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AID Partners Capital Holdings Limited

(滙友資本控股有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8088)

**VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE HMV IP RIGHTS
AND
THE TARGET BUSINESS**

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 28 August 2015 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and HMV HK entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and HMV HK has conditionally agreed to sell, the HMV IP Rights and in connection therewith, the Target Business, at an aggregate Consideration of HK\$114,324,709 (subject to adjustment as described in the paragraph headed “Adjustment to Consideration” below). The Consideration will be satisfied in cash.

As at the date of this announcement, HMV HK has an exclusive, irrevocable, royalty-free and perpetual licence to use the name “HMV”, the various HMV trade marks and trade mark applications and the HMV domain names in the Territory, the Macau Special Administrative Region of the PRC and Taiwan. The Target Business presently carried on by HMV HK is operating through the Retail Stores located in Hong Kong selling music, movies and television series related contents and products. In connection with the Target Business, HMV HK also occupies an office and a warehouse located in Tsim Sha Tsui and Kwai Chung, Kowloon, respectively.

GEM LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios applicable to the Company exceeds 100%, the entering into of the Sale and Purchase Agreement constitutes a very substantial acquisition of the Company under Chapter 19 of the GEM Listing Rules.

* For identification purpose only

As at the date of this announcement, HMV HK is indirectly wholly-owned by AID Partners Capital II, L.P.. AID Partners Capital II, L.P. is controlled by AID Partners GP2, Ltd., which is ultimately controlled by Mr. Wu and in which Mr. Ho and Mr. Chang are directors. As Mr. Wu, the chief executive officer and executive Director of the Company, is a connected person of the Company, HMV HK being an associate of Mr. Wu, is also a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company pursuant to the GEM Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Independent Board Committee will be established to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

GENERAL

The Company will despatch a circular in accordance with the requirements under the GEM Listing Rules, which will contain, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) financial and other information of the Group; (iii) financial and other information of the Target Business; (iv) unaudited pro forma financial information of the enlarged Group upon Completion; (v) the recommendation from the Independent Board Committee; (vi) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (vii) notice of the EGM to consider and, if thought fit, to approve the resolution(s) relating to the Sale and Purchase Agreement and the transactions contemplated thereunder. The Company expects that the circular will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 18 September 2015.

Completion is subject to the fulfillment, or waiver, of the conditions precedent set out in the Sale and Purchase Agreement and therefore the Acquisition may or may not proceed. Shareholders and prospective investors should therefore exercise caution when dealing in the Shares.

Reference is made to the announcements of the Company dated 24 April 2015 and 10 June 2015 in relation to (i) the memorandum of understanding dated 24 April 2015 (the “**First MOU**”) entered into between HMV Ideal Limited (an indirect wholly-owned subsidiary of the Company) and Mighty Merit Group Limited (the direct holding company of HMV HK) for the purpose of setting forth the principal terms of the possible acquisition of businesses relating to the HMV IP Rights in Hong Kong, and (ii) the revised memorandum of understanding dated 8 June 2015 (the “**Second MOU**”, together with the First MOU, the

“MOUs”) entered into between HMV Ideal Limited and Billion Express for the purpose of setting forth the principal terms of the possible acquisition of businesses relating to the HMV IP Rights in Singapore, the details of which are set out in the said announcements.

Pursuant to the First MOU, HMV Ideal Limited paid to Mighty Merit Group Limited the earnest money in the amount of HK\$5,000,000; and pursuant to the Second MOU, HMV Ideal Limited paid to Billion Express the earnest money in the amount of HK\$2,000,000. It was disclosed in the said announcements that the acquisitions contemplated under the respective MOUs shall proceed in such manner and on terms and conditions to be further negotiated between the respective parties thereto. Further to negotiations between the respective parties thereto, as HMV HK is the licensee under the HMV IP Licence (as defined in the section headed “Information on the HMV IP Rights and the Target Business”), the Directors were of the view that acquiring the HMV IP Rights and the Target Business from HMV HK instead of the structure originally contemplated under the MOUs will provide the Group with more flexibility to further expand its business by utilising the HMV IP Rights, thus be in the interests of the Company. Accordingly, the Purchaser and HMV HK has entered into the Sale and Purchase Agreement. In light of the change in structure of the acquisitions contemplated under the respective MOUs to the present Acquisition under the Sale and Purchase Agreement, the said parties have decided to terminate the MOUs. Accordingly, pursuant to the First MOU and the Second MOU, Mighty Merit Group Limited and Billion Express shall fully refund the earnest money in the amounts of HK\$5,000,000 and HK\$2,000,000, respectively, to HMV Ideal Limited.

The Board is pleased to announce that on 28 August 2015 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and HMV HK entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and HMV HK has conditionally agreed to sell, the HMV IP Rights and in connection therewith, the Target Business, at an aggregate Consideration of HK\$114,324,709 (subject to adjustment as described in the paragraph headed “Adjustment to Consideration” below). The Consideration will be satisfied in cash.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

- Date : 28 August 2015 (after trading hours)
- Parties : (a) the Purchaser (an indirect wholly-owned subsidiary of the Company), as the purchaser
- (b) HMV HK, as the vendor

Subject Matter of the Acquisition : The Purchaser has conditionally agreed to acquire, and HMV HK has conditionally agreed to sell, the HMV IP Rights and in connection therewith, the Target Business. The Purchaser will acquire, free from all claims, charges, liens, encumbrances, equities and third party rights, the following:

- (a) the HMV IP Rights, being all rights to use the name “HMV”, the various HMV trade marks and trade mark applications and the HMV domain names, which HMV HK has an exclusive, irrevocable, royalty-free and perpetual licence, for the purposes of conducting (i) the Target Business; and (ii) any other business (including the operation of the retailing business of “HMV”) to be conducted in the Territory (i.e. the PRC, Hong Kong and Singapore); and
- (b) the Assets, which include (i) fixed assets including equipment, tools, fittings, furniture, computer hardware and software and chattels, (ii) inventories owned by HMV HK and held by the Retail Stores and also kept at the office and warehouse premises of the Target Business, (iii) cash in hand at all the Retail Stores and office as at the respective time of close of business on the date of Completion, (iv) the benefits of all business contracts under negotiation of HMV HK with others and Subsisting Contracts, (v) all information of suppliers and customers, sales and stock records and all other documents and information relating to the Target Business, and (vi) all rights and claims of HMV HK against third parties (including without limitation all rights in connection with such third parties’ guarantees, conditions, indemnities, warranties and representations) with respect to the Target Business so far as HMV HK can assign the same.

There shall be excluded from the sale and purchase of the Assets and retained by HMV HK the following:

- (a) all current assets (if any) of whatever nature of HMV HK as at the date of Completion including trade and other receivables, amount due from a related company and cash in transit, excluding prepayments; and
- (b) all non-current or current liabilities (if any) of whatever nature of HMV HK as at the date of Completion (the “**Excluded Liabilities**”).

Consideration : The aggregate Consideration for the acquisition of the HMV IP Rights and the Target Business is HK\$114,324,709 (subject to adjustment as described in the paragraph headed “Adjustment to Consideration” below), which comprises of the following:

- (a) HK\$71,092,000, the valuation of the HMV IP Rights; and
- (b) HK\$43,232,709, the net book value of the Assets (subject to adjustment).

The entire issued share capital of HMV HK, who is the licensee under the HMV IP Licence (as defined in the section headed “Information on the HMV IP Rights and the Target Business”) and owns the retail business of “HMV” operating through physical retail stores selling music, movies and television series related contents and products located in Hong Kong and carried on by HMV HK were acquired by Billion Express on 27 February 2013 and was subsequently transferred to an indirect wholly-owned subsidiary of AID Partners Capital II, L.P. on 17 September 2014 at an acquisition cost of approximately HK\$45,200,000.

The initial aggregate Consideration (subject to adjustment) in the amount of HK\$114,324,709 shall be settled in cash at Completion and will be funded from the internal resources of the Group.

The Consideration (subject to adjustment) was determined after arm’s length negotiations between the Purchaser and HMV HK. In agreeing to the Consideration, the Purchaser has taken into account (i) the draft valuation report of the HMV IP Rights as of 28 August 2015 for approximately HK\$71,092,000, prepared by Grant Sherman Appraisal Limited, an independent valuer, based on the market approach; and (ii) the net book value of the Assets to be acquired.

In assessing the fair value of the HMV IP Rights, the market approach was adopted as it requires less judgment and assumptions on the projection of future financial results. Grant Sherman Appraisal Limited also considered that the market approach is more preferable to the income approach as the valuation is made with reference to the immediate market information. A sample of acquisitions completed in recent years in the retail industry in Hong Kong and overseas was being used as market comparables for this purpose.

Having considered the aforesaid factors, the Directors (other than the independent non-executive Directors, whose view will be provided in the letter of the Independent Board Committee to be set out in the circular) consider that the Consideration is fair and reasonable.

Adjustment to
Consideration

: (a) HMV HK shall prepare and deliver to the Purchaser as soon as practicable within 10 Business Days following the date of Completion a list of Assets as at the date of Completion with the net book value of the Assets set out therein (the “**List of Completion Assets**”), which is to be agreed between the Purchaser and HMV HK within 10 Business Days after the date of delivery of the List of Completion Assets.

(b) The Consideration shall be adjusted in the following manner: $\text{Adjusted Consideration} = A + (C - A) + T$ (the “**Adjusted Consideration**”) Where:

A = HK\$43,232,709, being the total net book value of the Assets as stated in the list of Assets as at 27 June 2015 with the net book value of the Assets set out therein

C = Such amount equivalent to the total net book value of the Assets as stated in the List of Completion Assets

T = HK\$71,092,000, being the consideration for the HMV IP Rights

In the event that the Adjusted Consideration is:

(a) less than the initial Consideration, HMV HK shall pay to the Purchaser; or

(b) greater than the initial Consideration, the Purchaser shall pay to HMV HK,

the monetary difference between the Adjusted Consideration and the initial Consideration in cash within 10 Business Days after the date of delivery of the List of Completion Assets.

Conditions precedent : The Completion is conditional upon the fulfilment of the following conditions:

- (a) the passing by the requisite majority of the Independent Shareholders at the EGM of all resolutions required under the GEM Listing Rules (if any) to approve the transactions contemplated under the Sale and Purchase Agreement;
- (b) all the required approvals, authorisations, consents having been obtained from and all the required registrations and filing having been completed with (if applicable) the governmental authorities or regulatory bodies or any relevant third party in connection with the transactions contemplated under the Sale and Purchase Agreement;
- (c) no claim in respect of any liability of the Target Business (other than those in relation to the Excluded Liabilities) has been received at the expiration of one month after the date of the publication in the Gazette and such newspapers as required under section 5 of the Transfer of Business (Protection of Creditors) Ordinance (Chapter 49 of the Laws of Hong Kong) of a notice of transfer of the Target Business;
- (d) the Purchaser having completed its due diligence review of the HMV IP Rights, the Target Business and the Assets to its reasonable satisfaction;
- (e) the Purchaser having obtained confirmation from HMV HK confirming that as at Completion, (i) it is not aware of any matter or thing which is in breach or inconsistent with any of the representations, warranties and undertakings on part of HMV HK given under the Sale and Purchase Agreement; and (ii) there was no material adverse change or effect in respect of the Target Business since the date of the Sale and Purchase Agreement;
- (f) no litigation or claim having arisen in respect of the HMV IP Rights, Target Business or any one of the Retail Stores prior to Completion; and
- (g) the Purchaser having received confirmation from HMV HK that at Completion the HMV IP Rights and all Assets are free from Encumbrances.

If the above conditions precedent are not fulfilled or in respect of the conditions precedent (c) to (g) not waived in writing by the Purchaser at or before 4:00p.m. on 30 November 2015 (or such later date as may be agreed between the Purchaser and HMV HK in writing), the Sale and Purchase Agreement shall terminate (save and except for provisions in respect of the representations, warranties and undertakings, termination of the Sale and Purchase Agreement, confidentiality and announcement obligations and restrictions, notice and governing law, which shall survive the termination of the Sale and Purchase Agreement), in which case neither the Purchaser nor HMV HK shall have any claim against the other for costs, damages, compensation or otherwise (save in respect of any prior breach of the Sale and Purchase Agreement).

Completion : Completion shall take place within 10 Business Days after the fulfillment (or, where applicable, waiver) of all the conditions precedent (or such other date as the Purchaser and HMV HK may agree in writing).

INFORMATION ON THE HMV IP RIGHTS AND THE TARGET BUSINESS

As at the date of this announcement, HMV HK has an exclusive, irrevocable, royalty-free and perpetual licence to use the name “HMV”, the various HMV trade marks and trade mark applications and the HMV domain names in the Territory, the Macau Special Administrative Region of the PRC and Taiwan (the “**HMV IP Licence**”). The Target Business is presently operating through the Retail Stores located in Hong Kong selling music, movies and television series related contents and products and carried on by HMV HK. In connection with the Target Business, HMV HK also occupies an office and a warehouse located in Tsim Sha Tsui and Kwai Chung, Kowloon, respectively. HMV HK is a limited liability company incorporated in Hong Kong and is principally engaged in the retailing of music recordings, compact disc, digital versatile discs, blu-ray discs and other entertainment related products.

As at the date of the Sale and Purchase Agreement, pursuant to an operation management agreement dated 10 December 2013 and a deed of novation dated 20 December 2013 (collectively, the “**Operation Management Agreement**”), HMV Marketing Limited (an indirect wholly-owned subsidiary of the Company) has been engaged by HMV HK to operate and manage the “HMV” retail store located on the 3rd and 4th Floor of Entertainment Building, 30 Queen’s Road Central, Hong Kong (the “**Central Retail Shop**”) and the e-commerce business operating under the domain www.hmv.com.hk. Details of the Operation Management Agreement are set out in the circular of the Company dated 28 January 2014. At Completion, the HMV IP Rights will be assigned by HMV HK to the Purchaser and therefore the said parties have agreed that the Operation Management Agreement shall be terminated at Completion and that HMV HK will deliver, among other things, to the Purchaser at Completion a duly executed deed of termination to terminate the

Operation Management Agreement. Upon Completion, the Central Retail Shop and the e-commerce business operating under the domain www.hmv.com.hk will continue to be operated and managed by the Group.

HMV IP Rights

All HMV IP Rights will be assigned by HMV HK to the Purchaser at Completion. Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to execute and deliver to HMV HK at Completion a letter of undertaking in favour of HMV (IP) Limited (the licensor under the HMV IP Licence), pursuant to which the Purchaser shall undertake to perform all obligations of HMV HK only in respect of the HMV IP Rights under the trade mark licence agreement in respect of the HMV IP Licence.

As at the date of this announcement, other than the Target Business that is presently operating through the Retail Stores located in Hong Kong selling music, movies and television series related contents and products and carried on by HMV HK, HMV HK has no other business using the name “HMV” within the Territory. Upon Completion, (a) HMV HK will cease to have any business using the name “HMV” within the Territory and will only have the rights to conduct business using the name “HMV” within the Macau Special Administrative Region of the PRC and Taiwan under the HMV IP Licence; and (b) only the Purchaser will have the rights to conduct business using the name “HMV” within the Territory under the HMV IP Licence.

Assets

All Assets, free from all claims, charges, liens, encumbrances, equities and third party rights, necessary to conduct the Target Business will be transferred from HMV HK to the Purchaser pursuant to the Sale and Purchase Agreement.

Employees

Pursuant to the Sale and Purchase Agreement, the existing employment contracts of all employees of HMV HK engaged in the Target Business will be terminated and transferred to the Purchaser, and the acceptance of employment with the Purchaser shall be subject to the consent of the said employees.

Existing Tenancy Agreements

For the purposes of the Target Business, certain tenancy agreements have been entered into by HMV HK with the landlords in respect of the respective premises at which the Retail Stores, office and warehouse are located (the “**Existing Tenancy Agreements**”). As at the date of this announcement, the terms of the respective Existing Tenancy Agreements have not yet expired. Pursuant to the Sale and Purchase Agreement, HMV HK has undertaken to the Purchaser that:

- (a) during the term of the Existing Tenancy Agreements, HMV HK shall observe and comply with all terms and conditions of the respective Existing Tenancy Agreements;

- (b) HMV HK shall use its best endeavours to discuss with the landlords of the relevant premises to assign the Existing Tenancy Agreements to a member of the Group and execute the relevant assignments of the Existing Tenancy Agreements; and
- (c) HMV HK shall use its best endeavours to discuss with the landlords of the relevant premises to sign a new tenancy agreement in respect of the relevant premises with a member of the Group upon the expiration of the term of any Existing Tenancy Agreements.

Subsisting Contracts

Certain existing contracts and engagements of HMV HK in relation to the Target Business with major suppliers and service providers (the “**Subsisting Contracts**”) will, subject to the consent of the counter-parties to the Subsisting Contracts, be assigned to the Purchaser.

With regards to the other Subsisting Contracts, HMV HK shall use its best endeavours to discuss with the counter-parties to such other Subsisting Contracts to sign a new agreement in respect of the subject matter of the relevant Subsisting Contract with a member of the Group.

Financial information of the Target Business

Set out below is the financial information of the Target Business for the period from 29 April 2012 to 27 April 2013 (“**FY2013**”) and the period from 28 April 2013 to 26 April 2014 (“**FY2014**”) extracted from the audited financial statements of HMV HK prepared in accordance with the Hong Kong Financial Reporting Standards. As the year-end date of HMV HK is on the Saturday on or immediately preceding 30 April each year, accordingly, for FY2013 and FY2014, the year-end dates were 27 April 2013 and 26 April 2014, respectively:

	FY2013 <i>HK\$</i> (audited)	FY2014 <i>HK\$</i> (audited)
Revenue	265,045,719	193,082,611
Loss before tax	49,489,890	10,066,024
Loss after tax	49,130,523	10,904,143
Cash flow from operating activities before changes in working capital and taxes paid	5,617,394	1,716,455

The decrease in the revenue of the Target Business was mainly attributable to the entering into of the Operation Management Agreement, which term commenced from 1 January 2014 and the operating results of the Central Retail Shop were therefore not included in the financial information of the Target Business since the commencement of such term, as well as the temporary closure of the shop located at the Elements mall in Hong Kong between June 2013 to July 2014 due to relocation within the mall. The decrease in the loss before/

after tax of the Target Business was mainly attributable to the impairment loss on loans to former ultimate holding company in FY2013 (which is one-off and non-recurring in nature) that occurred prior to the acquisition of HMV HK by Billion Express.

The Company has engaged a reporting accountant to review and report on the financial statements of the Target Business and to prepare the accountant's report on the Target Business (to be included in the circular to be despatched to the Shareholders).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in asset management and strategic investment businesses. Among other things, through mergers and acquisitions, transactions and partnerships, the Group aims to utilise global intellectual properties via its own channels, namely, its music, games, lifestyle as well as television and film channels to create a “pan-entertainment” platform. Since the acquisition of HMV Ideal Limited (an indirect wholly-owned subsidiary of the Company) in February 2014, the Group has been capitalising on the “HMV” brand and continue to build an integrated online and offline business ecology in the entertainment and lifestyle sectors. Consistent with this strategy, the Acquisition represents an important building block for the Group to further develop and cultivate its lifestyle and entertainment business.

The Directors are of the view that the Acquisition will further put the Group in a favourable position to continue to develop and enhance its existing businesses, realise synergies, and to facilitate the roll-out of other business initiatives that are complementary to the Group's strategies. The acquisition of the Target Business will allow the Group to consolidate the market presence of “HMV” in Hong Kong, hence enhancing brand value of “HMV”, and gain immediate access to a well-established retail network in Hong Kong, a market in which the “HMV” brand has over 20 years of operating history and the assignment of the HMV IP Rights will provide the Group with opportunities to open additional stores in Hong Kong and other regions within the Territory as well as to explore other forms of business which might be beneficial for and complementary to the Group's “pan-entertainment” platform. With the extensive experience in business operation in the entertainment and lifestyle sectors, the Directors (other than the independent non-executive Directors, whose view will be provided in the letter of the Independent Board Committee to be set out in the circular) believe that the Group can apply its management, procurement and marketing skills as well as its business relationships in these sectors to further develop and expand the businesses of the Group by utilising the HMV IP Rights and to strengthen the Target Business. The Directors (other than the independent non-executive Directors, whose view will be provided in the letter of the Independent Board Committee to be set out in the circular) further believe that with the Acquisition, the Group will be able to consolidate, streamline and optimise all back office functions of the Target Business with those of the Group and together with the opportunities to further expand the business using the HMV IP Rights in the Territory, to achieve economies of scale, hence benefiting the Group and the Shareholders as a whole.

Upon Completion, the HMV IP Rights shall have been assigned by HMV HK to the Purchaser and HMV HK will only have all rights to use the name “HMV”, the various HMV trade marks and trade mark applications and the HMV domain names for the purposes of conducting businesses in the Macau Special Administrative Region of the PRC and Taiwan under the HMV IP Licence. Consequently, upon Completion, as (a) the Purchaser

will have the rights to operate the Target Business and any other business to be conducted within the Territory; and (b) HMV HK will only have the rights to conduct business within the Macau Special Administrative Region of the PRC and Taiwan, there is no overlapping of regions in which the Purchaser and HMV HK will operate their respective businesses. For the foregoing reasons, upon Completion, HMV HK does not have any competing business with those operated by the Group (including the Target Business).

The Directors (other than the independent non-executive Directors, whose view will be provided in the letter of the Independent Board Committee to be set out in the circular) consider that the Acquisition and the terms and conditions of the Sale and Purchase Agreement, which were determined after arm's length negotiations between the Purchaser and HMV HK, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios applicable to the Company exceeds 100%, the entering into of the Sale and Purchase Agreement constitutes a very substantial acquisition of the Company under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, HMV HK is indirectly wholly-owned by AID Partners Capital II, L.P.. AID Partners Capital II, L.P. is controlled by AID Partners GP2, Ltd., which is ultimately controlled by Mr. Wu and in which Mr. Ho and Mr. Chang are directors. As Mr. Wu, the chief executive officer and executive Director of the Company, is a connected person of the Company, HMV HK being an associate of Mr. Wu, is also a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company pursuant to the GEM Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The EGM will be convened to consider and, if thought fit, to pass the proposed resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. Mr. Wu and his associates, Mr. Ho and Mr. Chang shall abstain from voting on the proposed resolution(s) at the EGM. To the best of the Directors' knowledge, information and belief, except for Mr. Wu and his associates, Mr. Ho and Mr. Chang, no other Shareholder is required to abstain from voting on the proposed resolution(s) to approve the transactions contemplated under the Sale and Purchase Agreement at the EGM as at the date of this announcement. Mr. Wu, Mr. Ho and Mr. Chang have abstained from voting on the relevant resolutions to approve the transactions contemplated under the Sale and Purchase Agreement proposed at meetings of the Board.

The Independent Board Committee will be established to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

GENERAL

The Company will despatch a circular in accordance with the requirements under the GEM Listing Rules, which will contain, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) financial and other information of the Group; (iii) financial and other information of the Target Business; (iv) unaudited pro forma financial information of the enlarged Group upon Completion; (v) the recommendation from the Independent Board Committee; (vi) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (vii) notice of the EGM to consider and, if thought fit, to approve the resolution(s) relating to the Sale and Purchase Agreement and the transactions contemplated thereunder. The Company expects that the circular will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 18 September 2015.

Completion is subject to the fulfillment, or waiver, of the conditions precedent set out in the Sale and Purchase Agreement and therefore the Acquisition may or may not proceed. Shareholders and prospective investors should therefore exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise.

“Acquisition”	the acquisition of the HMV IP Rights and the Target Business by the Purchaser from HMV HK according to the terms of the Sale and Purchase Agreement
“Assets”	all the assets, properties and rights of the Target Business to be acquired by the Purchaser from HMV HK pursuant to the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Billion Express”	Billion Express Consultants Limited, a company incorporated in the British Virgin Islands and wholly-owned by HMV Asia Limited. Mr. Wu is deemed to be interested in 62.50% of the issued share capital of HMV Asia Limited due to family holdings and is a director of HMV Asia Limited
“Board”	the board of Directors

“Business Day(s)”	a day on which banks in Hong Kong are open for general banking business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Company”	AID Partners Capital Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	completion of the Acquisition under the Sale and Purchase Agreement in accordance with the terms therein
“Consideration”	the consideration payable by the Purchaser to HMV HK for the Acquisition under the Sale and Purchase Agreement
“connected persons”	has the meaning ascribed thereto under the GEM Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of allowing the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Encumbrances”	rights of pre-emption, options, liens, claims, equities, mortgages, charges, encumbrances, defects, adverse interests or third-party rights of any nature
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HMV HK”	HMV Hong Kong Limited, a company incorporated in Hong Kong and a connected person of the Company
“HMV IP Rights”	all rights to use the name “HMV”, the various HMV trade marks and trade mark applications and the HMV domain names for the purposes of conducting the Target Business and any other business to be conducted in the Territory that is licenced to HMV HK on an exclusive, irrevocable, royalty-free and perpetual basis pursuant to the trade mark licence agreement dated 27 February 2013 entered into, among others, between HMV (IP) Limited as the licensor and HMV HK as the licensee

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	The independent committee of the Board comprising all the independent non-executive Directors, which will be formed for the purpose of advising the Independent Shareholders as to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than those who are required to abstain from voting under the GEM Listing Rules or other applicable laws and regulations
“Mr. Chang”	Mr. Chang Tat Joel, an executive Director
“Mr. Ho”	Mr. Ho Gilbert Chi Hang, the Chief Investment Officer and an executive Director
“Mr. Wu”	Mr. Wu King Shiu, Kelvin, the Chief Executive Officer and an executive Director
“PRC”	The People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	HMV Marketing Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Retail Stores”	the 4 physical retail stores located in Hong Kong as at the date of the Sale and Purchase Agreement and operated by HMV HK
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 August 2015 entered into between the Purchaser and HMV HK, pursuant to which the Purchaser has agreed to acquire and HMV HK has agreed to sell the HMV IP Rights and the Target Business
“Share(s)”	ordinary share(s) of nominal value of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Business”	the retailing business of “HMV” operating through the Retail Stores selling music, movies and television series related contents and products located in Hong Kong and carried on by HMV HK

“Territory”	the PRC, Hong Kong and Singapore
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 28 August 2015

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

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

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, 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.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.aid8088.com.