets and liabilities is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities measured at fair value in the consolidated statement of financial position as at 30 June 2016 and 31 December 2015 are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2016 (Unaudited)				
Financial asset:				
Financial asset at fair value through profit or loss	-	-	8,149	8,149
Financial liabilities:				
Financial liabilities at fair value through profit or loss	-	-	(1,683)	(1,683)
Contingent consideration payables	-	-	(13,687)	(13,687)
	-	-	(15,370)	(15,370)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2015 (Audited)				
Financial asset:				
Financial asset at fair value through profit or loss	-	-	11,008	11,008
Financial liabilities:				
Financial liabilities at fair value through profit or loss	-	-	(30,573)	(30,573)
Contingent consideration payables	-	-	(95,908)	(95,908)
	-	-	(126,481)	(126,481)

There have been no significant transfers among levels 1, 2 and 3 in the reporting period.

As the share volatility was derived from the historical prices which typically do not represent current market participant's expectations about future volatility, the fair values of the embedded derivatives in convertible bonds and RCPS are categorised within level 3 of the fair value hierarchy. The fair values of the financial asset and financial liabilities at fair value through profit or loss and the contingent consideration payables are Level 3 fair value measurement and are estimated by using the Binomial Option Pricing Model and Monte Carlo Simulation as disclosed in Notes 16, 21 and 31(c) respectively to the unaudited consolidated financial statements.

No sensitivity analysis for unlisted equity investment is presented as a reasonably possible change in key assumptions used in the sensitivity analysis would not result in any significant potential financial impact.

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) is as follows:

Unlisted securities

	Available-for-sale investments	
	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
At 1 January	–	818
Less: change in fair value recognised directly in other comprehensive income	–	(818)
At 30 June/31 December	–	–

Financial asset at fair value through profit or loss

	Unaudited		Audited	
	30 June 2016 HK\$'000		31 December 2015 HK\$'000	
At 1 January	11,008		–	
Subscription of convertible bond	–		10,748	
Fair value (loss)/gain for the period/year	(2,859)		260	
At 30 June/31 December	8,149		11,008	

Financial liabilities at fair value through profit or loss

	Unaudited		Audited	
	30 June 2016 HK\$'000		31 December 2015 HK\$'000	
At 1 January	30,573		28,185	
Conversion of convertible bonds	(28,836)		(3,343)	
Fair value (gain)/loss for the period/year	(54)		6,786	
Conversion of RCPS	–		(1,055)	
At 30 June/31 December	1,683		30,573	

Contingent consideration payables

Pursuant to the relevant agreement, the Group is required to pay in cash or by issue or allotment of the Company's shares to the then respective sellers contingent considerations with reference to certain performance indicators as written in the respective agreements with those then sellers. Accordingly, liabilities in respect of the present value of contingent considerations have been recognised. The contingent considerations are subsequently re-measured at their fair values as a result of change in the expected performance at each reporting date, with any resulting gain or loss recognised in the consolidated statement of profit or loss. Deferred consideration is subsequently measured at amortised cost.

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
At 1 January	95,908	64,198
Arising from acquisition of subsidiaries	–	75,402
Settlement of contingent consideration	(48,009)	(49,653)
Total gains or losses:		
— effective interest expense recognised in profit or loss (included in finance costs)	23	1,226
— net (gain)/loss on remeasurement of contingent consideration payables in profit or loss (included in other net income)	(34,235)	4,735
At 30 June/31 December	13,687	95,908
Total net (gains)/losses recognised in profit or loss relating to financial instruments held by the Group at 30 June/31 December	(34,212)	5,961

The details of contingent consideration payables are disclosed in Notes 19 and 31(c).

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to previous reporting periods.

34. EVENT AFTER THE REPORTING PERIOD

Other than the Disposal of the HMV M&E Group as detailed in Note 23 to the unaudited condensed consolidated financial statements, which has been completed on 3 August 2016, there were no other material events after 30 June 2016.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

AUDIT COMMITTEE

The Company established an audit committee on 31 March 2000 with the written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three independent non-executive directors, Messrs. Yuen Kwok On (Chairman), Chinn Adam David and Professor Lee Chack Fan, *GBS, SBS, JP*. The primary duties of the audit committee are to review and supervise 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 8 August 2016. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2016 have been reviewed by the audit committee.

REVIEW OF INTERIM FINANCIAL INFORMATION

The interim financial information of the Group for the six months ended is unaudited, but has been reviewed by BDO Limited, the Company's independent auditor, in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by HKICPA, whose unmodified review report is included in the interim report to be sent to the shareholders of the Company.

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

The Company has not redeemed any of its shares during the six months ended 30 June 2016 and 2015. Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the six months ended 30 June 2016 and 2015.

By Order of the Board
AID PARTNERS TECHNOLOGY HOLDINGS LIMITED
Wu King Shiu, Kelvin
Chairman

Hong Kong, 8 August 2016

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

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

Independent Non-Executive Directors: **Chinn Adam David, Professor Lee Chack Fan, GBS, SBS, JP and Yuen Kwok On**

This report will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of AID Partners Technology Holdings Limited at www.aid8088.com.

The English text of this report shall prevail over the Chinese text for the purpose of interpretation.

* *For identification purpose only*