

**AID**  
LIFE SCIENCE  
**AID Life Science Holdings Limited**  
**( 滙友生命科學控股有限公司 )\***  
*(Joint Provisional Liquidators appointed)*  
*(For restructuring purposes only)*  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8088)**

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, 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 announcement 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 announcement misleading.*

\* For identification purposes only

## **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 business. 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 the movie distribution and artist management through its shareholding in China Creative Digital Entertainment Limited (stock code: 8078) (“China Creative“); (iii) in the United States of America for the businesses of robotics, pioneering autonomous mobility; (iv) in the People’s Republic of China in the development and operation of electric vehicle charging pile facility; and (v) the development in advanced personal molecular diagnostic services for cancer evaluation and cure through its investment in GeneSort.

### ***DISPOSAL OF AID PARTNERS AUTONOMOUS GP LTD.***

On 26 May 2020, the Group entered into an agreement with an independent third party (the “Purchaser”), pursuant to which the Group conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of AID Partners Autonomous GP Ltd. (the “General Partner”), at a cash consideration of US\$270,000 (equivalent to approximately HK\$2.1 million). Upon completion on 13 July 2020, the Group will cease to have any equity interest in the General Partner and the General Partner will cease to be a subsidiary of the Group.

## EXISTING INVESTMENT PORTFOLIO

The Group has financial assets at fair value through profit or loss in aggregate amount of approximately HK\$396.4 million and HK\$404.6 million as at 30 June 2020 and 31 December 2019 respectively, representing approximately 83% and 80% of the total assets of the Group as at the respective reporting date. The following table sets out the Group's major investments as at 30 June 2020 and 31 December 2019:

Name of investments	As at 30 June 2020		As at 31 December 2019	
	Fair value at reporting date HK\$'000	Approximate percentage of the total assets of the Group	Fair value at reporting date HK\$'000	Approximate percentage of the total assets of the Group
Zoox, Inc. ("Zoox") (Note (i))				
— unlisted shares	309,333	64%	309,333	61%
China Creative Digital Entertainment Limited ("China Creative") (Note (ii))				
— listed shares	1,507	1%	2,502	1%
— convertible bonds with interest rate of 5% per annum and maturity date on 25 April 2021	35,260	7%	41,775	8%
Other investments	50,298	11%	51,015	10%
	<u>396,398</u>	<u>83%</u>	<u>404,625</u>	<u>80%</u>

Except for investments in Zoox and China Creative, as at 30 June 2020 and 31 December 2019, none of the Group's individual investment amounted to 10% or more of the total assets of the Group.

Notes:

(i) Zoox

Zoox is principally engaged in robotics and pioneering autonomous mobility-as-a-service. The company is developing a breakthrough, fully automated, electric vehicle fleet and the supporting ecosystem required to bring the service to market at scale. Further information of Zoox were disclosed in the Management Discussion and Analysis section of the annual report for the year ended 31 December 2019 of the Company.

No fair value gain were recognised for the six months ended 30 June 2020, and fair value gain of HK\$47,000 were recognised for the year ended 31 December 2019. The Group's shareholdings were approximately 1.8% of issued share capital Zoox as at 30 June 2020 and 31 December 2019.

(ii) China Creative (stock code: 8078)

China Creative is principally engaged in the entertainment business, with a focus in production of television programmes, movie and music production, distribution, distribution licensing in both Hong Kong and the PRC and artist management. For further information of the business and financial performance of China Creative, please refer to the reports, announcements and publications of China Creative from time to time for updates on its prospects and performance.

Fair value losses of HK\$995,000 and HK\$17,905,000 were recognised for the six months ended 30 June 2020 and year ended 31 December 2019, respectively, in relation to the investment in listed shares of China Creative. The Group's shareholdings were approximately 11.1% of issued share capital of China Creative as at 30 June 2020 and 31 December 2019.

## **IMPACT OF OUTBREAK OF CORONAVIRUS DISEASE 2019**

After the outbreak of Coronavirus Disease 2019 (“COVID-19 outbreak”) in early 2020, it had resulted in suspension of work in certain regions in the People’s Republic of China. The epidemic has continued to spread and impacted global business and economic activities. A series of precautionary and control measures have been and continued to be implemented across the country/region. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of unaudited condensed consolidated financial statements were authorised for issue, the Group was not aware of any material adverse effects on the unaudited condensed consolidated financial statements as a result of the COVID-19 outbreak.

## **FINANCIAL REVIEW**

Revenue for the six months under review decreased to HK\$2.7 million from HK\$7.1 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\$20.9 million from HK\$36.2 million for the corresponding period of last year.

Fair value loss on financial assets at fair value through profit or loss of HK\$8.0 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\$24.8 million was recognised for the corresponding period of last year.

Other net income for the six months under review decreased to HK\$3.6 million from HK\$3.8 million for the corresponding period of last year.

Finance costs for the six months under review increased to HK\$8.3 million from HK\$7.9 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\$34.0 million as compared to HK\$70.7 million for the corresponding period of 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 18 to the unaudited condensed consolidated financial statements, the Group acquired property, plant and equipment totalling HK\$14,000 during the six months under review, which mainly comprised the additions to computer equipment, hardware and software.

### **LIQUIDITY**

As at 30 June 2020, the Group had cash and bank balances of HK\$15.4 million (31 December 2019: HK\$30.9 million). As at 30 June 2020, current assets and current liabilities of the Group were HK\$387.6 million (31 December 2019: HK\$405.1 million) and HK\$214.6 million (31 December 2019: HK\$208.2 million), respectively. Accordingly, the Group's current ratio was 1.8 (31 December 2019: 1.9).

### **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 19 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 2020 and 31 December 2019.

### **COMMITMENTS AND CONTINGENT LIABILITIES**

As at 30 June 2020, 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 condensed consolidated statement of changes in equity on page 18 of the unaudited condensed consolidated financial statements.

As at 30 June 2020, the total number of ordinary shares issued was 549,982,005, increased from 545,107,005 as at 31 December 2019 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 20 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 2020, the Group had 41 full-time employees (31 December 2019: 40).

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 2020, the Company has complied with the code provisions ("Code Provisions") as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules, except for the following deviation:

#### **Code Provision A.2.1**

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

Following the resignation of Mr. Wu King Shiu, Kelvin from the office of CEO and Chairman of the Company on 4 February 2019 and 1 June 2020 respectively, the Company has not appointed CEO and Chairman in place of Mr. Wu King Shiu, Kelvin. Up to the date of this announcement, the role and function of CEO and Chairman have been performed by the two Executive Directors of the Company collectively.

## Code Provision E.1.2

Code Provision E.1.2 provides that the Chairman of the Board should attend the annual general meeting to answer questions at the annual general meeting. The Company has not appointed the Chairman of the Company. Ms. Chan Suet Ngan (“Ms. Chan”) and Mr. Hu Kenneth had attended the meeting and Ms. Chan had chaired the annual general meeting and answer any questions from shareholders.

## (B) DIRECTORS’ SECURITIES TRANSACTIONS

- (i) The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.
- (ii) Having made specific enquiries of all Directors of the Company, the Company is satisfied that the Directors of the Company have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules, and with the Company’s code of conduct regarding Directors’ securities transactions.

## DISCLOSURE OF INTERESTS

### (A) DIRECTORS’ INTERESTS

As at 30 June 2020, 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 Shares*

Name of Directors	Nature of interest	Number of Shares held	Approximate % of shareholding
Ms. Chan Suet Ngan	Beneficial interest	19,850	0.003%
Mr. Hu Kenneth (Note)	Interest of spouse	630,000	0.11%
Mr. Yuen Kwok On (“Mr. Yuen”)	Beneficial interest	99,000	0.01%

*Note:* Ms. Qian Alexandra Gaochuan (“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 2020	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 30 June 2020
Ms. Chan Suet Ngan	01/04/2016	4.94	(1)	200,000	-	-	-	200,000
	19/05/2017	1.56	(2)	600,000	-	-	-	600,000
				<u>800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Mr. Hu Kenneth (Note 3)	01/04/2016	4.94	(1)	400,000	-	-	-	400,000
	19/05/2017	1.56	(2)	2,800,000	-	-	-	2,800,000
				<u>3,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,200,000</u>
Mr. Yuen	01/04/2016	4.94	(1)	150,000	-	-	-	150,000
	19/05/2017	1.56	(2)	100,000	-	-	-	100,000
				<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>

*Notes:*

1. Divided into two tranches exercisable from 1 October 2016 and 1 April 2017, respectively to 31 March 2026.
2. Exercisable from 19 May 2017 to 18 May 2027.
3. Ms. Qian, the spouse of Mr. Hu Kenneth holds 200,000 share options and 1,400,000 share options at an exercise price of HK\$4.94 per share and HK\$1.56 per share respectively, to subscribe for Shares.

**(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 2020, 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 2020, 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
Mr. Wu King Shiu, Kelvin (“Mr. Wu”) (Notes 1 and 2)	114,644,282	5,294,200	21.80%
Ms. Li Mau (Notes 1 and 2)	114,644,282	5,294,200	21.80%
AID Cap II (Note 1)	104,939,882	–	19.08%
AID Partners GP2, Ltd. (Note 1)	104,939,882	–	19.08%
Billion Power Management Limited (Note 1)	104,939,882	–	19.08%
Leader Fortune International Limited (Note 1)	104,939,882	–	19.08%
Hong Kong HNA Holding Group Co. Limited (Note 3)	66,141,232	21,538,461	15.94%
Mr. Wong Kwok Ho (“Mr. Wong”) (Notes 4 and 5)	37,433,200	9,375,000	8.51%
Ms. Chau Mui (Notes 4 and 5)	37,433,200	9,375,000	8.51%
Mr. David Tin	45,454,400	–	8.26%
Abundant Star Ventures Limited (Note 1)	45,454,545	–	8.26%
Vantage Edge Limited (Note 1)	34,090,937	–	6.19%

#### Notes:

1. 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 SFO since Mr. Wu indirectly owns 100% 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. Further, 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. 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. Billion Express Consultants Limited (“Billion Express”) owns 8,280,000 Shares. The entire issued share capital of Billion Express is wholly-owned by Ms. Li Mau. Mr. Wu, as the spouse of Ms. Li Mau, is deemed to be interested in these Shares held by Billion Express for the purpose of the SFO.
3. 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.
4. 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 19,500,000 Shares and 4,875,000 underlying shares as mentioned in Note 5 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.
5. Sky March Limited (“Sky March”) entered into a consulting service agreement with the Company dated 5 May 2017 (the “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), 4,875,000 Shares and 4,875,000 Shares to Sky March on 25 May 2017, 28 May 2018, 28 May 2019 and 28 May 2020, respectively, and 4,875,000 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 2020, 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 2020, 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\$	Number of share options				
				Balance as at 1 January 2020	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period	Balance as at 30 June 2020
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				<u>678,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>678,625</u>

No option was granted or exercised under the 2002 Share Option Scheme during the six months ended 30 June 2020.

The weighted average remaining contractual life of the options outstanding under the 2002 Share Option Scheme as at 30 June 2020 was approximately 1.53 years.

No share-based compensation expense was recognised under 2002 Share Option Scheme during the six months ended 30 June 2020 and 2019.

## 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\$	Number of share options				Balance as at 30 June 2020
				Balance as at 1 January 2020	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>
			Total	<u>33,508,000</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 2020.

During the six months ended 30 June 2020, 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 2020 was approximately 6.0 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 2020 and 2019.

## RESULTS

The board (the “Board”) of directors (the “Director(s)”) of the Company announces the unaudited condensed consolidated results of the Group for the six months and three months ended 30 June 2020, together with the comparative unaudited figures of the corresponding periods in 2019, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months and three months ended 30 June 2020

	Notes	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
<b>Revenue</b>	5	<b>2,706</b>	7,094	<b>1,312</b>	1,657
Cost of sales		<b>(2,000)</b>	(5,851)	<b>(1,008)</b>	(1,191)
<b>Gross profit</b>		<b>706</b>	1,243	<b>304</b>	466
Fair value loss on financial assets at fair value through profit or loss	18	<b>(8,045)</b>	(24,783)	<b>(6,236)</b>	(23,259)
Loss on disposal of financial assets at fair value through profit or loss		–	(6,225)	–	(4,804)
Loss on disposal of subsidiaries	24	–	(7,700)	–	(7,700)
Impairment of interest in an associate	14	<b>(622)</b>	–	<b>(622)</b>	–
Other net income	6	<b>3,614</b>	3,767	<b>1,815</b>	940
Selling and distribution expenses		–	(442)	–	(260)
Administrative expenses		<b>(20,940)</b>	(35,804)	<b>(10,695)</b>	(15,896)
<b>Operating loss</b>		<b>(25,287)</b>	(69,944)	<b>(15,434)</b>	(50,513)
Finance costs	7	<b>(8,327)</b>	(7,881)	<b>(4,157)</b>	(4,254)
Share of results of an associate accounted for using equity method	14	<b>(850)</b>	(717)	–	(717)
<b>Loss before income tax</b>	8	<b>(34,464)</b>	(78,542)	<b>(19,591)</b>	(55,484)
Income tax credit	9	<b>390</b>	980	–	413
<b>Loss for the period</b>		<b>(34,074)</b>	(77,562)	<b>(19,591)</b>	(55,071)
<b>Attributable to:</b>					
Owners of the Company		<b>(34,002)</b>	(70,695)	<b>(19,550)</b>	(49,930)
Non-controlling interests		<b>(72)</b>	(6,867)	<b>(41)</b>	(5,141)
<b>Loss for the period</b>		<b>(34,074)</b>	(77,562)	<b>(19,591)</b>	(55,071)
<b>Loss per share attributable to owners of the Company</b>					
Basic (HK cents)	10	<b>(6.23)</b>	(13.06)	<b>(3.57)</b>	(9.21)
Diluted (HK cents)	10	<b>(6.23)</b>	(13.06)	<b>(3.57)</b>	(9.21)

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

*For the six months and three months ended 30 June 2020*

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Loss for the period</b>	<b>(34,074)</b>	(77,562)	<b>(19,591)</b>	(55,071)
<b>Other comprehensive loss:</b>				
<b>Items that may be reclassified to profit or loss:</b>				
Exchange differences on translation of foreign operations	(450)	(491)	(2,157)	(551)
Share of other comprehensive income/(loss) of an associate	14	(138)	-	(138)
Other comprehensive loss for the period, net of tax	(436)	(629)	(2,157)	(689)
<b>Total comprehensive loss for the period</b>	<b>(34,510)</b>	(78,191)	<b>(21,748)</b>	(55,760)
<b>Total comprehensive loss for the period</b>				
<b>Attributable to:</b>				
Owners of the Company	(34,440)	(71,985)	(21,702)	(50,618)
Non-controlling interests	(70)	(6,206)	(46)	(5,142)
	<b>(34,510)</b>	(78,191)	<b>(21,748)</b>	(55,760)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2020*

		Unaudited 30 June 2020 <i>HK\$'000</i>	Audited 31 December 2019 <i>HK\$'000</i>
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	<b>11,358</b>	12,089
Right-of-use assets	<i>12(A)</i>	<b>6,926</b>	8,311
Intangible assets	<i>13</i>	<b>3,378</b>	5,196
Interest in an associate	<i>14</i>	–	1,458
Loans to an associate	<i>14</i>	<b>21,722</b>	27,431
Loan to an independent third party	<i>16</i>	<b>6,589</b>	6,354
Financial assets at fair value through profit or loss	<i>18</i>	<b>42,479</b>	42,660
		<hr/> <b>92,452</b> <hr/>	<hr/> 103,499 <hr/>
<b>Current assets</b>			
Loans to an associate	<i>14</i>	<b>6,788</b>	–
Contract assets	<i>15</i>	<b>1,294</b>	1,319
Trade and other receivables	<i>16</i>	<b>9,857</b>	10,516
Financial assets at fair value through profit or loss	<i>18</i>	<b>353,919</b>	361,965
Tax recoverable		<b>275</b>	431
Cash and cash equivalents		<b>15,432</b>	30,917
		<hr/> <b>387,565</b> <hr/>	<hr/> 405,148 <hr/>
<b>Non-current liabilities</b>			
Lease liabilities	<i>12(B)</i>	<b>5,496</b>	7,252
Deferred tax liabilities		–	332
		<hr/> <b>5,496</b> <hr/>	<hr/> 7,584 <hr/>
<b>Current liabilities</b>			
Trade and other payables	<i>17</i>	<b>6,299</b>	8,115
Lease liabilities	<i>12(B)</i>	<b>3,288</b>	2,991
Convertible bonds	<i>19</i>	<b>205,050</b>	197,095
		<hr/> <b>214,637</b> <hr/>	<hr/> 208,201 <hr/>

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2020</b>	2019
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Net current assets</b>		<u>172,928</u>	<u>196,947</u>
<b>Total assets less current liabilities</b>		<u>265,380</u>	<u>300,446</u>
<b>Net assets</b>		<u><u>259,884</u></u>	<u><u>292,862</u></u>
<b>EQUITY</b>			
<b>Share capital</b>	20	<b>8,580</b>	8,504
<b>Reserves</b>	21	<u>195,933</u>	<u>228,917</u>
<b>Equity attributable to owners of the Company</b>		<b>204,513</b>	237,421
<b>Non-controlling interests</b>		<u>55,371</u>	<u>55,441</u>
<b>Total equity</b>		<u><u>259,884</u></u>	<u><u>292,862</u></u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2020*

	Total equity attributable to owners of the Company												Non-controlling interests	Total equity	
	Share capital HK\$'000	Share premium HK\$'000	Capital reduction reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Share-based compensation reserve HK\$'000	Remuneration share reserve HK\$'000	Foreign exchange reserve HK\$'000	Other reserve HK\$'000	Statutory surplus reserve HK\$'000	Accumulated losses HK\$'000			Total HK\$'000
At 1 January 2020 (audited)	8,504	768,129	702,955	1,921	2,112	601	57,159	9,028	(5,347)	(21,619)	5,163	(1,291,185)	237,421	55,441	292,862
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(34,002)	(34,002)	(72)	(34,074)
Other comprehensive loss:															
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	(452)	-	-	-	(452)	2	(450)
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	-	14	-	-	-	14	-	14
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(438)	-	-	(34,002)	(34,440)	(70)	(34,510)
Remuneration shares issued for consultancy service	76	5,872	-	-	-	-	-	(4,416)	-	-	-	-	1,532	-	1,532
Transfer to statutory surplus reserve	-	-	-	-	-	-	-	-	-	2	(2)	-	-	-	-
At 30 June 2020 (unaudited)	<u>8,580</u>	<u>774,001</u>	<u>702,955</u>	<u>1,921</u>	<u>2,112</u>	<u>601</u>	<u>57,159</u>	<u>4,612</u>	<u>(5,785)</u>	<u>(21,619)</u>	<u>5,165</u>	<u>(1,325,189)</u>	<u>204,513</u>	<u>55,371</u>	<u>259,884</u>
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 IFRS 16	-	-	-	-	-	-	-	-	-	-	-	(865)	(865)	-	(865)
At 1 January 2019 (restated)	<u>8,428</u>	<u>762,257</u>	<u>702,955</u>	<u>1,921</u>	<u>2,112</u>	<u>601</u>	<u>57,159</u>	<u>10,400</u>	<u>(3,048)</u>	<u>(20,798)</u>	<u>5,163</u>	<u>(1,150,548)</u>	<u>376,602</u>	<u>58,123</u>	<u>434,725</u>
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(70,695)	(70,695)	(6,867)	(77,562)
Other comprehensive loss:															
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	(1,152)	-	-	-	(1,152)	661	(491)
Share of other comprehensive loss of an associate	-	-	-	-	-	-	-	-	(138)	-	-	-	(138)	-	(138)
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(1,290)	-	-	(70,695)	(71,985)	(6,206)	(78,191)
Remuneration shares issued for consultancy service	76	5,872	-	-	-	-	-	(1,372)	-	-	-	-	4,576	-	4,576
Disposals of subsidiaries as a result of loss of control, reclassified to profit or loss	-	-	-	-	-	-	-	-	-	(821)	-	821	-	4,859	4,859
At 30 June 2019 (unaudited)	<u>8,504</u>	<u>768,129</u>	<u>702,955</u>	<u>1,921</u>	<u>2,112</u>	<u>601</u>	<u>57,159</u>	<u>9,028</u>	<u>(4,338)</u>	<u>(21,619)</u>	<u>5,163</u>	<u>(1,220,422)</u>	<u>309,193</u>	<u>56,776</u>	<u>365,969</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	<b>Unaudited Six months ended 30 June 2020</b>	<b>Unaudited Six months ended 30 June 2019</b>
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from operating activities</b>		
Loss before income tax	(34,464)	(78,542)
Adjustments for:		
Amortisation of intangible assets	13      1,920	6,732
Fair value loss on financial assets at fair value through profit or loss	18      8,045	24,783
Loss on disposal of financial assets at fair value through profit or loss	–	6,225
Finance costs	8,327	7,881
Loss on disposal of subsidiaries	24      –	7,700
Consultancy service settled by remuneration share	1,532	2,483
Share of results of an associate, net of tax	14      850	717
Other cash flows used in operating activities	(467)	(6,129)
<b>Net cash used in operating activities</b>	<b>(14,257)</b>	<b>(28,150)</b>
<b>Cash flows from investing activities</b>		
Disposal of financial assets at fair value through profit or loss	–	12,613
Disposal of subsidiaries, net of cash	24      –	4,384
Loan repayment from an independent third party	–	15,366
Other cash flows generated from investing activities	146	90
<b>Net cash generated from investing activities</b>	<b>146</b>	<b>32,453</b>
<b>Cash flows from financing activities</b>		
Principal elements of lease payment	(1,459)	–
Interest elements of lease payment	(372)	–
<b>Net cash used in financing activities</b>	<b>(1,831)</b>	<b>–</b>
Net (decrease)/increase in cash and cash equivalents	(15,942)	4,303
Cash and cash equivalents at 1 January	30,917	40,538
Effect of exchange rate changes on cash and cash equivalents	457	209
<b>Cash and cash equivalents at 30 June</b>	<b>15,432</b>	<b>45,050</b>

# 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.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been 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 on a historical cost convention except for certain financial assets which are measured at fair value.

These unaudited condensed consolidated financial statements for the six months ended 30 June 2020 are unaudited but have been reviewed by the audit committee of the Company.

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 2019 ("2019 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 2019 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 2020, the adoption of these new standards and amendments has no material impact on how the Group's financial results and financial position 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.

### 2.1 Going Concern

In July 2020, the Company received a demand letter from the bondholder of the convertible bonds ("CB") to demand for the repayment of the outstanding CB, failing which, the bondholder will take any and all actions against the Company, including but not limited to commencing winding-up proceedings against the Company. As at the date of this announcement, this CB remains due and outstanding (Note 27(b)).

In August 2020, in order to facilitate the Company's financial restructuring, a winding up petition together with an application for the appointment (the "JPL Application") of joint and several provisional liquidators of the Company (for restructuring purposes) (the "JPLs") was appointed by the Company (Note 27(b)).

Should the Group be unable to continue as a going concern, adjustment would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the unaudited condensed consolidated financial statements.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited condensed 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 2019 Annual Report.

### 4. SEGMENT INFORMATION

No separate analysis of segment information is presented by the Group as the Group has one reportable segment which is the strategic investment business.

#### Geographic information

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

	Revenue from external customers		Specified non-current assets	
	Unaudited Six months ended 30 June 2020 HK\$'000	Unaudited Six months ended 30 June 2019 HK\$'000	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Hong Kong (place of domicile)	1,166	1,457	32,763	41,661
The People's Republic of China ("PRC")	1,540	5,637	183	1,997
Other Asian countries	–	–	10,438	10,827
	<u>2,706</u>	<u>7,094</u>	<u>43,384</u>	<u>54,485</u>

### 5. REVENUE

	Unaudited Six months ended 30 June 2020 HK\$'000		Unaudited Three months ended 30 June 2019 HK\$'000	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Sales of in-app purchase items	1,087	2,152	515	953
Advertising income	79	4,751	23	642
Real-time video streaming income	696	191	372	62
Shared use facilities income	844	–	402	–
	<u>2,706</u>	<u>7,094</u>	<u>1,312</u>	<u>1,657</u>

## 6. OTHER NET INCOME

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Bank interest income	239	293	120	150
Net foreign exchange gain/(loss)	119	897	–	(1,384)
Interest income on loan to an independent third party	236	236	236	236
Interest income on loaned securities to an investee	1,337	1,742	705	1,728
Interest income on loans to an associate	611	–	611	–
Leasing income from related companies	234	195	117	117
Others	838	404	26	93
	<u>3,614</u>	<u>3,767</u>	<u>1,815</u>	<u>940</u>

## 7. FINANCE COSTS

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Effective interest expense on convertible bonds — wholly repayable within five years ( <i>Note 19</i> )	7,955	7,296	3,978	3,669
Interest expenses on lease liabilities	372	500	179	500
Others	–	85	–	85
	<u>8,327</u>	<u>7,881</u>	<u>4,157</u>	<u>4,254</u>

## 8. LOSS BEFORE INCOME TAX

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Loss before income tax is arrived at after charging:				
Staff costs including directors' remuneration — salaries and allowances	9,098	7,720	6,052	4,924
— retirement fund contributions	605	177	496	79
Auditor's remuneration: — audit services	318	662	176	310
— non-audit services	380	48	348	48
Amortisation of intangible assets (included in administrative expenses) ( <i>Note 13</i> )	1,920	6,732	24	2,890
Depreciation of property, plant and equipment	720	1,359	386	955
Depreciation of right-of-use assets	1,385	1,372	692	686
	<u>13,426</u>	<u>25,790</u>	<u>8,174</u>	<u>10,392</u>

## 9. INCOME TAX CREDIT

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Current tax				
Hong Kong:				
— Credit/(Charge) for the period	58	(72)	—	(72)
PRC Enterprise Income Tax:				
— Charge for the period	—	(3)	—	(3)
Deferred tax credit	332	1,055	—	488
Income tax credit	<u>390</u>	<u>980</u>	<u>—</u>	<u>413</u>

Under the two-tier profits tax regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. The profits of group entities not qualified for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

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 2020 and 2019.

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 2020 and 2019. 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.

## 10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### (a) Basic

Basic loss per share is calculated by dividing 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 2020 and 2019.

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2020	2019	2020	2019
<i>(HK\$'000)</i>				
Loss attributable to owners of the Company	<u>(34,002)</u>	<u>(70,695)</u>	<u>(19,550)</u>	<u>(49,930)</u>
<i>(Number of shares)</i>				
Weighted average number of ordinary shares	<u>546,017,719</u>	<u>541,147,751</u>	<u>546,928,434</u>	<u>542,053,434</u>
<b>(HK cents)</b>				
<b>Basic loss per share attributable to owners of the Company</b>	<u>(6.23)</u>	<u>(13.06)</u>	<u>(3.57)</u>	<u>(9.21)</u>

**(b) Diluted**

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all potentially dilutive ordinary shares. The Company has three categories (2019: three categories) of potentially dilutive ordinary shares: remuneration shares, share options and convertible bonds. For the remuneration shares and share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) based on the monetary value of the subscription rights attached to outstanding remuneration shares and share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The convertible bonds were assumed to have been converted into ordinary shares, and the net loss has been adjusted to eliminate the interest expense, fair value change and gains/(losses) on early redemption less the tax effect.

For the six months ended 30 June 2020 and 2019, diluted loss per share is the same as the basic loss per share as the conversion/exercise of potential ordinary shares in relation to the outstanding remuneration shares, share options and convertible notes would have anti-dilutive effects to the basic loss per share.

**11. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2020, the Group acquired property, plant and equipment totalling HK\$14,000 which mainly comprised the additions to computer equipment, hardware and software (six months ended 30 June 2019: addition of HK\$213,000).

**12. 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 reporting dates are as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2020</b>	2019
	<b>HK\$'000</b>	<b>HK\$'000</b>
Properties leased for own use	<u><b>6,926</b></u>	<u>8,311</u>

**(B) Lease liabilities**

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting periods are as follows:

	Unaudited 30 June 2020		Audited 31 December 2019	
	Present value of the minimum lease payments <i>HK\$'000</i>	Total minimum lease payments <i>HK\$'000</i>	Present value of the minimum lease payments <i>HK\$'000</i>	Total minimum lease payments <i>HK\$'000</i>
Within 1 year	<u>3,288</u>	<u>3,855</u>	<u>2,991</u>	<u>3,678</u>
After 1 year but within 2 years	<u>3,720</u>	<u>4,015</u>	<u>3,580</u>	<u>4,015</u>
After 2 years but within 5 years	<u>1,776</u>	<u>1,813</u>	<u>3,672</u>	<u>3,820</u>
	<u><u>8,784</u></u>	<u><u>9,683</u></u>	<u><u>10,243</u></u>	<u><u>11,513</u></u>
Less: total future interest expenses		<u>(899)</u>		<u>(1,270)</u>
Present value of lease liabilities		<u><u>8,784</u></u>		<u><u>10,243</u></u>
Categorised as:				
Current portion		<u>3,288</u>		<u>2,991</u>
Non-current portion		<u>5,496</u>		<u>7,252</u>
		<u><u>8,784</u></u>		<u><u>10,243</u></u>

### 13. INTANGIBLE ASSETS

	<b>Non- compete agreements of mobile game business</b>	<b>Know-how</b>	<b>Non- compete agreements of health technology business</b>	<b>Others</b>	<b>Total</b>	
	<b>Goodwill</b>	<b>Know-how</b>	<b>Know-how</b>	<b>Others</b>	<b>Total</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
	<i>(Note (a))</i>	<i>(Note (b))</i>	<i>(Note (c))</i>	<i>(Note (d))</i>		
Net book amount as at						
1 January 2019 (Audited)	60,059	6,652	31,765	534	7,468	106,478
Disposals of subsidiaries ( <i>Note 24</i> )	(52,479)	–	(30,216)	(390)	–	(83,085)
Amortisation	–	(5,322)	(1,549)	(144)	(3,599)	(10,614)
Impairment	(7,580)	–	–	–	–	(7,580)
Exchange alignment	–	–	–	–	(3)	(3)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3)</u>	<u>(3)</u>
Net book amount as at						
31 December 2019 (Audited)						
and 1 January 2020	–	<b>1,330</b>	–	–	<b>3,866</b>	<b>5,196</b>
Additions	–	–	–	–	<b>103</b>	<b>103</b>
Amortisation	–	<b>(1,330)</b>	–	–	<b>(590)</b>	<b>(1,920)</b>
Exchange alignment	–	–	–	–	<b>(1)</b>	<b>(1)</b>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u><b>(1)</b></u>	<u><b>(1)</b></u>
Net book amount as at 30 June 2020						
(Unaudited)	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u><b>3,378</b></u>	<u><b>3,378</b></u>

#### Notes:

- (a) Goodwill acquired through acquisition of subsidiaries is allocated to the Group's cash-generating unit.
- (b) Non-compete 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.
- (c) 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 and derecognised when GeneSort Group was disposed of in May 2019 as detailed in Note 24.

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.

- (d) Others represented a mobile game license with net carrying amount of HK\$Nil (31 December 2019: HK\$566,000), movie rights with net carrying amount of HK\$78,000 (31 December 2019: Nil) and a club membership with net carrying amount of HK\$3,300,000 (31 December 2019: HK\$3,300,000).

#### 14. INTEREST IN AN ASSOCIATE AND LOANS TO AN ASSOCIATE

	<i>Notes</i>	<b>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
Unlisted shares	(a)	–	1,458
Loans to an associate	(b)	<b>28,510</b>	27,431

(a) Particulars of the associate as at 30 June 2020 and 31 December 2019 are as follows:

Name	Place of incorporation	Registered capital	Percentage of interest held		Principal activities
			At 30 June 2020	At 31 December 2019	
GeneSort International Inc.	British Virgin Islands	USD50,000	23.89%	23.89%	Investment holding

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

	<b>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
At 1 January	1,458	–
Additions ( <i>Note 24</i> )	–	8,420
Share of losses, net of tax	(850)	(6,287)
Share of other comprehensive income of an associate	14	(675)
Impairment of interest in an associate	(622)	–
At 30 June/31 December	–	1,458

The 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, which was valued by a firm of independent professional valuers, Grant Sherman Appraisal Limited. The inputs into the valuation upon reclassification were as follows:

	As at date of initial recognition
Time-to-liquidity event	5 years
Volatility	35.50%
Risk-free rate	0.95%
Dividend yield	0%

During the six months ended 30 June 2020, interest in an associate of HK\$622,000 was fully impaired in profit or loss with reference to the recoverable amount of the cash-generating units.

(b) Loans to an associate

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Loans to an associate	59,014	57,935
Less: provision for impairment of loans to an associate	<u>(30,504)</u>	<u>(30,504)</u>
Loans to an associate, net	<u>28,510</u>	<u>27,431</u>
Categorised as:		
Current portion	6,788	–
Non-current portion	<u>21,722</u>	<u>27,431</u>
	<u>28,510</u>	<u>27,431</u>

The loans to an associate are unsecured, interest bearing at 0%–5% per annum, denominated in USD and repayable in May 2021 and April 2022, respectively.

**15. CONTRACT ASSETS**

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
<b>Contract assets arising from:</b>		
Performance under advertising contracts	<u>1,294</u>	<u>1,319</u>

**16. LOAN TO AN INDEPENDENT THIRD PARTY AND TRADE AND OTHER RECEIVABLES**

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Trade receivables	5,816	5,256
Less: Provision for impairment of trade receivables	<u>(1,102)</u>	<u>(1,124)</u>
Trade receivables, net	4,714	4,132
Other receivables	3,128	4,081
Loan to an independent third party	6,589	6,354
Deposits and prepayments	<u>2,015</u>	<u>2,303</u>
<b>Total</b>	<u>16,446</u>	<u>16,870</u>
Categorised as:		
Trade and other receivables under current portion	9,857	10,516
Loan to an independent third party under non-current portion	<u>6,589</u>	<u>6,354</u>
	<u>16,446</u>	<u>16,870</u>

Notes:

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

	<b>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
Current	310	727
0–30 days	146	195
31–60 days	141	286
61–90 days	647	532
Over 90 days	3,470	2,392
<b>Total</b>	<b>4,714</b>	<b>4,132</b>

(b) As at 30 June 2020, loan to an independent third party represented a loan with principal amount of HK\$5,883,000 (31 December 2019: HK\$5,883,000) and interest receivable of HK\$706,000 (31 December 2019: HK\$471,000) to a former subsidiary, Prestige Creation Limited, which was secured, interest bearing at 8% per annum and repayable in December 2021. The loan was not past due nor impaired as at 30 June 2020 and 31 December 2019.

## 17. TRADE AND OTHER PAYABLES

	<i>Note</i>	<b>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
Trade payables	<i>(i)</i>	3,730	4,126
Other payables		1,142	1,998
Accrued charges		1,427	1,991
<b>Total</b>		<b>6,299</b>	<b>8,115</b>

Note:

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

	<b>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
0–30 days	1,566	147
31–60 days	12	136
61–90 days	2	88
Over 90 days	2,150	3,755
<b>Total</b>	<b>3,730</b>	<b>4,126</b>

## 18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
<i>Bond investments (Note(i))</i>		
As at 1 January	8,355	7,059
Fair value (loss)/gain for the period/year	<u>(535)</u>	<u>1,296</u>
As at 30 June/31 December	<u>7,820</u>	<u>8,355</u>
<i>Subscription of convertible bonds of China Creative (Note (ii))</i>		
As at 1 January	41,775	36,573
Fair value (loss)/gain for the period/year	<u>(6,515)</u>	<u>5,202</u>
As at 30 June/31 December	<u>35,260</u>	<u>41,775</u>
<i>Other financial assets (Note (iii))</i>		
As at 1 January	354,495	398,406
Additions (Note (iv))	–	2,486
Proceeds of disposals	–	(12,613)
Loss on disposals	–	(6,225)
Fair value loss for the period/year	(995)	(27,393)
Exchange alignment	<u>(182)</u>	<u>(166)</u>
As at 30 June/31 December	<u>353,318</u>	<u>354,495</u>
<b>Total</b>	<b><u>396,398</u></b>	<b><u>404,625</u></b>
Categorised as:		
Current portion	353,919	361,965
Non-current portion	<u>42,479</u>	<u>42,660</u>
	<b><u>396,398</u></b>	<b><u>404,625</u></b>
<b>Total net losses recognised in profit or loss relating to financial assets at FVTPL held by the Group at 30 June/31 December</b>	<b><u>(8,045)</u></b>	<b><u>(27,120)</u></b>

Notes:

- (i) Bond investments represented publicly traded bonds at market value, which were designated by the Group as financial assets at FVTPL.
- (ii) The fair values of the convertible bonds of China Creative as at 30 June 2020 and 31 December 2019 were valued by a firm of independent professional valuers, Grant Sherman Appraisal Limited. The debt component of the convertible bonds of China Creative is valued using discounted cash flow method. The derivative component of the convertible bonds of China Creative valued using the Binomial Option Pricing model.

The inputs into the valuations of the convertible bonds of China Creative as at 30 June 2020 and 31 December 2019 were as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2020</b>	Audited As at 31 December 2019
Discount rate	<b>53.31%</b>	14.71%
Expected volatility	<b>116.08%</b>	80.83%
Expected life	<b>0.82 years</b>	1.32 years
Risk-free rate	<b>0.77%</b>	2.07%
Credit spread	<b>31.96%</b>	7.68%
Expected dividend yield	<b>0%</b>	0%

- (iii) As at 30 June 2020, other financial assets represented interests in equity securities listed in Hong Kong of HK\$1,507,000 and equity investments in unlisted entities of HK\$351,811,000. During the six months ended 30 June 2020, fair value loss of HK\$995,000 on interest in China Creative was recognised with reference to the closing market price on the Stock Exchange as at 30 June 2020.

As at 30 June 2020, equity investments in unlisted entities mainly represented US\$39,658,000 (equivalent to approximately HK\$309,333,000) of series A preferred stocks of Zoox, a company incorporated in the United States of America with limited liability.

- (iv) 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 24).
- (v) 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 2020, interest income amounted to HK\$1,337,000 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 2020, the fair value of the loaned securities was HK\$300,000 by reference to market value.

## 19. 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 condensed consolidated statement of financial position at the end of the reporting period are as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2020</b>	2019
	<b>HK\$’000</b>	HK\$’000
Net carrying amounts at 1 January	<b>197,095</b>	181,825
Effective interest expense for the period/year ( <i>Note 7</i> )	<b>7,955</b>	15,270
<b>Net carrying amounts at 30 June/31 December</b>	<b><u>205,050</u></b>	<b><u>197,095</u></b>

The interest expense of the 2015 HK\$140 million Convertible Bonds for the six months ended 30 June 2020 is calculated using effective interest method by applying an effective interest rate of 8.3% (31 December 2019: 8.3%) per annum to the liability component.

## 20. SHARE CAPITAL

	Number of ordinary shares	Number of redeemable convertible preference shares	Nominal value US\$'000	Equivalent nominal value HK\$'000
<b>Authorised</b> (par value of US\$0.002 each)				
<b>At 30 June 2020 and 31 December 2019</b>	95,000,000,000	5,000,000,000	200,000	1,560,000
<b>Issued and fully paid</b> (par value of US\$0.002 each)				
<b>At 31 December 2019 (Audited) and 1 January 2020</b>	545,107,005	–	1,090	8,504
Remuneration shares issued for the consulting service ( <i>Note (a)</i> )	4,875,000	–	10	76
<b>At 30 June 2020 (Unaudited)</b>	549,982,005	–	1,100	8,580

*Note:*

- (a) On 28 May 2020, 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 21(g)).

## 21. RESERVES

	<i>Notes</i>	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Share premium	<i>(a)</i>	774,001	768,129
Capital reduction reserve	<i>(b)</i>	702,955	702,955
Convertible bonds equity reserve	<i>(c)</i>	1,921	1,921
Capital reserve	<i>(d)</i>	2,112	2,112
Capital redemption reserve	<i>(e)</i>	601	601
Share-based compensation reserve	<i>(f)</i>	57,159	57,159
Remuneration share reserve	<i>(g)</i>	4,612	9,028
Foreign exchange reserve	<i>(h)</i>	(5,785)	(5,347)
Other reserve	<i>(i)</i>	(21,619)	(21,619)
Statutory surplus reserve	<i>(j)</i>	5,165	5,163
Accumulated losses		(1,325,189)	(1,291,185)
<b>Total</b>		<b>195,933</b>	<b>228,917</b>

*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 extent 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), 4,875,000 and 4,875,000 new ordinary shares were issued on 25 May 2017, 28 May 2018, 28 May 2019 and 28 May 2020 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 HVM 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.

## 22. 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:

	<b>Unaudited Six months ended 30 June 2020 HK\$'000</b>	Unaudited Six months ended 30 June 2019 HK\$'000
Fees	244	524
Salaries and allowances	5,526	2,082
Retirement fund contributions	30	34
	<u>5,800</u>	<u>2,640</u>

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

	<b>Unaudited Six months ended 30 June 2020 HK\$'000</b>	Unaudited Six months ended 30 June 2019 HK\$'000
Interest income on loaned securities to an investee	1,337	1,742
Interest income on loans to an associate	611	–
Leasing income from related companies	234	195
	<u>2,182</u>	<u>1,937</u>

*Note:*

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

## 23. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2020, the Group had the following major non-cash transaction:

On 28 May 2020, 4,875,000 new ordinary shares were issued at an issue price of HK\$1.60 per share as the compensation for the consultancy service as detailed in Note 21(g). As fair value of the Company's ordinary shares at the date of grant was HK\$1.22, share capital of the Company was increased by approximately HK\$76,000 and share premium accounts of the Company was increased by approximately HK\$5,872,000.

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\$1.60 per share as the compensation for the consultancy service as detailed in Note 21(g). As fair value of the Company's ordinary shares at the date of grant was HK\$1.22, share capital of the Company was increased by approximately HK\$76,000 and share premium accounts of the Company was increased by approximately HK\$5,872,000.

## 24. 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 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 ( <i>Note 13</i> )	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)
	<u>22,825</u>
Less:	
Fair value of interest retained ( <i>Note 14(a)</i> )	(8,420)
Non-controlling interests	1,583
Total consideration	<u>(8,288)</u>
Loss on disposal of subsidiaries	<u><u>7,700</u></u>
Consideration satisfied by:	
Cash	5,802
Financial assets at fair value through profit or loss ( <i>Note 18(iv)</i> )	2,486
	<u><u>8,288</u></u>
Net cash inflow arising on disposal:	
Cash consideration received	5,802
Cash and bank balances disposed of	(1,418)
	<u><u>4,384</u></u>

## 25. 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 2019 Annual Report, which are managed by the two Executive Directors of the Company collectively in close cooperation with the Board of Directors.

## 26. FAIR VALUE MEASUREMENT

### Fair value hierarchy

The following table presents financial assets and liabilities measured at fair value in the condensed 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 condensed consolidated statement of financial position as at 30 June 2020 and 31 December 2019 are grouped into the fair value hierarchy as follows:

	<b>Level 1</b> <i>HK\$'000</i>	<b>Level 2</b> <i>HK\$'000</i>	<b>Level 3</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At 30 June 2020 (Unaudited)</b>				
Financial assets:				
Recurring fair value measurements:				
Financial assets at fair value through profit or loss	<u>9,327</u>	<u>–</u>	<u>387,071</u>	<u>396,398</u>
	<i>Level 1</i> <i>HK\$'000</i>	<i>Level 2</i> <i>HK\$'000</i>	<i>Level 3</i> <i>HK\$'000</i>	<i>Total</i> <i>HK\$'000</i>
<b>At 31 December 2019 (Audited)</b>				
Financial assets:				
Recurring fair value measurements:				
Financial assets at fair value through profit or loss	<u>10,857</u>	<u>–</u>	<u>393,768</u>	<u>404,625</u>

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

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**

	<b>Unaudited</b> <b>30 June</b> <b>2020</b> <b>HK\$'000</b>	Audited 31 December 2019 <b>HK\$'000</b>
As at 1 January	<b>393,768</b>	404,091
Fair value loss for the period/year, net	<b>(6,515)</b>	(10,157)
Exchange alignment	<b>(182)</b>	(166)
As at 30 June/31 December	<b><u>387,071</u></b>	<b><u>393,768</u></b>

**27. SUBSEQUENT EVENTS**

- (a) On 26 May 2020, New Earn Investments Limited (the “Vendor”), a wholly-owned subsidiary of the Company, and Vantage Elite Holdings Limited (the “Purchaser”) entered into the sale and purchase agreement (the “Disposal Agreement”), pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has agreed to purchase the entire share capital of AID Partners Autonomous GP Ltd. (the “General Partner”) at a cash consideration of US\$270,000 (equivalent to approximately HK\$2.1 million).

On 10 July 2020, the shareholders of the Company passed an ordinary resolution on the extraordinary general meeting to approve the execution of the Disposal Agreement. Upon completion of Disposal Agreement on 13 July 2020, the Company will cease to have any equity interest in the General Partner and the General Partner will cease to be a subsidiary of the Company. As a result, the Group would cease to have management and investment control over an exempted partnership registered in the Cayman Islands (the “Partnership”) through the General Partner. Therefore, the Partnership and its subsidiaries would also cease to be accounted for as subsidiaries of the Company notwithstanding that the Group would still retain its capital contribution to the Partnership.

- (b) The Company received a demand letter from the bondholder of the convertible bonds (“CB”) issued by the Company on 20 July 2015, to demand for the repayment of the outstanding CB in the principal amount of HK\$140 million together with all interests accrued (the “Debt”) on or before 5 pm on Thursday, 30 July 2020, failing which, the bondholder will take any and all actions against the Company, including but not limited to commencing winding-up proceedings against the Company. As at the date of this announcement, the Debt remains due and outstanding.

The Board, having explored different options to restructure the debts of the Company, intends to implement a management led restructuring under a court-supervised provisional liquidation regime pursuant to the laws of the Cayman Islands, commonly known as a “light touch” provisional liquidation, which provides a statutory moratorium prohibiting the commencement or continuance of any proceedings against the Company without the leave of the Grand Court of the Cayman Islands (the “Cayman Court”).

Accordingly, on 31 July 2020 (Cayman time), in order to facilitate the Company's financial restructuring, a winding up petition together with an application for the appointment (the "JPL Application") of joint and several provisional liquidators of the Company (for restructuring purposes) (the "JPLs") on a light touch approach for restructuring purposes was presented and filed with the Cayman Court by the legal advisers to the Company as to Cayman Islands law at the request of the Company. The board of directors of the Company will retain management of the Company while the JPLs will monitor, oversee and supervise the Board and the continuation of the business of the Company under the control of the Board, and work alongside the Company's management to review all issues relating to the feasibility of a restructuring of its debts and liabilities including to maintain the listing of the Company on GEM of the Stock Exchange.

On 6 August 2020 (Hong Kong time), the Company received the sealed Court Order (the "Order") in relation to the JPL Application. As set out in the Order, the Cayman Court has ordered that, Osman Mohammed Arab and Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited, and Martin Nicholas John Trott of R&H Restructuring (Cayman) Ltd., were appointed JPLs of the Company.

For details, please refer to announcements of the Company dated 4 August 2020 and 6 August 2020.

The Company will make further announcement(s) to provide updates to the shareholders and potential investors of the Company as and when appropriate.

## **28. COMPARATIVE AMOUNTS**

Certain comparative amounts have been reclassified to conform with current year's presentation and disclosure.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: 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. Yau Chung Hang and Mr. Ip Wing Wai. 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 12 August 2020. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2020 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 2020 and 2019. 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 2020 and 2019.

By Order of the Board  
**AID LIFE SCIENCE HOLDINGS LIMITED**  
*(Joint Provisional Liquidators appointed)*  
*(For restructuring purposes only)*  
**Chan Suet Ngan**  
*Executive Director*

Hong Kong, 12 August 2020

*As at the date of this announcement, the Directors are:*

*Executive Directors:* Chan Suet Ngan and Hu Kenneth

*Independent Non-Executive Directors:* Yuen Kwok On, Yau Chung Hang and Ip Wing Wai

*This announcement will remain on the GEM website at [www.hkgem.com](http://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](http://www.8088inc.com).*

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