

## 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 a strategic investment 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 nine months under review, the Group has expanded its strategic investment business with the following new investments and disposal and continued to engage in the asset management business, with an objective to enhance the value of the Group, hence maximising the return of the shareholders:

### (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). On 1 April 2016, the Group acquired the entire issued share capital of AID Japan Co., Ltd.\* (“AID Japan”) (formerly known as EEL 21 Co., Ltd.\*), 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). Together with the acquisition of approximately 33.33% equity interest in StylesBank Inc. on 9 September 2016, a company incorporated in Japan which operates as an e-commerce service provider specialising in building and managing third party online shopping websites, at a cash consideration of JPY60 million (equivalent to approximately HK\$4.6 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 (“Mystery Apex”), which is principally engaged in the provision of online music streaming service to public through mobile apps, 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 Zoox, 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.



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**(B) DISPOSAL OF HMV M&E LIMITED ("HMV M&E") AND ITS SUBSIDIARIES ("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, an indirect 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.

On 14 March 2016, the Group entered into a sale and purchase agreement with an indirect wholly-owned subsidiary of HMV Digital China Group Limited (formerly known as China 3D Digital Entertainment Limited) (Stock code: 8078) ("HMV Digit China"), 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 approximately 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 HMV Digit China (the "Disposal"). HMV Digit China 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 was completed on 3 August 2016. The Consideration Shares represented approximately 20.47% of the issued share capital of HMV Digit China as at the date of completion and 30 September 2016, which was accounted for as an associate of the Group accordingly.

As a result, the aggregate gain on the Deemed Disposal and the Disposal (unaudited) of approximately HK\$975.5 million was recognised in profit or loss for the nine months ended 30 September 2016.

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 and the e-commerce service provider specialising in building and managing third party online shopping websites; (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 HMV Digit China; as well as 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 ("HGGL Group"). The Group also operates its asset management business through its direct 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)).

On 13 October 2016, the Group entered into a subscription agreement with independent third parties, any.TV Limited (“any.TV”), a company incorporated in Hong Kong with limited liability, and Mr. George Vanous, the sole director and substantial shareholder holding approximately 97.53% of the issued share capital of any.TV immediately prior to the subscription, as guarantor, pursuant to which the Group conditionally agreed to subscribe and any.TV conditionally agreed to allot and issue 4,051 ordinary shares (“Subscription Shares”) at a cash consideration of US\$60,014,815 (equivalent to approximately HK\$468,115,557). The Subscription Shares will represent approximately 50.01% of the issued share capital of any.TV as enlarged by the allotment and issue of the Subscription Shares. any.TV and its subsidiary is the owner and operator of the Freedom! Network (<https://www.freedom.tm/>), which is one of the top global YouTube certified multi-channel networks by subscriber count, partnered channels and views. The subscription is consistent with the Group’s investment strategy and represents an opportunity to gain immediate access to a platform with established global presence and potential to become a leading new media community and intellectual properties owner in the foreseeable future.

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 years, 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”. The Group will also continue to build and strengthen its asset management business and related platform.

## **FINANCIAL REVIEW**

Revenue for the nine months under review increased approximately 135% to HK\$192.7 million from HK\$82.0 million for the corresponding period last year. The increase in revenue was driven by (i) the acquisition of 70% equity interest in HGGL Group in April 2015; and (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, on 30 November 2015, and the opening of HMV flagship store in Causeway Bay in late 2015 which generated more revenue during this period up to the date of Disposal on 3 August 2016.

The aggregate gain on the Deemed Disposal and the Disposal (unaudited) of approximately HK\$975.5 million (nine months ended 30 September 2015: loss on disposal of subsidiaries of approximately HK\$0.5 million) as mentioned above was recognised in profit or loss for the nine months ended 30 September 2016.

Other net income for the nine months under review increased to HK\$52.6 million from HK\$2.1 million for the corresponding period last year, mainly due to gain on remeasurement of contingent consideration payables of approximately HK\$39.7 million.

Total operating expenses (being selling and distribution expenses, administrative expenses and other operating expenses) for the nine months under review were HK\$213.8 million as compared to HK\$124.8 million for the corresponding period last year and this increase was mainly due to (i) the increase in the selling and distribution expenses and administrative expenses incurred by the four (4) additional HMV retail stores in the current period up to the date of the Disposal on 3 August 2016; (ii) the increase in share-based compensation expense in relation to share options granted on 1 April 2016; and (iii) the increase in professional fees incurred for the strategic investment business of the Group. Together with the aggregate gain on the Deemed Disposal and the Disposal of HK\$975.5 million, the Group improved from a loss from operations of HK\$86.9 million for the nine months ended 30 September 2015 to a profit from operations of HK\$898.1 million for the nine months ended 30 September 2016.

As a result, the Group reported profit attributable to owners of the Company for the nine months under review of HK\$888.7 million as compared to a loss of HK\$104.0 million for the corresponding period last year.

## RESULTS

The board (the “Board”) of directors (the “Director(s)”) of the Company is pleased to announce the unaudited consolidated results of the Group for the nine months and three months ended 30 September 2016, together with the comparative unaudited figures of the corresponding periods in 2015, as follows:

### UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months and three months ended 30 September 2016

	Notes	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Revenue</b>	3	<b>192,661</b>	81,970	<b>35,275</b>	34,292
Cost of sales		<b>(107,820)</b>	(42,870)	<b>(20,689)</b>	(18,010)
<b>Gross profit</b>		<b>84,841</b>	39,100	<b>14,586</b>	16,282
Fair value (loss)/gain on financial asset at fair value through profit or loss		<b>(2,745)</b>	–	<b>114</b>	–
Fair value gain/(loss) on financial liabilities at fair value through profit or loss		<b>1,737</b>	(2,828)	<b>1,683</b>	(1,739)
Gain/(loss) on disposal of subsidiaries	8	<b>975,516</b>	(512)	<b>975,516</b>	–
Other net income	3	<b>52,599</b>	2,138	<b>8,705</b>	1,049
Selling and distribution expenses		<b>(60,575)</b>	(22,229)	<b>(8,701)</b>	(7,384)
Administrative expenses		<b>(153,236)</b>	(91,869)	<b>(54,214)</b>	(41,016)
Other operating expenses		<b>(16)</b>	(10,697)	<b>(6)</b>	(5,483)
<b>Profit/(loss) from operations</b>		<b>898,121</b>	(86,897)	<b>937,683</b>	(38,291)
Finance costs		<b>(13,023)</b>	(17,282)	<b>(3,078)</b>	(7,817)
Share of (losses)/profits of associates, net		<b>(1,826)</b>	–	<b>2,109</b>	–
<b>Profit/(loss) before taxation</b>		<b>883,272</b>	(104,179)	<b>936,714</b>	(46,108)
Taxation credit	4	<b>3,569</b>	813	<b>1,160</b>	242
<b>Profit/(loss) for the period</b>		<b>886,841</b>	(103,366)	<b>937,874</b>	(45,866)
<b>Attributable to:</b>					
Owners of the Company		<b>888,695</b>	(104,013)	<b>940,008</b>	(46,594)
Non-controlling interests		<b>(1,854)</b>	647	<b>(2,134)</b>	728
<b>Profit/(loss) for the period</b>		<b>886,841</b>	(103,366)	<b>937,874</b>	(45,866)
<b>Earnings/(loss) per share attributable to owners of the Company for the period</b>					
	5	<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
Basic		<b>10.30</b>	(2.60)	<b>10.15</b>	(0.82)
Diluted		<b>9.82</b>	N/A	<b>9.73</b>	N/A

## UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the nine months and three months ended 30 September 2016

	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Profit/(loss) for the period</b>	<b>886,841</b>	(103,366)	<b>937,874</b>	(45,866)
<b>Other comprehensive income:</b>				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	<b>282</b>	(1,256)	<b>(80)</b>	(1,244)
Other comprehensive income for the period, net of tax	<b>282</b>	(1,256)	<b>(80)</b>	(1,244)
<b>Total comprehensive income for the period, before and net of tax</b>	<b>887,123</b>	(104,622)	<b>937,794</b>	(47,110)
<b>Attributable to:</b>				
Owners of the Company	<b>890,447</b>	(105,269)	<b>939,951</b>	(47,838)
Non-controlling interests	<b>(3,324)</b>	647	<b>(2,157)</b>	728
<b>Total comprehensive income for the period, before and net of tax</b>	<b>887,123</b>	(104,622)	<b>937,794</b>	(47,110)

## NOTES TO THE UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

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

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited consolidated financial information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited consolidated financial information, are consistent with those set out in the Company's annual audited consolidated financial statements for the year ended 31 December 2015 ("2015 Annual Report").

This consolidated financial information for the nine months ended 30 September 2016 is unaudited but has been reviewed by the audit committee of the Company.

## 2. PRINCIPAL ACCOUNTING POLICIES

This unaudited consolidated financial information should be read in conjunction with the Company's 2015 Annual Report, which has been prepared in accordance with IFRSs. The principal accounting policies adopted to prepare this unaudited consolidated financial information are consistent with those adopted to prepare to the Company's 2015 Annual Report, except for the following additional accounting policies adopted by the Group.

### *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 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 application of these new/revised IFRSs will have no material impact on the Group's unaudited consolidated financial information.

## 3. REVENUE AND OTHER NET INCOME

Revenue represents the (i) net invoiced value of goods and food and beverage sold, net of discounts, (ii) net receipts from sales of in-app purchases items, (iii) advertising income earned, (iv) game publishing service income, (v) subscription fee income, and (vi) concession stores income.

Other net income mainly comprises interest income, gain on remeasurement of contingent consideration payables and net foreign exchange gain.

## 4. TAXATION CREDIT

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

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 nine months and three months ended 30 September 2016 and 2015.

Deferred tax credit relating to the amortisation of intangible assets was recognised in the profit or loss for the nine months and three months ended 30 September 2016 and 2015; while no recognition of potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential tax assets is uncertain.

## 5. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### *Basic and diluted earnings/(loss) per share*

	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
	2016	2015	2016	2015
(HK\$'000)				
Consolidated profit/(loss) attributable to owners of the Company	<b>888,695</b>	(104,013)	<b>940,008</b>	(46,594)
Effect of dilutive potential ordinary shares:				
Adjustment in relation to convertible bonds	<b>12,979</b>	N/A	<b>3,069</b>	N/A
Earnings for the purpose of diluted earnings per share	<b>901,674</b>	-	<b>943,077</b>	-
(Number)				
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	<b>8,628,223,462</b>	4,002,898,530	<b>9,257,611,734</b>	5,667,421,442
Effect of dilutive potential ordinary shares:				
Convertible bonds	<b>430,769,231</b>	N/A	<b>430,769,231</b>	N/A
Share options	<b>122,552,000</b>	N/A	-	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>9,181,544,693</b>	N/A	<b>9,688,380,965</b>	N/A
(HK cents)				
Basic earnings/(loss) per share	<b>10.30</b>	(2.60)	<b>10.15</b>	(0.82)
Diluted earnings per share	<b>9.82</b>	N/A	<b>9.73</b>	N/A

For the nine months and three months ended 30 September 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.

## 6. MOVEMENTS IN RESERVES

	Share premium HK\$'000	Convertible bonds equity reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Foreign exchange reserve HK\$'000	Other reserve HK\$'000	Statutory surplus reserve HK\$'000	Accumulated losses/ Retained earnings HK\$'000	Total HK\$'000
At 1 January 2016 (Audited)	698,265	9,982	2,112	601	49,063	(1,693)	-	3,331	(616,286)	145,375
Profit for the period	-	-	-	-	-	-	-	-	888,695	888,695
Other comprehensive income:										
Exchange differences on translation of foreign operations	-	-	-	-	-	1,752	-	-	-	1,752
Total comprehensive income for the period	-	-	-	-	-	1,752	-	-	888,695	890,447
Share-based compensation	-	-	-	-	21,686	-	-	-	-	21,686
Issue of shares upon conversion of convertible bonds	76,580	(8,061)	-	-	-	-	-	-	-	68,519
Issue of consideration shares for acquisition of subsidiaries	27,815	-	-	-	-	-	-	-	-	27,815
Lapse of share options	-	-	-	-	(25,307)	-	-	-	25,307	-
Disposal of interests in subsidiaries without loss of control (Notes 7(a) & 7(b))	-	-	-	-	-	-	26,712	-	-	26,712
Disposal of subsidiaries (Note 7(a))	-	-	-	-	-	-	(26,539)	-	-	(26,539)
Change in ownership interests in subsidiaries without change of control (Note 7(c))	-	-	-	-	-	-	(21,792)	-	-	(21,792)
At 30 September 2016 (Unaudited)	802,660	1,921	2,112	601	45,442	59	(21,619)	3,331	297,716	1,132,223

	Share premium HK\$'000	Convertible bonds equity reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Foreign exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2015 (Audited)	280,266	8,061	2,112	601	52,331	-	(380,092)	(36,721)
Loss for the period	-	-	-	-	-	-	(104,013)	(104,013)
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	-	-	(1,256)	-	(1,256)
Total comprehensive income for the period	-	-	-	-	-	(1,256)	(104,013)	(105,269)
Share-based compensation	-	-	-	-	945	-	-	945
Issue of convertible bond	-	1,938	-	-	-	-	-	1,938
Issue of share upon exercise of share options	7,071	-	-	-	(3,623)	-	-	3,448
Issue of bonus shares	(184,615)	-	-	-	-	-	-	(184,615)
Issue of share upon conversion of redeemable convertible preference shares	18,369	-	-	-	-	-	-	18,369
Issue of share upon conversion of convertible bonds	13,191	-	-	-	-	-	-	13,191
Issue of consideration shares for acquisition of subsidiaries	21,653	-	-	-	-	-	-	21,653
Placing of new shares	542,330	-	-	-	-	-	-	542,330
Lapse of share options	-	-	-	-	(283)	-	283	-
At 30 September 2015 (Unaudited)	698,265	9,999	2,112	601	49,370	(1,256)	(483,822)	275,269

## 7. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

### (a) *Deemed disposal of approximately 18.37% equity interest in HMV M&E without loss of control*

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 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	70,200
Less: net assets of 18.37% equity interest in the HMV M&E Group	<u>(43,661)</u>
Gain on the Deemed Disposal within equity	<u>26,539</u>

The gain on the Deemed Disposal recognised in other reserve was reclassified to profit or loss when the Group lost control of HMV M&E on 3 August 2016 as detailed in Note 8.

### (b) *Partial disposal of equity interest in HMV Brave Co., Ltd. without loss of control*

On 4 May 2016, the Group entered into a sale and purchase agreement with Brave Entertainment Co. Ltd. ("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	<u>(89)</u>
Gain on disposal within equity	<u>173</u>

(c) ***Acquisition of the remaining 30% of the issued share capital of HGGL***

On 9 September 2016, the Group further acquired the remaining 30% of the issued share capital of HGGL at a cash consideration of HK\$42,000,000. The transaction was accounted for as equity transaction with the non-controlling interests as follows:

	HK\$'000
Consideration paid to non-controlling interests	(42,000)
Net assets of 30% equity interest in HGGL Group	<u>20,208</u>
Decrease in equity attributable to owners of the Company	<u>(21,792)</u>

## 8. DISPOSAL OF SUBSIDIARIES

On 14 March 2016, the Group entered into a sale and purchase agreement with an indirect wholly-owned subsidiary of HMV Digit China, 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 HMV Digit China (the "Disposal"). The Disposal was completed on 3 August 2016 and the Consideration Shares represented approximately 20.47% of the issued share capital of HMV Digit China as at the date of completion and 30 September 2016, which was accounted for as an associate of the Group accordingly. The net assets of HMV M&E Group at the date of the Disposal were as follows:

	HK\$'000
Net assets of HMV M&E Group disposed of:	
Property, plant and equipment	52,342
Intangible assets	75,046
Goodwill	31,407
Deposits, trade and other receivables	48,043
Inventories	33,668
Amount due from a related company	984
Pledged bank deposits	7,015
Cash and cash equivalents	69,519
Trade and other payables	(46,064)
Loans from the Group	(48,400)
Deferred tax liabilities	(16,238)
	<u>207,322</u>
Less: Non-controlling interest	<u>(38,080)</u>
	169,242
Consideration	<u>1,118,219</u>
Gain on the Disposal in the unaudited consolidated statement of profit or loss for the period	<u>948,977</u>
Satisfied by:	
Consideration Shares, at fair value	<u>1,118,219</u>
Net cash outflow arising on disposal:	
Cash consideration	–
Cash and bank balances disposed of	<u>(76,534)</u>
	<u>(76,534)</u>

As a result, the aggregate gain on the Deemed Disposal as detailed in Note 7(a) and the Disposal of approximately HK\$975,516,000 was recognised in profit or loss for the nine months ended 30 September 2016.

## 9. 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), 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		105
Trade and other receivables, deposits and prepayments		5,177
Cash and cash equivalents		14,665
Trade and other payables		(17,723)
		<hr/>
The provisional fair value of net assets acquired		2,224
Total consideration		4,164
		<hr/>
Goodwill arising on acquisition	(ii)	1,940
		<hr/>
Consideration satisfied by:		
Cash		4,164
		<hr/>
Net cash inflow arising on acquisition:		
Cash consideration		(4,164)
Cash and bank balances acquired		14,665
		<hr/>
		10,501
		<hr/>

As at 30 September 2016, 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\$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 nine months ended 30 September 2016.

- (iv) No revenue was contributed from the acquired business to the Group and a loss after tax of approximately HK\$3,543,000 was incurred for the period from 1 April 2016 to 30 September 2016.
- (v) Had the acquisition occurred on 1 January 2016, the Group's revenue and profit after tax would have been approximately HK\$192,661,000 and HK\$886,812,000 respectively for the nine months ended 30 September 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, at a cash consideration of approximately HK\$2,928,000. 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.

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		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
		(9,355)
Total consideration		2,928
Goodwill arising on acquisition	(ii)	12,283
Consideration satisfied by:		
Cash		2,928
Net cash outflow arising on acquisition:		
Cash consideration		(2,928)
Cash and bank balances acquired		136
		(2,792)

As at 30 September 2016, the Group has not finalised the fair value assessments for intangible assets acquired from the acquisition. The relevant fair value of net liabilities 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\$233,000 have been expensed and are included in administrative expenses for the nine months ended 30 September 2016.
- (iv) The acquired business contributed revenue of approximately HK\$2,970,000 and loss after tax of approximately HK\$338,000 to the Group for the period from 31 May 2016 to 30 September 2016.
- (v) Had the acquisition occurred on 1 January 2016, the Group's revenue and profit after tax would have been approximately HK\$197,245,000 and HK\$884,437,000 respectively for the nine months ended 30 September 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.

## 10. EVENTS AFTER THE REPORTING PERIOD

On 13 October 2016, the Group entered into a subscription agreement with independent third parties, any.TV, a company incorporated in Hong Kong with limited liability, and Mr. George Vanous, the sole director and substantial shareholder holding approximately 97.53% of the issued share capital of any.TV immediately prior to the subscription, as guarantor, pursuant to which the Group conditionally agreed to subscribe and any.TV conditionally agreed to allot and issue 4,051 ordinary shares ("Subscription Shares") at a cash consideration of US\$60,014,815 (equivalent to approximately HK\$468,115,557). The Subscription Shares will represent approximately 50.01% of the issued share capital of any.TV as enlarged by the allotment and issue of the Subscription Shares. any.TV and its subsidiary is the owner and operator of the Freedom! Network (<https://www.freedom.tm/>), which is one of the top global YouTube certified multi-channel networks by subscriber count, partnered channels and views. The subscription is consistent with the Group's investment strategy and represents an opportunity to gain immediate access to a platform with established global presence and potential to become a leading new media community and intellectual properties owner in the foreseeable future.

Details of subscription was set out in the Company's announcement dated 13 October 2016.

The date of completion is expected to fall on a date on or around 31 December 2016.

## INTERIM DIVIDEND

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

## DISCLOSURE OF INTERESTS

### (A) DIRECTOR'S INTERESTS

As at 30 September 2016, the interests of the Directors or any chief executive of the Company in the ordinary shares of the Company (the "Shares") and underlying Shares and 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") (Notes 1 & 2)	28,488,000	2,045,453,090	165,600,000	2,239,541,090	24.19
Ho Gilbert Chi Hang ("Mr. Ho") (Note 1)	264,000	2,045,453,090	-	2,045,717,090	22.09
Chang Tat Joel ("Mr. Chang") (Note 1)	-	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 issue 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 as at 1 January 2016	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 30 September 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 Cheuk Fai, CES, SBS, P	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 or any associated corporation.

Save as disclosed above, as at 30 September 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 September 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 %
<b>Substantial Shareholders</b>			
Mr. Wu (Notes 1 and 5)	2,239,541,090	96,884,000	25.23%
Ms. 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%
Mr. 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%

**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.

2. 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, a Non-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.

**(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 September 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 September 2016, 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)	Exercise price per share HK\$	Exercise period (dd/mm/yyyy)	Number of share options				Balance as at 30 September 2016
			Balance as at 1 January 2016	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
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 nine months ended 30 September 2016.

6,477,350 options were lapsed under the 2002 Share Option Scheme during the nine months ended 30 September 2016.

The weighted average remaining contractual life of the options outstanding under the 2002 Share Option Scheme as at 30 September 2016 was approximately 4.09 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 periods (Notes)	Number of share options				Balance as at 30 September 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	-	(30,648,000)	66,720,000	0.247
			35,402,750	97,368,000	-	(30,648,000)	102,122,750	
		Total	122,552,000	251,368,000	-	(30,648,000)	343,272,000	

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 nine months ended 30 September 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 nine months ended 30 September 2016, 30,648,000 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 September 2016 was approximately 8.85 years.

The fair value of the options granted during the nine months ended 30 September 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 nine months ended 30 September 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\$21,686,000 was recognised in the unaudited consolidated statement of profit or loss for the nine months ended 30 September 2016.

## 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 10 November 2016. The unaudited consolidated financial information of the Company for the nine months ended 30 September 2016 has been reviewed by the audit committee.

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

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

By Order of the Board  
**AID Partners Technology Holdings Limited**  
**Wu King Shiu, Kelvin**  
*Chairman*

Hong Kong, 10 November 2016

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

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

*Non-Executive Director:* *Chang Tat Joel*

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

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

\* *For identification purpose only*