

STOCK CODE: 8088

AID

LIFE SCIENCE

AID Life Science Holdings Limited

滙友生命科學控股有限公司*

Interim Report 2019

For the six months ended 30 June

* For identification purpose only

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

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This report, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 LIFE SCIENCE HOLDINGS LIMITED

AID Life Science Holdings Limited (the “Company” and, together with its subsidiaries, the “Group”) is a strategic investment group listed on GEM (stock code: 8088).

The Group is principally engaged in the business of strategic investment.

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months under review, the Group continued to operate its strategic investment businesses. As part of the strategic investment business, the Group continued to monitor and strive to maximise the value of its strategic investments including, among others, (i) the development and operations of mobile/online games and mobile game distribution and publishing platform through its subsidiaries, Complete Star Limited and its subsidiary and Honestway Global Group Limited (“HGGL”) and its subsidiaries; (ii) in Korea in the Korean pop music production and artist management business; (iii) in Japan in the online platform for private lodging in Japan business; (iv) in the United States of America for the businesses of robotics, pioneering autonomous mobility; (v) in the People’s Republic of China in the development and operation of electric vehicle charging pile facility; (vi) in the distribution and production of films, television programs and music production, and artist management services through its shareholding in China Creative Digital Entertainment Limited (formerly known as HMV Digital China Group Limited) (stock code: 8078) (“China Creative”); and (vii) the development in advanced personal molecular diagnostic services for cancer evaluation and cure through its shareholding in GeneSort Ltd.

DISPOSAL OF GENESORT INTERNATIONAL INC. AND ITS SUBSIDIARIES (“GENESORT GROUP”)

On 27 May 2019, the Group entered into a sale and purchase agreement with an independent third party (the “Purchaser”), pursuant to which the Group has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 6% of the issued share capital of GeneSort Group at a cash consideration of US\$740,000 (equivalent to approximately HK\$5,802,000). GeneSort Group is principally engaged in the development of advanced personal molecular diagnostic services for cancer evaluation and cure. The disposal of GeneSort Group was completed on 27 May 2019. Upon completion on 27 May 2019, GeneSort Group had ceased to be a subsidiary of the Group. Thereafter, the investment in GeneSort Group was reclassified as interest in an associate.

FINANCIAL REVIEW

Revenue for the six months under review increased to HK\$7.1 million from HK\$6.8 million for the corresponding period last year, while total operating expenses (being selling and distribution expenses and administrative expenses) for the six months under review decreased to HK\$36.2 million from HK\$52.3 million for the corresponding period last year.

Fair value loss on financial assets at fair value through profit or loss of HK\$24.8 million was recognised for the six months under review, while fair value loss on financial assets at fair value through profit or loss of HK\$57.9 million was recognised for the corresponding period last year.

Other net income for the six months under review decreased to HK\$3.8 million from HK\$7.4 million for the corresponding period last year, which was mainly due to the effective interest income on convertible bonds of HK\$5.9 million was recognised in the corresponding period of last year, which was reclassified from other net income to fair value change at the end of 2018 following the adoption of IFRS 9, therefore no such income was further recognised during the six months under review.



Finance costs for the six months under review increased to HK\$7.9 million from HK\$6.9 million for the corresponding period of last year, mainly represent the effective interest expense of the convertible bonds with principal amount of HK\$140 million.

As a result, the Group reported a loss attributable to owners of the Company for the six months under review of HK\$70.7 million as compared to HK\$103.8 million for the corresponding period last year.

The Group will continue to (i) seize good opportunities from the potential fast growing specialised industry of health technology; (ii) monitor and maximise the value of our investments; and (iii) seek for potential strategic investment and divestment opportunities with the objective to enhance the return to its shareholders.

FINANCIAL POSITION AND RESOURCES

SIGNIFICANT CAPITAL ASSETS AND INVESTMENTS

Apart from the additions to financial assets at fair value through profit or loss as detailed in Note 19 to the unaudited condensed consolidated financial statements, the Group acquired property, plant and equipment totalling HK\$0.2 million during the six months under review, which mainly comprised the additions to computer equipment, hardware and software.

LIQUIDITY

As at 30 June 2019, the Group had cash and bank balances of HK\$45.1 million (31 December 2018: HK\$40.5 million). The increase in cash and bank balances was mainly due to disposal of subsidiaries and financial assets at fair value through profit or loss during the six months under review. As at 30 June 2019, current assets and current liabilities of the Group were HK\$164.3 million (31 December 2018: HK\$111.8 million) and HK\$9.8 million (31 December 2018: HK\$21.3 million), respectively. Accordingly, the Group's current ratio was 16.7 (31 December 2018: 5.2).

GEARING

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 bonds in principal amount of HK\$140,000,000, bearing a compound interest rate of 8% per annum (the "2015 HK\$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 21 to the unaudited condensed consolidated financial statements. In accordance with the terms and conditions thereof, the adjusted conversion price is HK\$6.5 per share after share consolidation became effective on 14 December 2018.

CHARGES

There were no significant charges on the Group's investments and assets as at 30 June 2019 and 31 December 2018.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no significant commitments and no significant contingent liabilities.

EQUITY STRUCTURE

An analysis of the movements in equity during the period is set out in the unaudited consolidated statement of changes in equity on page 15 of the unaudited condensed consolidated financial statements.

As at 30 June 2019, the total number of ordinary shares issued was 545,107,005, increased from 540,232,005 as at 31 December 2018 and the increase was due to the issuance of remuneration shares as compensation for consultancy services during the six months under review.

Details of the movements in share capital are set out in Note 22 to the unaudited condensed consolidated financial statements.

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.

EMPLOYEE INFORMATION

As at 30 June 2019, the Group had 44 full-time employees (31 December 2018: 81). Employee benefit expense (including directors' 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 annually and benchmarked against similar sectors.

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.

CORPORATE GOVERNANCE REPORT

(A) CORPORATE GOVERNANCE PRACTICES

Throughout the period of the six months ended 30 June 2019, 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.

On 4 February 2019, Mr. Wu King Shiu, Kelvin ("Mr. Wu"), the Chairman of the Company, has resigned as the CEO and the Chief Investment Officer and has been re-designed from Executive Director to Non-Executive Director. Mr. Wu remains as the Chairman of the Company and the chairman of Nomination Committee and a member of the Remuneration Committee of the Board. Up to the date of this report, the Company has not appointed CEO, the role and function of the CEO has been performed by the three Executive Directors of the Company collectively.

(B) RULE 5.05(1), 5.05(A) and 5.28 OF THE GEM LISTING RULES

Following the resignation of Ms. Fong Janie with effect from 30 April 2019, (i) the Company has only two independent non-executive Directors which deviated from the requirement under the Rule 5.05(1) of the GEM Listing Rules; (ii) the number of independent non-executive Directors fell below one-third of the Board members and therefore, the Company no longer fulfilled the requirement under Rule 5.05A of the GEM Listing Rules; and (iii) the Company has only two members in the Audit Committee which deviated from the requirement under the Rule 5.28 of the GEM Listing Rules.

Following the appointment of Mr. Yau Chung Hang as an independent non-executive Director and a member of the Audit Committee with effect from 29 July 2019, the Company has fulfilled the requirements under Rules 5.05(1), 5.05(A) and 5.28 of the GEM Listing Rules.

(C) 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) DIRECTORS' INTERESTS

As at 30 June 2019, the interests of the Directors or any chief executive of the Company in the ordinary shares of the Company (the "Shares") and underlying Shares or any of its associated corporations as recorded in the register were:

(i) *Interests in the Shares*

Name of Directors	Personal interest	Corporate interest	Family interest	Aggregate long position in Shares	Approximate percentage of the issued share capital of the Company %
Mr. Wu King Shiu, Kelvin ("Mr. Wu") (Notes 1 and 2)	1,424,400	104,939,882	8,280,000	114,644,282	21.03
Ms. Chan Suet Ngan	19,850	-	-	19,850	0.003
Mr. Hu Kenneth (Note 3)	-	-	630,000	630,000	0.11
Ms. Qian Alexandra Gaochuan ("Ms. Qian") (Note 3)	630,000	-	-	630,000	0.11
Mr. Yuen Kwok On ("Mr. Yuen")	99,000	-	-	99,000	0.01

Notes:

- Mr. Wu owns 1,424,400 Shares. Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited own 25,394,400 Shares, 45,454,545 Shares and 34,090,937 Shares, respectively. Mr. Wu is deemed to have interests in 25,394,400 Shares, 45,454,545 Shares and 34,090,937 Shares of which Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited were deemed to be interested by virtue of the Securities and Future Ordinance (the "SFO") since Mr. Wu indirectly own 56% through Billion Power Management Limited, 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.

2. Billion Express Consultants Limited (“Billion Express”) owns 8,280,000 Shares. The entire issued share capital of Billion Express is wholly owned by HMV Asia Limited, which is in turn 65.62% beneficially owned by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the shares of the Company held by Billion Express.
3. Ms. Qian, the spouse of Mr. Hu Kenneth holds 630,000 Shares. Accordingly, Mr. Hu Kenneth is deemed to be interested in 630,000 Shares.

(ii) *Interests in the underlying Shares*

Outstanding share options

Name of Directors	Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Exercise period (Notes)	Balance as at 1 January 2019	Grant during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 30 June 2019
Mr. Wu	20/06/2014	3.20	(1)	1,344,200	-	-	-	1,344,200
	01/04/2016	4.94	(2)	3,500,000	-	-	-	3,500,000
	19/05/2017	1.56	(3)	450,000	-	-	-	450,000
				5,294,200	-	-	-	5,294,200
Ms. Chan Suet Ngan	01/04/2016	4.94	(2)	200,000	-	-	-	200,000
	19/05/2017	1.56	(3)	600,000	-	-	-	600,000
				800,000	-	-	-	800,000
Mr. Hu Kenneth	01/04/2016	4.94	(2)	200,000	-	-	-	200,000
	19/05/2017	1.56	(3)	1,400,000	-	-	-	1,400,000
				1,600,000	-	-	-	1,600,000
Ms. Qian	01/04/2016	4.94	(2)	200,000	-	-	-	200,000
	19/05/2017	1.56	(3)	1,400,000	-	-	-	1,400,000
				1,600,000	-	-	-	1,600,000
Mr. Yuen	01/04/2016	4.94	(2)	150,000	-	-	-	150,000
	19/05/2017	1.56	(3)	100,000	-	-	-	100,000
				250,000	-	-	-	250,000

Notes:

- (1) Exercisable from 20 June 2014 to 19 June 2024.
- (2) Divided into two tranches exercisable from 1 October 2016 and 1 April 2017, respectively to 31 March 2026.
- (3) Exercisable from 19 May 2017 to 18 May 2027.

(iii) Short positions

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

Save as disclosed above, as at 30 June 2019, 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 the Directors.

(B) SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2019, 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)	114,644,282	5,294,200	22.00
Ms. Li Mau (Notes 1 and 5)	114,644,282	5,294,200	22.00
Mr. Ho Gilbert Chi Hang ("Mr. Ho") (Notes 2 and 5)	104,953,082	5,317,100	20.22
Mr. Chang Tat Joel ("Mr. Chang") (Notes 3 and 5)	104,939,882	2,067,100	19.63
AID Cap II (Note 5)	104,939,882	–	19.25
AID Partners GP2, Ltd. (Note 5)	104,939,882	–	19.25
Hong Kong HNA Holding Group Co. Limited (Note 4)	66,141,232	21,538,461	16.08
Mr. David Tin	45,454,400	–	8.33
Billion Power Management Limited (Note 5)	104,939,882	–	19.25
Elite Honour Investments Limited (Note 5)	104,939,882	–	19.25
Genius Link Assets Management Limited (Note 5)	104,939,882	–	19.25
Leader Fortune International Limited (Note 5)	104,939,882	–	19.25
Abundant Star Ventures Limited (Note 5)	45,454,545	–	8.33
Vantage Edge Limited (Note 5)	34,090,937	–	6.25
Mr. Wong Kwok Ho ("Mr. Wong") (Notes 6 and 7)	32,558,200	14,250,000	8.58
Ms. Chau Mui (Notes 6 and 7)	32,558,200	14,250,000	8.58

Notes:

1. Mr. Wu, the Chairman and Non-Executive Director of the Company, owns 1,424,400 Shares and Billion Express owns 8,280,000 Shares. The entire issued share capital of Billion Express is wholly-owned by HMV Asia Limited, which is in turn 65.62% beneficially owned by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the shares of the Company held by Billion Express. Mr. Wu is interested in 1,344,200 share options, 3,500,000 share options and 450,000 share options at an exercise price of HK\$3.20 per Share, HK\$4.94 per Share and HK\$1.56 per Share, respectively, to subscribe for Shares. Mr. Wu is deemed to have interest in 25,394,400 Shares, 45,454,545 Shares and 34,090,937 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.
2. Mr. Ho owns 13,200 Shares and is interested in 1,367,100 share options, 3,500,000 share options and 450,000 share options at an exercise price of HK\$3.20 per Share, HK\$4.94 per Share and HK\$1.56 per Share, respectively, to subscribe for Shares. Mr. Ho is also deemed to have interest in 25,394,400 Shares, 45,454,545 Shares and 34,090,937 Shares as mentioned in note 5 below, respectively.
3. Mr. Chang is interested in 1,367,100 share options, 250,000 share options and 450,000 share options at an exercise price of HK\$3.20 per Share, HK\$4.94 per Share and HK\$1.56 per Share, respectively, to subscribe for Shares. Mr. Chang is also deemed to have interest in 25,394,400 Shares, 45,454,545 Shares and 34,090,937 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 owned as to 61.32% by HNA Investment Holding Co. Ltd. ("HNA Investment") and owned as to 37.74% by Hainan HNA Holding Co., Ltd.. HNA Investment is owned as to 73.06% by HNA Holding Group Co., Ltd.. Hainan HNA Holding Co., Ltd. is owned as to 51.38% by HNA Holding Group Co., Ltd. and 21.61% by HNA Group Co., Ltd.. HNA Holding Group Co., Ltd. is wholly-owned by HNA Group Co., Ltd.. HNA Group Co., Ltd. is owned as to approximately 70% by Hainan Traffic Administration Holding Co., Ltd. ("Hainan Traffic"). Hainan Traffic is owned as to approximately 50% by Sheng Tang Development (Yangpu) Co., Limited ("Sheng Tang"). Sheng Tang is owned as to 35% by Tang Dynasty Development Co., Limited ("Tang Dynasty") and 65% by Hainan Province Cihang Foundation. Tang Dynasty is owned as to approximately 98% by Pan-American Aviation Holding Company, which is in turn 100% beneficially owned by Cihang Sino-Western Cultural and Educational Exchange Foundation Limited.
5. Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited own 25,394,400 Shares, 45,454,545 Shares and 34,090,937 Shares. Mr. Wu, Mr. Ho and Mr. Chang are deemed to have interest in 25,394,400 Shares, 45,454,545 Shares and 34,090,937 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. Mr. Wong owns 16,839,200 Shares and is interested in 4,500,000 share options at an exercises price of HK\$1.56 per Share to subscribe for Shares. Mr. Wong is deemed to be interested in 14,625,000 Shares and 9,750,000 underlying shares as mentioned in Note 7 below. Ms. Chau Mui, as the spouse of Mr. Wong, owns 1,094,000 Shares and is deemed to be interested in all Shares and underlying shares held by Mr. Wong.
7. Sky March Limited (“Sky March”) entered into a consulting service agreement with the Company dated 5 May 2017 (“Consulting Service Agreement”), pursuant to which the Company has issued 97,500,000 Shares (4,875,000 Shares adjusted upon the Share Consolidation), 97,500,000 Shares (4,875,000 Shares adjusted upon the Share Consolidation) and 4,875,000 Shares to Sky March on 25 May 2017, 28 May 2018 and 28 May 2019, respectively, and 9,750,000 Shares will be issued to Sky March in accordance with the terms and conditions of the Consulting Service Agreement. Mr. Wong is interest in these shares and underlying shares through his 100% interest in Sky March.

(ii) Short positions

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

Save as disclosed above, as at 30 June 2019, 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 of the Company 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 2019, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

(C) COMPETING INTERESTS

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)	Grantees	Exercise period (dd/mm/yyyy)	Exercise price per share HK\$	Balance as at 1 January 2019	Number of share options			Balance as at 30 June 2019
					Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
07/10/2010	Former directors and former employees	07/10/2011 to 06/10/2020	4.00	118,528	-	-	-	118,528
16/03/2012	Former directors and former employees	16/03/2013 to 15/03/2022	4.00	267,129	-	-	-	267,129
14/05/2012	Former directors and former employees	14/05/2013 to 13/05/2022	3.80	292,968	-	-	-	292,968
			Total	678,625	-	-	-	678,625

No option was granted or exercised under the 2002 Share Option Scheme during the six months ended 30 June 2019.

The weighted average remaining contractual life of the options outstanding under the 2002 Share Option Scheme as at 30 June 2019 was approximately 2.53 years.

No share-based compensation expense was recognised under 2002 Share Option Scheme during the six months ended 30 June 2019 and 2018.

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)	Exercise price per share HK\$	Balance as at 1 January 2019	Number of share options			Balance as at 30 June 2019
					Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
15/05/2014	Former directors	(1)	3.20	2,734,200	-	-	-	2,734,200
20/06/2014	Directors and former directors	(2)	3.20	1,623,262	-	-	-	1,623,262
01/04/2016	Directors and former directors	(3)	4.94	8,450,000	-	-	-	8,450,000
19/05/2017	Directors and former directors	(5)	1.56	5,300,000	-	-	-	5,300,000
				<u>18,107,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,107,462</u>
20/06/2014	Other eligible participants	(4)	3.20	1,770,138	-	-	-	1,770,138
01/04/2016	Other eligible participants	(3)	4.94	1,820,800	-	-	-	1,820,800
19/05/2017	Other eligible participants	(5)	1.56	11,809,600	-	-	-	11,809,600
				<u>15,400,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,400,538</u>
				<u>Total</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,508,000</u>

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.
- (5) Exercisable from 19 May 2017 to 18 May 2027.

No option was granted or exercised under the 2014 Share Option Scheme during the six months ended 30 June 2019.

During the six months ended 30 June 2019, no option was lapsed upon resignation of other eligible participants.

The weighted average remaining contractual life of the options outstanding under the 2014 Share Option Scheme as at 30 June 2019 was approximately 7.0 years.

No share-based compensation expense was recognised under the 2014 Share Option Scheme in the consolidated statement of profit or loss for the six months ended 30 June 2019 and 2018.

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 2019, together with the comparative unaudited figures of the corresponding periods in 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months and three months ended 30 June 2019

	Notes	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	5	7,094	6,839	1,657	2,928
Cost of sales		(5,851)	(3,329)	(1,191)	(1,444)
Gross profit		1,243	3,510	466	1,484
Fair value loss on financial assets at fair value through profit or loss		(24,783)	(57,891)	(23,259)	(30,385)
Loss on disposal of financial assets at fair value through profit or loss		(6,225)	(2,111)	(4,804)	(2,139)
Loss on disposal of subsidiaries	26	(7,700)	–	(7,700)	–
Other net income	6	3,767	7,422	940	1,965
Selling and distribution expenses		(442)	(291)	(260)	(168)
Administrative expenses		(35,804)	(52,042)	(15,896)	(25,437)
Loss from operations		(69,944)	(101,403)	(50,513)	(54,680)
Finance costs	8	(7,881)	(6,907)	(4,254)	(3,472)
Share of results of an associate	15(b)	(717)	–	(717)	–
Loss before taxation	9	(78,542)	(108,310)	(55,484)	(58,152)
Taxation credit	10	980	1,245	413	527
Loss for the period		(77,562)	(107,065)	(55,071)	(57,625)
Attributable to:					
Owners of the Company		(70,695)	(103,778)	(49,930)	(55,725)
Non-controlling interests		(6,867)	(3,287)	(5,141)	(1,900)
Loss for the period		(77,562)	(107,065)	(55,071)	(57,625)
Loss per share attributable to owners of the Company for the period	11	HK cents	HK cents (restated)	HK cents	HK cents (restated)
Basic		(13.06)	(19.35)	(9.21)	(10.37)
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 2019

	Unaudited Six months ended 30 June 2019		Unaudited Three months ended 30 June 2019	
	HK\$'000	2018 HK\$'000	HK\$'000	2018 HK\$'000
Loss for the period	(77,562)	(107,065)	(55,071)	(57,625)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(491)	(807)	(551)	(3,356)
Share of other comprehensive income of an associate	(138)	–	(138)	–
Other comprehensive income for the period, net of tax	(629)	(807)	(689)	(3,356)
Total comprehensive income for the period, before and net of tax	(78,191)	(107,872)	(55,760)	(60,981)
Attributable to:				
Owners of the Company	(71,985)	(104,587)	(50,618)	(58,921)
Non-controlling interests	(6,206)	(3,285)	(5,142)	(2,060)
Total comprehensive income for the period, before and net of tax	(78,191)	(107,872)	(55,760)	(60,981)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	13,342	19,715
Right-of-use assets	13(A)	9,692	–
Intangible assets	14	16,672	106,478
Interest in an associate	15	7,565	–
Other receivables	17	6,119	5,883
Financial assets at fair value through profit or loss	19	352,987	405,400
		406,377	537,476
Current assets			
Contract assets	16(A)	3,707	4,525
Trade and other receivables	17	12,741	29,768
Amount due from an associate		54,573	–
Financial assets at fair value through profit or loss	19	47,913	36,638
Tax recoverable		339	288
Cash and cash equivalents		45,050	40,538
		164,323	111,757
Current liabilities			
Contract liabilities	16(B)	–	2,132
Trade and other payables	18	7,010	17,802
Borrowings	20	–	1,037
Lease liabilities	13(B)	2,825	–
Tax payables		–	301
		9,835	21,272
Net current assets		154,488	90,485
Total assets less current liabilities		560,865	627,961

	Notes	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
Non-current liabilities			
Lease liabilities	13(B)	8,763	–
Convertible bonds	21	189,121	181,825
Deferred tax liabilities		1,724	10,546
		199,608	192,371
Net assets		361,257	435,590
EQUITY			
Share capital	22	8,504	8,428
Reserves	23	299,253	369,039
Equity attributable to owners of the Company		307,757	377,467
Non-controlling interests		53,500	58,123
Total equity		361,257	435,590

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Total equity attributable to owners of the Company													Total	Non-controlling interests	Total equity	
	Share capital	Share premium	Convertible bonds reduction reserve	Convertible bonds equity reserve	Capital reserve	Capital redemption reserve	Share-based compensation reserve	Remuneration share reserve	Investment revaluation reserve	Foreign exchange reserve	Other reserve	Statutory surplus reserve	Accumulated losses				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019 as originally presented	8,428	762,257	702,955	1,921	2,112	601	57,159	10,400	-	(3,048)	(20,798)	5,163	(1,149,683)	377,467	58,123	435,590	
Impact on application of FRCS 16	-	-	-	-	-	-	-	-	-	-	-	-	(608)	(608)	-	(608)	
At 1 January 2019 (Restated)	8,428	762,257	702,955	1,921	2,112	601	57,159	10,400	-	(3,048)	(20,798)	5,163	(1,150,291)	376,859	58,123	434,982	
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	-	(70,695)	(70,695)	(6,867)	(77,562)	
Other comprehensive income																	
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	-	(1,152)	-	-	-	(1,152)	661	(491)	
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	-	-	(138)	-	-	-	(138)	-	(138)	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	(1,290)	-	-	(70,695)	(71,847)	(6,206)	(78,053)	
Remuneration shares issued for consultancy service	76	324	-	-	-	-	-	2,483	-	-	-	-	-	2,883	-	2,883	
Disposal of subsidiaries as a result of loss of control, reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	(821)	-	821	-	1,583	1,583	
At 30 June 2019 (Unaudited)	8,504	762,581	702,955	1,921	2,112	601	57,159	12,883	-	(4,338)	(21,619)	5,163	(1,220,165)	307,757	53,500	361,257	
At 1 January 2018 as originally presented	8,352	756,387	702,955	1,921	2,112	601	62,165	7,320	(2,876)	(839)	(21,619)	5,163	(382,320)	1,139,822	51,834	1,191,656	
Impact on application of FRCS 9	-	-	-	-	-	-	-	-	2,876	-	-	-	(7,109)	(4,233)	-	(4,233)	
At 1 January 2018 (Restated)	8,352	756,387	702,955	1,921	2,112	601	62,165	7,320	-	(839)	(21,619)	5,163	(389,429)	1,135,589	51,834	1,187,423	
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	-	(103,778)	(103,778)	(3,287)	(107,065)	
Other comprehensive income																	
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	-	(839)	-	-	-	(839)	2	(837)	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	(839)	-	-	(103,778)	(104,587)	(3,285)	(107,872)	
Remuneration shares issued for consultancy service	76	5,871	-	-	-	-	-	(540)	-	-	-	-	-	5,407	-	5,407	
Lapse of share options	-	-	-	-	-	-	(4,902)	-	-	-	-	-	4,902	-	-	-	
Disposal of subsidiaries without loss of control (Note 2)	-	-	-	-	-	-	-	-	-	-	821	-	-	821	4,779	5,600	
At 30 June 2018 (Unaudited)	8,428	762,258	702,955	1,921	2,112	601	57,263	7,280	-	(1,668)	(20,798)	5,163	(488,363)	1,037,230	53,328	1,090,558	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	Unaudited Six months ended 30 June 2019 HK\$'000	Unaudited Six months ended 30 June 2018 HK\$'000
Operating activities			
Loss before taxation		(78,542)	(108,310)
Adjustments for:			
Amortisation of intangible assets	14	6,732	8,236
Fair value loss on financial assets at fair value through profit or loss		24,783	57,891
Loss on disposal of financial assets at fair value through profit or loss		6,225	2,111
Finance costs		7,881	6,907
Loss on disposal of subsidiaries	26	7,700	–
Share-based payments		2,483	5,407
Share of results of an associate	15(b)	717	–
Other cash flows used in operating activities		(6,129)	(16,779)
Net cash used in operating activities		(28,150)	(44,537)
Investing activities			
Disposal of financial assets at fair value through profit or loss		12,613	12,450
Disposal of subsidiaries, net of cash	26	4,384	–
Loan repayment from a subsidiary of an investee company		–	27,391
Loan repayment from an independent third party		15,366	24,570
Investment in financial assets at fair value through profit or loss		–	(18,796)
Other cash flows generated from/(used in) investing activities		90	(277)
Net cash generated from investing activities		32,453	45,338

	Unaudited Six months ended 30 June 2019 HK\$'000	Unaudited Six months ended 30 June 2018 HK\$'000
Financing activities		
Loan from a shareholder of a subsidiary	–	1,038
Other cash flows used in financing activities	–	(178)
Net cash generated from financing activities	–	860
Net increase in cash and cash equivalents	4,303	1,661
Cash and cash equivalents at 1 January	40,538	35,358
Effect of exchange rate changes on cash and cash equivalents	209	142
Cash and cash equivalents at 30 June	45,050	37,161

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 22/F, New World Tower II, 18 Queen's Road Central, Central, Hong Kong. The Company's shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 April 2000. The Company and its subsidiaries are together referred to as the "Group" hereinafter.

The Company acts as the holding company of the Group. The Group is principally engaged in the business of strategic investment.

The unaudited condensed consolidated financial statements have been also prepared in accordance with applicable disclosure provisions of the Rules Governing the Listing of Securities on 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 convention except for certain financial instruments classified as financial assets at fair value through profit or loss, which are measured at fair value.

These unaudited condensed consolidated financial statements for the six months ended 30 June 2019 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 2018 ("2018 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 2018 Annual Report.

The IASB has issued a number of new standards and amendments to IFRSs which are first effective for accounting period beginning on 1 January 2019, save of the adoption of IFRS 16 disclosed below, the adoption of these new standards and amendments has no material impact on how the Group's financial performance for the current and prior periods have been prepared and presented.

The Group has not early adopted the new or revised IFRSs which have been issued but are not yet effective.

IFRS 16 Leases

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated the comparative figures for the corresponding period of 2018. The reclassifications and the adjustments arising from IFRS 16 are therefore recognised in the opening balance of equity at 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which has previously been classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to these liabilities on 1 January 2019 was 8%.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019.

	HK\$'000
Operating lease commitments at 31 December 2018	18,314
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	(2,605)
Total lease liabilities recognised at 1 January 2019	15,709

The associated right-of-use assets for property leases were measured on a retrospective basis as if IFRS 16 had always been applied. The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position.

	Carrying amount as at 31 December 2018 under IAS 17 HK\$'000	Capitalisation of operating lease contracts HK\$'000	Carrying amount as at 1 January 2019 under IFRS 16 HK\$'000
Right-of-use assets (Note 13(A))	–	11,064	11,064
Lease liabilities (current) (Note 13(B))	–	(3,621)	(3,621)
Lease liabilities (non-current) (Note 13(B))	–	(12,088)	(12,088)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited consolidated financial statements. 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 2018 Annual Report.

4. SEGMENT INFORMATION

The Group has disposed AID Partners Asset Management Limited ("AIDPAML"), a former wholly-owned subsidiary of the Group, on 5 September 2018. Following the disposal of AIDPAML, the chief operating decision makers, which are collectively the Executive Directors of the Company, identify the Group has only one operating segment, which is strategic investment.

No separate analysis of segment information is presented by the Group for the six months ended 30 June 2019 as over 90% of the Group's revenue, results, assets and liabilities are related to the strategic investment business.

The Group has identified the following reportable operating segments for the six months ended 30 June 2018:

- (i) Asset management — provision of fund management and asset management.
- (ii) Strategic investment — acquiring stakes in companies engaging in among healthcare and technology businesses.

Each of these operating segments is managed separately as each of them requires different resources. All inter-segment transfers are carried out at arm's length prices.

The chief operating decision makers 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 were consistent with those used to prepare the Company's 2018 Annual Report.

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

	Asset management Unaudited Six months ended 30 June 2018 HK\$'000	Strategic investment Unaudited Six months ended 30 June 2018 HK\$'000	Total Unaudited Six months ended 30 June 2018 HK\$'000
Revenue from external customers	–	6,839	6,839
Total segment loss from operations	(700)	(94,238)	(94,938)
Other net income not allocated			7,422
Depreciation of property, plant and equipment			(294)
Unallocated corporate expenses			(13,593)
Loss from operations			(101,403)
Finance costs			(6,907)
Loss before taxation			(108,310)
Taxation credit			1,245
Loss for the period			(107,065)

There were no inter-segment transactions during the six months ended 30 June 2018.

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

	Asset management Unaudited Six months ended 30 June 2018 HK\$'000	Strategic investment Unaudited Six months ended 30 June 2018 HK\$'000
Other segment information		
Additions to non-current assets	–	24,780
Depreciation of property, plant and equipment	–	(996)
Income tax expense	–	(51)

Additions to non-current assets mainly represent additions to financial assets at fair value through profit or loss.

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 Six months ended 30 June 2019 HK\$'000	Unaudited Six months ended 30 June 2018 HK\$'000	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
Hong Kong (place of domicile)	1,457	4,869	4,768	65,160
The People's Republic of China ("PRC")	5,637	1,970	13,533	11,044
Other Asian countries	–	–	11,713	49,989
	7,094	6,839	30,014	126,193

5. REVENUE

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Sales of in-app purchase items	1,279	1,630	600	795
Advertising income	4,751	1,268	642	631
Game publishing service income	873	3,597	353	1,334
Real-time video streaming income	191	344	62	168
	7,094	6,839	1,657	2,928

6. OTHER NET INCOME

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Bank interest income	293	297	150	133
Effective interest income on investment in convertible bond	-	5,949	-	2,767
Net foreign exchange gain/(loss)	897	(1,062)	(1,384)	(2,151)
Interest income on loans to independent third parties	-	585	-	293
Interest income on loan to a shareholder of an investee company	-	261	-	106
Interest income on loan to a subsidiary of an investee company	-	277	-	-
Interest income on loan to a former subsidiary	236	-	236	-
Interest income on loan of listed securities to an investee company	1,742	703	1,728	633
Leasing income from related companies	195	-	117	-
Others	404	412	93	184
	3,767	7,422	940	1,965

7. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' REMUNERATION)

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Fees	524	765	224	390
Salaries, allowances and benefits in kind	7,115	10,390	4,619	4,814
Bonus paid and payable	81	40	81	-
Retirement fund contributions	177	611	79	263
	7,897	11,806	5,003	5,467

8. FINANCE COSTS

	Unaudited Six months ended 30 June 2019		Unaudited Three months ended 30 June 2018	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Effective interest expense on convertible bonds — wholly repayable within five years (Note 21)	7,296	6,729	3,669	3,383
Interest expenses on lease liabilities	500	—	500	—
Other interest expense — wholly repayable within five years	85	178	85	89
	7,881	6,907	4,254	3,472

9. LOSS BEFORE TAXATION

	Unaudited Six months ended 30 June 2019		Unaudited Three months ended 30 June 2018	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Loss before taxation is arrived at after charging:				
Auditor's remuneration:				
— audit services	662	720	310	449
— other services	48	45	48	45
Amortisation of intangible assets (included in administrative expenses) (Note 14)	6,732	8,236	2,890	3,794
Depreciation of property, plant and equipment	1,359	1,290	955	880
Depreciation of right-of-use assets	1,372	—	686	—
Employee benefit expense (including directors' remuneration) (Note 7)	7,897	11,806	5,003	5,467
Loss on disposal of property, plant and equipment	—	1	—	1
Operating lease charges in respect of leased premises	—	2,951	—	1,487

10. TAXATION CREDIT

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Current tax				
Hong Kong:				
— Charged for the period	(72)	(33)	(72)	(33)
PRC Enterprise Income Tax:				
— Charged for the period	(3)	(18)	(3)	(8)
Deferred tax credit	1,055	1,296	488	568
Taxation credit	980	1,245	413	527

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 2019 and 2018.

The Group's subsidiaries operating in the PRC are subject to PRC Enterprise Income Tax at the tax rate of 25%. 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 2019 and 2018.

Deferred tax credit relating to the amortisation of intangible assets was recognised in profit or loss for the six months and three months ended 30 June 2019 and 2018. 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

(a) Basic loss per share

Basic loss per share is calculated by dividing consolidated loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months and three months ended 30 June 2019 and 2018.

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2019	2018 (restated)	2019	2018 (restated)
<i>(HK\$ '000)</i>				
Consolidated loss attributable to owners of the Company	(70,695)	(103,778)	(49,930)	(55,725)
<i>(Number)</i>				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	541,147,751	536,272,751	542,053,434	537,178,434
(HK cents)				
Basic loss per share	(13.06)	(19.35)	(9.21)	(10.37)

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for share consolidation on 14 December 2018.

(b) Diluted loss per share

For the six months and three months ended 30 June 2019 and 2018, the diluted loss per share would reduce if the outstanding share options and convertible bonds 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 2019, the Group acquired property, plant and equipment totalling HK\$213,000 which mainly comprised the additions to computer equipment, hardware and software (six months ended 30 June 2018: addition of HK\$574,000).

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(A) *Right-of-use assets*

The carrying amount of right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to IFRS 16 are as follows:

	30 June 2019 HK\$'000	1 January 2019 HK\$'000
Properties leased for own use, carried at depreciated cost	9,692	11,064

(B) *Lease liabilities*

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition of IFRS 16 are as follows:

	30 June 2019		1 January 2019	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	2,825	3,660	3,621	4,758
After 1 year but within 2 years	3,239	3,838	3,922	4,758
After 2 years but within 5 years	5,524	6,022	8,166	8,798
	8,763	9,860	12,088	13,556
	11,588	13,520	15,709	18,314
Less: total future interest expenses		(1,932)		(2,605)
Present value of lease liabilities		11,588		15,709

14. INTANGIBLE ASSETS

	Goodwill	Distribution network	Non-competive agreements of mobile game business	Know-how	Non-competive agreements of health technology business	Others	Total
	HK\$'000 (Note (a))	HK\$'000 (Note (b))	HK\$'000 (Note (c))	HK\$'000 (Note (d))	HK\$'000 (Note (d))	HK\$'000 (Note (e))	HK\$'000
Carrying amount at 1 January 2018 (Audited)	88,058	647	11,974	35,484	880	14,109	151,152
Additions	-	-	-	-	-	5,089	5,089
Amortisation	-	(647)	(5,322)	(3,719)	(346)	(8,001)	(18,035)
Impairment	(27,999)	-	-	-	-	(3,674)	(31,673)
Exchange alignment	-	-	-	-	-	(55)	(55)
Carrying amount as at 31 December 2018 (Audited) and 1 January 2019	60,059	-	6,652	31,765	534	7,468	106,478
Disposal of subsidiaries (Note 26)	(52,479)	-	-	(30,216)	(390)	-	(83,085)
Amortisation (Note 9)	-	-	(2,661)	(1,549)	(144)	(2,378)	(6,732)
Exchange alignment	-	-	-	-	-	11	11
Carrying amount at 30 June 2019 (Unaudited)	7,580	-	3,991	-	-	5,101	16,672

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 2019 HK\$'000	Audited 31 December 2018 HK\$'000
Honestway Global Group Limited ("HGGL")	7,580	7,580
GeneSort International Inc.	-	52,479
	7,580	60,059

- (b) Distribution network represents the mobile application which provides download access to users of the mobile application to download mobile games in the PRC.
- (c) Non-competive agreements of mobile game business 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.

- (d) Know-how and non-compete agreements of health technology business arose from acquisition of 73.7% equity interest in GeneSort Group on 11 July 2017.

Know-how represents a series of diagnostic tests identifying key mutations contributory to disease development and progression in cancer tissues, as well as genetic screening tests to identify individual susceptibility to cancer risk based on a technology referred to as Next Generation Sequencing ("NGS") for the analysis of NGS data and for generating individual personalised medical treatment options reports.

Non-compete agreements of health technology business refer to the restrictive covenants included in the sale and purchase agreement of previous shareholders of GeneSort Group who agreed not to enter into or start a similar profession or trade in competition against the business of GeneSort Group.

- (e) Others represented a mobile game licence with net carrying amount of HK\$1,801,000 (31 December 2018: HK\$4,168,000) and a club membership with net carrying amount of HK\$3,300,000 (31 December 2018: HK\$3,300,000).

15. INTEREST IN AN ASSOCIATE

	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
Unlisted shares	7,565	–

- (a) Particulars of the associate as at 30 June 2019 and 31 December 2018 are as follows:

Name	Place of incorporation	Percentage of ownership interest		Principal activities
		At 30 June 2019	At 31 December 2018	
GeneSort International Inc.	British Virgin Islands	23.89%	N/A	Investment holding

(b) Movements in interest in an associate during the period/year are as follows:

	Notes	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
At 1 January		–	–
Additions (Note 26)	(i)	8,420	–
Share of losses, net of tax		(717)	–
Share of other comprehensive income of an associate		(138)	–
At 30 June/31 December		7,565	–

Note:

- (i) The provisional fair value of the interest in an associate as at the date of initial recognition of interest in an associate is using the Option Pricing Model under equity value allocation method. The inputs into the valuation upon reclassification were as follows:

	As at 31 May 2019
Time-to-liquidity event	5 years
Volatility	35.50%
Risk-free rate	0.95%
Dividend yield	0%

16. CONTRACT ASSETS AND CONTRACT LIABILITIES

(A) Contract assets

	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
Contract assets arising from:		
Performance under advertising contracts	507	1,687
Performance under game publishing service contracts	3,068	2,729
Performance under real-time video streaming contracts	132	109
	3,707	4,525

Contract assets represents revenue recognised from advertising, game publishing services contracts and real-time video streaming contracts yet to request payment from customers. The Group generally requests payment from customers within 12 months from the period where performance obligations are satisfied.

The expected timing of recovery or settlement for contract assets as at 30 June 2019 and 31 December 2018 are as follows:

	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
Within one year	3,707	4,525

(B) Contract liabilities

	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
Contract liabilities arising from:		
Performance under advertising contracts	–	2,132

Upfront payment is made by customers for certain advertising contracts, such receipts in advance remain as contract liabilities until the performance obligations are satisfied.

17. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
Trade receivables	9,006	7,554
Less: Impairment loss recognised	(8,848)	(7,367)
	158	187
Other receivables	15,468	29,029
Deposits and prepayments	3,234	6,435
Total	18,860	35,651
Categorised as:		
Current portion	12,741	29,768
Non-current portion	6,119	5,883
	18,860	35,651

Notes:

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

	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
0–30 days	4	8
31–60 days	–	48
61–90 days	1	–
Over 90 days	153	131
Total	158	187

- (b) As at 30 June 2019, other receivables under non-current portion included a loan of HK\$6,119,000 (31 December 2018: HK\$5,883,000) to a former subsidiary, Prestige Creation Limited (disposed of during the year ended 31 December 2018) which was secured, interest bearing at 8% per annum and repayable within 3 years. The loan was not past due nor impaired as at 30 June 2019 and 31 December 2018.

As at 31 December 2018, other receivables under current portion included:

- (i) A loan to an independent third party with a principal amount of US\$1,970,000 (equivalent to approximately HK\$15,366,000), which was secured, interest bearing at 5% per annum was fully repaid during the six months ended 30 June 2019.
- (ii) Convertible Bond of Brave Entertainment with only debt component at a carrying amount of HK\$691,000 was unsecured and was past due less than one year, was recovered during the six months ended 30 June 2019.

Except as described above, all remaining other receivables as at 30 June 2019 and 31 December 2018 were neither past due nor impaired.

18. TRADE AND OTHER PAYABLES

	Notes	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
Trade payables	(i)	3,616	5,231
Other payables		2,075	6,499
Accrued charges		1,319	6,072
Total		7,010	17,802

Notes:

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

	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
0-30 days	2,805	4,419
31-60 days	-	-
61-90 days	-	-
Over 90 days	811	812
Total	3,616	5,231

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
<i>Bond investments (Note(i))</i>		
As at 1 January	7,059	15,782
Disposals	–	(7,591)
Gain on disposals	–	28
Fair value gain/(loss) for the period/year	935	(1,160)
As at 30 June/31 December	7,994	7,059
<i>Derivative financial instruments (Note (ii))</i>		
As at 1 January	–	2,340
Fair value loss for the period/year	–	(2,340)
As at 30 June/31 December	–	–
<i>Subscription of convertible bond of China Creative (Note (iii))</i>		
As at 1 January as originally presented	36,573	15,557
Impact on initial adoption of IFRS 9		
— Reclassification from investments in convertible bonds	–	41,332
— Fair value loss recognised in accumulated losses	–	(4,233)
As at 1 January (Restated)	36,573	52,656
Fair value loss for the period/year	(453)	(16,083)
As at 30 June/31 December	36,120	36,573
<i>Other financial assets (Note (iv))</i>		
As at 1 January as originally presented	398,406	–
Impact on initial adoption of IFRS 9		
— Reclassification from available-for-sale investments	–	962,883
As at 1 January (Restated)	398,406	962,883
Additions (Note (v))	2,486	28,938
Disposal of subsidiaries	–	(3,900)
Settlement of borrowings (Note (vi))	–	(12,799)
Disposals	(12,613)	(18,872)
Loss on disposals	(6,225)	(171,735)
Fair value loss for the period/year	(25,265)	(385,595)
Exchange alignment	(3)	(514)
As at 30 June/31 December	356,786	398,406
Total	400,900	442,038

	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
Categorised as:		
Current portion	47,913	36,638
Non-current portion	352,987	405,400
	400,900	442,038
Total net losses recognised in profit or loss relating to financial assets at FVTPL held by the Group at 30 June/31 December	(31,008)	(576,885)

Notes:

- (i) Bond investments represented publicly traded bonds at mark value, which were classified as held for trading and designated by the Group as financial assets at FVTPL.
- (ii) Derivative financial instruments represented the rights to certain shares of an investee company's capital stocks pursuant to the Simple Agreements for Future Equity. During the year ended 31 December 2018, the investment had a fair value loss of HK\$2,340,000 as a result of poor performance of the entity.
- (iii) As at 31 December 2017, the fair value of the derivative component of the Convertible Bond of China Creative was HK\$15,557,000. Upon the adoption of IFRS 9, with effect from 1 January 2018, Convertible Bond of China Creative was reclassified in its entirety to financial assets at FVTPL at fair value of HK\$52,656,000. The fair values of the Convertible Bond of China Creative as at 30 June 2019 and 31 December 2018 were valued by a firm of independent professional valuers, Grant Sherman Appraisal Limited. The debt component of the Convertible Bond of China Creative is valued using discounted cash flow method. The derivative component of the Convertible Bond of China Creative valued using the Binomial Option Pricing model.

The inputs into the valuations of the Convertible Bond of China Creative as at 30 June 2019 and 31 December 2018 were as follows:

	Unaudited As at 30 June 2019	Audited As at 31 December 2018
Discount rate	19.7%	14.94%
Expected volatility	42.68%	32.31%
Expected life	1.82 years	2.32 years
Risk-free rate	1.79%	2.11%
Credit spread	10.90%	7.80%
Expected dividend yield	0%	0%

- (iv) Following adoption of IFRS 9, with effect from 1 January 2018, the Group's investments in equity securities previously classified as available-for-sale investments are now classified as financial assets at FVTPL, of which the fair value changes are recognised through profit or loss. As at 30 June 2019, other financial assets represented interests in equity securities listed in Hong Kong of HK\$3,799,000 and equity investments in unlisted entities of HK\$397,101,000. During the six months ended 30 June 2019, fair value loss of HK\$10,737,000 on interest in China Creative was recognised with reference to the closing market price on the Stock Exchange as at 30 June 2019.

As at 30 June 2019, equity investments in unlisted entities mainly represented US\$37,790,000 (equivalent to approximately HK\$294,758,000) of series A preferred stocks of Zook, a company incorporated in the United States of America with limited liability. Zook is principally engaged in robotics and pioneering autonomous mobility. The fair value of the investment in Zook as at 30 June 2019 and 31 December 2018 is measured using the Option Pricing Model under the equity value allocation method, with a fair value loss of approximately US\$1,862,000 (equivalent to approximately HK\$14,528,000) recognised in profit or loss during the six months ended 30 June 2019. The inputs into the valuation as at 30 June 2019 and 31 December 2018 were as follows:

	Unaudited As at 30 June 2019	Audited As at 31 December 2018
Time-to-liquidity event	5 years	5 years
Volatility	49.86%	48.32%
Risk-free rate	1.75%	2.54%
Dividend yield	0%	0%

- (v) On 31 May 2019, the Group disposed of equity interest in GeneSort International Inc. in return for equity interest in a listed entity which is classified as financial assets at FVTPL at HK\$2,486,000 (Note 26).
- (vi) On 19 November 2018, equity securities at market value of HK\$12,799,000 was disposed of for settlement of a borrowing. A loss on disposal of HK\$14,997,000 was recognised during the year ended 31 December 2018.
- (vii) On 22 March 2018, the Group entered into a Stock Borrowing Agreement ("Agreement") with China Creative as the borrower, whereas the Group has agreed to make available to the borrower a loan of the loaned securities up to 300,000,000 shares in China Creative (6,000,000 share adjusted upon the Capital Reorganization of China Creative), that were held by a subsidiary of the Group, in favour of an investor as a security for performance of certain obligations by China Creative, in relation to its issuance of convertible bonds and notes to the investor. Under the Agreement, China Creative has agreed to pay a borrowing fee on the value of the loaned securities at a rate of 3.5% per annum. During the six months ended 30 June 2019, interest income amounted to HK\$1,742,000 was recognised as other net income in profit or loss.

The loan is guaranteed and indemnified by an executive director of China Creative against all costs, losses, damages, demands and expenses in which the Group may sustain or incur as a result of the whole or any of the obligations being defaulted or becoming irrecoverable from the borrower. As at 30 June 2019, the fair value of the loaned securities was HK\$756,000 by reference to market value.

20. BORROWINGS

At 31 December 2018, the borrowings represent an unsecured loan from a former shareholder of a subsidiary, bearing interest at the rate of 10% per annum and repayable within one year from the end of the reporting period.

21. CONVERTIBLE BONDS 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 (the "2015 HK\$140 million Convertible Bonds"). 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 2019 HK\$'000	Audited 31 December 2018 HK\$'000
Net carrying amounts at 1 January	181,825	167,742
Effective interest expense for the period/year (Note 8)	7,296	14,083
Net carrying amounts at 30 June/31 December	189,121	181,825

The interest expense of the 2015 HK\$140 million Convertible Bonds for the six months ended 30 June 2019 is calculated using effective interest method by applying an effective interest rate of 8.3% (31 December 2018: 8.3%) per annum to the liability component.

22. SHARE CAPITAL

	Number of ordinary shares	Number of redeemable convertible preference shares	Nominal value US\$'000	Equivalent nominal value HK\$'000
Authorised (par value of US\$0.002 each)				
At 30 June 2019 and 31 December 2018	95,000,000,000	5,000,000,000	200,000	1,560,000
Issued and fully paid (par value of US\$0.002 each)				
At 31 December 2018 (Audited) and 1 January 2019	540,232,005	-	1,080	8,428
Remuneration shares issued for the consulting service (Note (a))	4,875,000	-	10	76
At 30 June 2019 (Unaudited)	545,107,005	-	1,090	8,504

Note:

- (a) On 28 May 2019, the Company has issued 4,875,000 remuneration shares at an issue price of HK\$1.60 per share as compensation for the consultancy service (Note 23(g)).

23. RESERVES

	Notes	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
Share premium	(a)	762,581	762,257
Capital reduction reserve	(b)	702,955	702,955
Convertible bonds equity reserve	(c)	1,921	1,921
Capital reserve	(d)	2,112	2,112
Capital redemption reserve	(e)	601	601
Share-based compensation reserve	(f)	57,159	57,159
Remuneration share reserve	(g)	12,883	10,400
Foreign exchange reserve	(h)	(4,338)	(3,048)
Other reserve	(i)	(21,619)	(20,798)
Statutory surplus reserve	(j)	5,163	5,163
Accumulated losses		(1,220,165)	(1,149,683)
Total		299,253	369,039

Notes:

- (a) Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.
- (b) This represents the credit arising from the Capital Reduction by reducing the par value of each of the issued ordinary shares from US\$0.01 to US\$0.0001 by cancelling the paid up share capital to the extend of US\$0.0099 per issued ordinary share. At the effective date of the Capital Reduction, the credit arising as a result was applied towards offsetting the accumulated loss of the Company as at the date, thereby reducing the accumulated loss of the Company. The balance of credit was transferred to the capital reduction reserve account of the Company which may be utilised by the Directors as a capital reduction reserve.
- (c) This represents the amount allocated to the unexercised equity component of convertible bonds issued by the Company.
- (d) This represents a capital reserve arose from the acquisition of a subsidiary in 2000.
- (e) This represents the repurchase of shares of the Company listed on the Stock Exchange. These repurchased shares were cancelled upon repurchase and, accordingly, the nominal value of the cancelled shares was credited to capital redemption reserve and the aggregate consideration paid was debited to the accumulated losses and share premium accounts.
- (f) This relates to share options granted to employees, consultants and directors under the Company's Share Option Scheme.
- (g) On 5 May 2017, the Group entered into a consulting service agreement with an independent third party (the "Consultant"), pursuant to which, the Group engaged the Consultant to provide consultancy services (the "Consultancy Services") for a term of 5 years commencing from 5 May 2017. As consideration for the Consultancy Services, the Group will pay the Consultant a total sum of HK\$39,000,000 by way of the issue and allotment (or procure the issue and allotment of) 487,500,000 new ordinary shares of the Company at an issue price of HK\$0.08 per share (24,375,000 new ordinary shares of the Company at an issue price of HK\$1.6 per share upon Share Consolidation became effective on 14 December 2018) in five tranches, of which the 97,500,000 (4,875,000 adjusted upon the Share Consolidation), 97,500,000 (4,875,000 adjusted upon the Share Consolidation) and 4,875,000 new ordinary shares were issued on 25 May 2017, 28 May 2018 and 28 May 2019 respectively.
- (h) Exchange differences arising from the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in the foreign exchange reserve.
- (i) Other reserve represented the difference between the consideration received and the carrying amount of net assets attributable to the reduction of equity interest in HMV Brave Co., Ltd. disposed of to non-controlling shareholders; difference between the consideration paid and carrying amount of net assets attributable to the acquisition of the remaining 30% of the issued share capital of HGGL.
- (j) In accordance with the PRC Companies Law, the Company's PRC subsidiaries are required to transfer 10% of their profit after tax, as determined in accordance with accounting standards and regulations of the PRC, to statutory surplus reserve. Such reserve may be used to reduce any loss incurred by the subsidiary or be capitalised as paid-up capital of the subsidiary. The statutory surplus reserve is non-distributable.

24. 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 2019 HK\$'000	Unaudited Six months ended 30 June 2018 HK\$'000
Fees	524	765
Salaries, allowances and benefits in kind	2,082	2,551
Retirement fund contributions	34	36
	2,640	3,352

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

	Note	Unaudited Six months ended 30 June 2019 HK\$'000	Unaudited Six months ended 30 June 2018 HK\$'000
Interest income on a loan to a subsidiary of an investee company	(i)	–	277
Interest income on loan of listed securities to an investee company	(i)	1,742	703
Leasing income from related companies	(i)	195	–

Note:

- (i) The amounts were charged based on terms mutually agreed between the relevant parties.

25. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2019, the Group had the following major non-cash transaction:

On 28 May 2019, 4,875,000 new ordinary shares were issued at an issue price of HK\$1.6 per share as the compensation for the consultancy service as detailed in Note 23(g). As market price of the Company's ordinary shares at the date of grant was HK\$0.082, share capital of the Company was increased by approximately HK\$76,000 and share premium accounts of the Company was increased by approximately HK\$324,000.

During the six months ended 30 June 2018, the Group had the following major non-cash transaction:

On 28 May 2018, 97,500,000 new ordinary shares were issued at an issue price of HK\$0.08 per share as the compensation for the consultancy service as detailed in Note 23(g). As market price of the Company's ordinary shares at the date of grant was HK\$0.021, share capital of the Company was increased by approximately HK\$76,000 and share premium accounts of the Company was increased by approximately HK\$5,871,000.

26. DISPOSAL OF SUBSIDIARIES

Disposal of GeneSort International Inc. and its subsidiaries ("GeneSort Group")

On 27 May 2019, the Group disposed of 6% of the issued share capital of GeneSort Group at a cash consideration of US\$740,000 (equivalent to approximately HK\$5,802,000). Upon completion on 27 May 2019, GeneSort Group had ceased to be a subsidiary of the Group. Thereafter, the investment in GeneSort Group was reclassified as interest in an associate.

The assets and liabilities of GeneSort Group were deconsolidated from the Group's consolidated statement of financial position and the interest in GeneSort Group has been accounted for as an associate using equity method. The provisional fair value of the retained interest in GeneSort Group at the date of reclassification is regarded as the cost on initial recognition of the investment in GeneSort Group as an associate.

	2019 HK\$'000
Net assets of subsidiaries disposed of:	
Property, plant and equipment	5,400
Intangible assets (Note 14)	83,085
Trade and other receivables	1,324
Cash and cash equivalents	1,418
Trade and other payables	(60,635)
Deferred tax liabilities	(7,767)
	22,825
Less:	
Provisional fair value of interest in an associate retained (Note 15(b))	(8,420)
Non-controlling interests	1,583
Total consideration	(8,288)
	7,700
Loss on disposal of subsidiaries included in profit or loss for the period	
Consideration satisfied by:	
Cash	5,802
Financial assets at fair value through profit or loss (Note 19(v))	2,486
	8,288
Net cash inflow arising on disposal:	
Cash consideration received	5,802
Cash and bank balances disposed of	(1,418)
	4,384

27. DISPOSAL OF INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Disposal of First Champion Global Limited ("First Champion")

On 26 June 2018, the Group has entered into an investment agreement, pursuant to which the Group disposed of its entire equity interest in First Champion (the "Transaction"). The Transaction involves indirect partial disposal of 22.7% equity interest in a subsidiary without loss of control together with financial assets at fair value through profit or loss, both being held under First Champion (the "Disposal Group"), for an aggregate consideration US\$718,000 (equivalent to approximately HK\$5,600,000), which was satisfied by 46.3% interest in a limited partnership. It was provisionally accounted for as an equity transaction with non-controlling interests and summarised follows:

	2018 HK\$'000
Carrying amounts of the Disposal Group disposed of:	
Net assets of First Champion	–
Net assets of 22.7% of equity interest in a subsidiary	4,779
Financial assets at fair value through profit or loss	–
	<hr/>
	4,779
Total consideration	<hr/> 5,600
Gain on disposal of the Disposal Group within equity	<hr/> 821
Satisfied by:	
46.3% interest in a limited partnership	<hr/> 5,600

28. 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 2018 Annual Report, which are managed by the three Executive Directors of the Company collectively in close cooperation with the Board of Directors.

29. 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 measured at fair value in the consolidated statement of financial position as at 30 June 2019 and 31 December 2018 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 2019 (Unaudited)				
Financial assets:				
Recurring fair value measurements:				
Financial assets at fair value through profit or loss	3,799	–	397,101	400,900

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2018 (Audited)				
Financial assets:				
Recurring fair value measurements:				
Financial assets at fair value through profit or loss	30,888	–	411,150	422,038

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

The fair values of the convertible bonds included in the financial assets at fair value through profit or loss at Level 3 fair value measurement and are estimated by using the Binomial Option Pricing Model.

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:

Financial assets at fair value through profit or loss

	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
As at 1 January as originally presented	411,150	33,679
Impact on initial adoption of IFRS 9		
— Investment in Zoot	–	234,000
— Investment in Convertible Bond of China Creative	–	37,099
— Other unlisted investments	–	21,279
As at 1 January (Restated)	411,150	326,057
Additions	–	9,498
Disposal of subsidiaries	–	(3,900)
Disposals	–	(7,589)
Gain on disposals	–	28
Fair value (loss)/gain for the period/year, net	(14,046)	87,570
Exchange alignment	(3)	(514)
As at 30 June/31 December	397,101	411,150

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: 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, Mr. Yuen Kwok On (Chairman), Mr. Matsumoto Hitoshi and Mr. Yau Chung Hang. 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 9 August 2019. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2019 have been reviewed by the audit committee.

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

The Company has not redeemed any of its shares during the six months ended 30 June 2019 and 2018. 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 2019 and 2018.

By Order of the Board
AID LIFE SCIENCE HOLDINGS LIMITED
Wu King Shiu, Kelvin
Chairman

Hong Kong, 9 August 2019

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

Chairman and Non-Executive Director: *Wu King Shiu, Kelvin*

Executive Directors: *Chan Suet Ngan, Hu Kenneth and Qian Alexandra Gaochuan*

Non-Executive Director: *Xu Haohao*

Independent Non-Executive Directors: *Yuen Kwok On, Matsumoto Hitoshi and Yau Chung Hang*

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 Life Science Holdings Limited at www.8088inc.com.

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

* *For identification purpose only*