



AID Partners Capital Holdings Limited
(匯友資本控股有限公司)*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8088)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”)
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* For identification purposes only

ABOUT AID PARTNERS CAPITAL HOLDINGS LIMITED

AID Partners Capital Holdings Limited (“AID Partners” or the “Company” and, together with its subsidiaries, the “Group”) is an independent asset management group listed on the Hong Kong Stock Exchange’s GEM board (HK GEM 8088).

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the year under review, the Group has continued to operate its asset management and strategic investment businesses. Through mergers and acquisitions, transactions and partnerships, the Group aims to utilize global intellectual properties via its own channels, namely, its music, games, lifestyle as well as TV and film channels to create a “Pan-entertainment” platform.

Business Review

The Group has completed the aggregate acquisition of 100% equity interest in HMV Ideal Limited and its subsidiaries (the “HMV Ideal Group”). The HMV Ideal Group has an operation management contract for the HMV retail store located on the 3rd and 4th Floor, Entertainment Building, 30 Queen’s Road Central, Hong Kong (the “Central Retail Store”). The management contract has a term of thirty years commencing from 1 January 2014. The HMV Ideal Group also operates the e-commerce business under the domain www.hmv.com.hk and the Group has been actively developing its digital music platform, including the launch of HMV mobile music streaming through partnership and HMV e-commerce App to complement the existing HMV’s website. In addition, the Group continued to transform the HMV brand into a lifestyle brand, in which an in-store café has been introduced in the Central Retail Store and lifestyle products like video and audio devices, books and magazines as well as other latest technology products. The revenue and expenses of the Central Retail Store were recorded in the consolidated financial statements of the Group for the year under review accordingly.

The Group has also completed the acquisition of 70% equity interest in Complete Star Limited and its subsidiary (the “Complete Star Group”). The Complete Star Group owns the smartphone, tablet and personal computer applications of the game franchise named “Star Girl”. Star Girl is an award-winning and one of the most popular female centric mobile game. It is being distributed in the Apple’s App Store, Google’s Play Store, Amazon’s App Store and other digital platforms covering over 120 countries.

The Group will continue to monitor its existing investments and businesses and will focus its resources to synergizes its portfolio to achieve the aim to create a “Pan-entertainment” platform.

Financial Review

Financial Results

The Group reported a loss attributable to owners for the year under review of HK\$89.7 million as compared to a loss attributable to owners of HK\$84.5 million last year, HK\$89.7 million and HK\$80.4 million of which are the losses from continuing operations for the year under review and last year, respectively. Excluding the impairment of intangible assets and the loss on financial liabilities at fair value through profit or loss, the loss attributable to owners for the year under review was increased to HK\$83.7 million as compared to that of HK\$46.7 million last year.

Revenue from continuing operations increased to HK\$56.1 million for the year under review, compared to that of HK\$13.9 million last year. The increase in revenue was mainly due to the sales of goods and food and beverages from HMV Ideal Group and the revenue derived from Complete Star Group as a result of the acquisitions during the year under review. Total operating expenses (being distribution and selling expenses, administrative expenses plus other operating expenses) from continuing operations for the year under review increased to HK\$126.8 million as compared to HK\$38.1 million last year. The increase in total operating expenses was mainly attributable to the operating expenses of HMV Ideal Group of approximately HK\$28.9 million, share-based compensation expenses of HK\$19.5 million and amortisation of intangible assets of HK\$19.3 million incurred for the year under review.

Loss on financial liabilities at fair value through profit or loss of HK\$6.0 million for the year under review, as compared to a loss of HK\$7.0 million last year, arose from the recognition of the embedded derivatives in the 2014 Convertible Bonds, the Tranche 1 and Tranche 2 Convertible Bonds, the warrants issued on the repurchase of the old 5-year Zero Coupon Convertible Bonds as well as the redeemable convertible preference shares issued with the rights issue as set out in Note 20 to the financial statements.

Segment Results

The major reportable operating segments are asset management and strategic investment for the year under review. The segment result from asset management for the year under review was a loss of HK\$7.4 million as compared with a loss of HK\$7.8 million last year. The segment result from strategic investment for the year under review was a loss of HK\$20.8 million (2013: Nil). An analysis of the results by operating segments is provided in Note 4 to the financial statements.

Finance Costs

The finance costs from continuing operations were HK\$12.3 million for the year under review compared to HK\$24.0 million last year. This represents mainly the notional effective interest expenses on the 2014 Convertible Bonds and Tranche 1 and Tranche 2 Convertible Bonds. The decrease in finance costs is mainly due to the decrease in Tranche 1 and Tranche 2 Convertible Bonds as a result of conversion in last year.

Non-controlling Interests

The non-controlling interests in the consolidated statement of profit or loss for the year under review of HK\$14.1 million (2013: HK\$0.5 million) mainly represented 35.46% non-controlling shareholders' share of losses in HMV Ideal Group and 30% non-controlling shareholder's share of profit in Complete Star Group for the year under review.

Financial Position and Resources

Significant Capital Assets and Investments

The Group's office premises in AXA Centre in Wanchai, Hong Kong, which were purchased in March 2011, represented the major capital asset. The net carrying amount of this leasehold land and building as at 31 December 2014 was HK\$69.5 million (2013: HK\$71.6 million) as set out in Note 11 to the financial statements.

On 17 February 2015, the Company sold the entire issued share capital of Crosby Capital (Holdings) Limited, which indirectly owns the office premises in AXA Centre, at a consideration of HK\$37,000,000. Details are set out in Note 29(d) to the financial statements.

As at 31 December 2014, the Group had investments, mainly available-for-sale investments of HK\$0.8 million (2013: HK\$10.0 million). Details of the Group's investments, risk management objectives and policies and exposure to market risk, are set out in Notes 13 and 16 to the financial statements.

As of the date of this report, other than the acquisition of 70% equity interest in Honestway Global Group Limited as mentioned in Note 29(a) to the financial statements, the Group has no existing commitments to acquire any further significant capital assets and/or investments in the forthcoming year.

Liquidity

As at 31 December 2014, the Group had cash and cash equivalents of HK\$102.1 million (2013: HK\$18.7 million) and net current assets of HK\$22.6 million (2013: net current liabilities of HK\$53.7 million). The change from net current liabilities to net current assets as at 31 December 2014 was mainly due to the issuance of the 2014 Convertible Bonds during the year under review. Further details of the Group's current assets and current liabilities, risk management objectives and policies and exposure to liquidity risk are set out in Notes 15 to 22 to the financial statements.

Gearing

As allowed under the terms of the old 5-year Zero Coupon Convertible Bonds issued in 2006, the Company entered into a Deed of Settlement with the holders of these old Convertible Bonds to repurchase the outstanding balance of US\$20 million, for a consideration of US\$20 million in cash financed by the issue of new 5-year Zero Coupon Convertible Bonds as detailed below and an aggregate of 60,000,000 warrants issued by the Company. All these outstanding old Convertible Bonds were then cancelled in October 2010.

In June 2010, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place new 5-year Zero Coupon Convertible Bonds with an aggregate principal amount of up to HK\$250 million, comprising Tranche 1 and Tranche 2 of principal amounts up to HK\$160 million and HK\$90 million respectively, subject to certain conditions. On 4 October 2010, with the fulfilment of all conditions required, the Company issued the Tranche 1 Convertible Bonds, HK\$156 million of which was used to finance the repurchase of the old 5-year Zero Coupon Convertible Bonds as described above. On 30 March 2011, with the fulfilment of all conditions required, the Company further issued the Tranche 2 Convertible Bonds, the proceeds of which was used to finance the purchase of the office premises in AXA Centre in Wanchai together with the mortgage loan.

The terms and conditions of the Tranche 1 and Tranche 2 Convertible Bonds are detailed in Note 22 to the financial statements. During the year under review, in accordance with the terms and conditions thereof, the conversion price was reset on 4 April 2011, 4 October 2011, 4 April 2013, 24 February 2014 and the prevailing conversion price is HK\$0.12 per share as reset upon the completion of bonus issue as set out in Note 29(b) on 27 January 2015.

The embedded derivatives in Tranche 1 and Tranche 2 Convertible Bonds and the warrants issued on the repurchase of the old 5-year Zero Coupon Convertible Bonds were disclosed as financial liabilities at fair value through profit or loss as set out in Note 21 to the financial statements.

In March 2011, a mortgage bank loan of principal amount of HK\$30 million was drawn to finance the purchase of office premises as mentioned above. Another mortgage bank loan of principal amount of HK\$10 million was drawn during the year under review. The mortgage bank loans are secured by the office premise in AXA Centre, Wanchai, Hong Kong and corporate guarantee of unlimited amount by the Company. As at 31 December 2014, the outstanding amount was approximately HK\$33.0 million.

In October and November 2013, promissory notes of the total principal amount of HK\$6,840,000 were issued as incentive fee payable to bondholders who exercised their rights to convert the Convertible Bonds into ordinary shares of the Company on or before 30 November 2013. The principal amounts of the promissory notes was arrived at based on 4% of the principal values of the Convertible Bonds. The promissory notes are due in 12 months period from date of issuance.

In April 2014, the Company entered into a subscription agreement in respect of the issue of convertible bonds in the aggregate principal amount of HK\$175,000,000 (the “2014 Convertible Bonds”). On 13 June 2014, with the fulfillment of all conditions required, the Company issued the 2014 Convertible Bonds and part of the proceeds were used in the HMV Ideal Group, the acquisition of Complete Star Limited and general working capital of the Group, the remaining will be used for general working capital and future acquisitions.

In October 2014, the Group acquired 70% equity interest of Complete Star Limited. The fair value of the total consideration was HK\$88,702,000, in which HK\$22,532,000 and HK\$2,246,000 were settled by cash and the issue and allotment of 1,627,795 ordinary shares of the Company, respectively. The contingent consideration payable of HK\$64,198,000 remained outstanding.

As at 31 December 2014, the Group had no other significant debt.

Charges

At 31 December 2014, there are no significant charges on the Group's investments and assets other than those on the office premises in AXA Centre as detailed above.

Commitments and Contingent Liabilities

At 31 December 2014, the Group had no significant commitments, other than those under operating leases for the rental of land and buildings and acquisition of 70% of the issued share capital of Honestway Global Group Limited as set out in Note 25 to the financial statements, and no contingent liabilities, including pension obligations, other than those as set out in Note 26 to the financial statements.

Equity Structure

An analysis of the movements in equity during the year under review is set out in the consolidated statement of changes in equity on pages 12 to 13 of the financial statements.

As at 31 December 2014, the total issued share capital of the Company was 473,173,057 ordinary shares, increased from 384,561,967 ordinary shares as at 31 December 2013 due to (i) issue of consideration shares upon the acquisition of subsidiaries during the year under review, (ii) conversion of convertible bonds, (iii) conversion of Redeemable Convertible Preference Shares ("RCPS"), (iv) exercise of warrants and (v) exercise of share options, and 9,799,790 RCPS, decreased from 10,019,790 RCPS as at 31 December 2013 due to conversion of 220,000 RCPS into ordinary shares of the Company during the year under review. Details of the movement in total share capital are set out in Note 23 to the financial statements.

Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the year ended 31 December 2014.

Non-controlling Interests

The balance at 31 December 2014 represents 30% non-controlling interests in Complete Star Limited. No non-controlling interests were shown in the consolidated statement of financial position at 31 December 2013.

RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2014, together with the comparative audited figures of the corresponding period in 2013, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

		2014	(Restated) 2013
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations			
Revenue	5	56,115	13,864
Cost of sales		<u>(26,225)</u>	<u>496</u>
Gross profit		29,890	14,360
Loss on financial liabilities at fair value through profit or loss	21	(6,009)	(6,993)
Other income	6	10,017	1,130
Distribution and selling expenses		(28,870)	–
Administrative expenses			
Amortisation of intangible assets	14	(19,320)	–
Other administrative expenses		(72,992)	(36,115)
		(92,312)	(36,115)
Impairment of intangible assets	14	–	(26,705)
Other operating expenses		<u>(5,653)</u>	<u>(2,004)</u>
Loss from operations		(92,937)	(56,327)
Finance costs		<u>(12,272)</u>	<u>(24,009)</u>
Loss before taxation	7	(105,209)	(80,336)
Taxation	8	<u>1,423</u>	<u>(61)</u>
Loss for the year from continuing operations		<u>(103,786)</u>	<u>(80,397)</u>
Discontinued operations			
Loss for the year from discontinued operations	9	<u>–</u>	<u>(4,601)</u>
Loss for the year		<u>(103,786)</u>	<u>(84,998)</u>

		(Restated)
		2013
	<i>Note</i>	2014
		<i>HK\$'000</i>
		<i>HK\$'000</i>
Attributable to:		
Owners of the Company		
Loss for the year from continuing operations		(89,666)
Loss for the year from discontinued operations		(80,397)
		<u>(4,055)</u>
		<u>(89,666)</u>
		<u>(84,452)</u>
Non-controlling interests		
Loss for the year from continuing operations		(14,120)
Loss for the year from discontinued operations		–
		<u>(546)</u>
		<u>(14,120)</u>
		<u>(546)</u>
Loss for the year		<u><u>(103,786)</u></u>
		<u><u>(84,998)</u></u>
Loss per share attributable to owners of the Company during the year	<i>10</i>	<i>HK cents</i>
		<i>HK cents</i>
Basic		
Continuing operations		(0.03)
Discontinued operations		(0.07)
		<u>(0.01)</u>
		<u><u>(0.03)</u></u>
		<u><u>(0.08)</u></u>
Diluted		
Continuing operations		N/A
Discontinued operations		N/A
		<u>N/A</u>
		<u><u>N/A</u></u>

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

		2014	(Restated) 2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year		(103,786)	(84,998)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments			
Deficit on revaluation	13	-	(54)
Reclassification adjustment upon disposal of subsidiaries		-	(1,648)
Exchange differences on translating foreign operations of a subsidiary		-	181
Release of foreign exchange reserve upon deregistration of a subsidiary		(231)	-
Other comprehensive income for the year, net of tax		(231)	(1,521)
Total comprehensive income for the year, before and net of tax		(104,017)	(86,519)
Attributable to:			
Owners of the Company		(89,897)	(85,973)
Non-controlling interests		(14,120)	(546)
Total comprehensive income for the year, before and net of tax		(104,017)	(86,519)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

		(Restated) As at	(Restated) As at
	Notes	31 December 2014 HK\$'000	31 December 2013 HK\$'000
			1 January 2013 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	82,677	74,378
Interest in a joint venture		–	–
Note receivable	12	–	–
Available-for-sale investments	13	818	10,000
Intangible assets	14	152,225	–
		<u>235,720</u>	<u>84,378</u>
			<u>136,921</u>
Current assets			
Inventories		6,649	–
Trade and other receivables	15	24,925	3,462
Financial assets at fair value through profit or loss	16	–	–
Cash and cash equivalents		102,067	18,694
		<u>133,641</u>	<u>22,156</u>
			<u>35,402</u>
Current liabilities			
Trade and other payables	17	68,666	3,367
Note payable	18	–	6,472
Loan payable		–	–
Financial liabilities at fair value through profit or loss	21	7,164	11,878
Convertible bonds	22	23,313	44,511
Borrowings	19	10,125	9,611
Current tax liabilities		1,765	–
		<u>111,033</u>	<u>75,839</u>
			<u>275,881</u>
Net current assets/(liabilities)		<u>22,608</u>	<u>(53,683)</u>
			<u>(240,479)</u>
Total assets less current liabilities		<u>258,328</u>	<u>30,695</u>
			<u>(103,558)</u>

		As at 31 December 2014	(Restated) As at 31 December 2013	(Restated) As at 1 January 2013
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities				
Other payables	17	24,089	–	–
Financial liabilities at fair value through profit or loss	21	21,021	375	763
Convertible bonds	22	160,018	–	–
Borrowings	19	30,327	23,117	32,496
Deferred tax liabilities		10,734	–	–
		<u>246,189</u>	<u>23,492</u>	<u>33,259</u>
Net assets/(liabilities)		<u><u>12,139</u></u>	<u><u>7,203</u></u>	<u><u>(136,817)</u></u>
EQUITY				
Share capital	23	36,907	29,996	10,747
Reserves		<u>(36,721)</u>	<u>(22,793)</u>	<u>(148,124)</u>
Equity/(Capital deficiency) attributable to owners of the Company		186	7,203	(137,377)
Non-controlling interests		<u>11,953</u>	–	<u>560</u>
Total equity/(Capital deficiency)		<u><u>12,139</u></u>	<u><u>7,203</u></u>	<u><u>(136,817)</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014

	(Capital deficiency)/Total equity attributable to owners of the Company								Non-	(Capital	
	Share capital (Restated) HK\$'000	*Share premium (Restated) HK\$'000	*Capital reserve (Restated) HK\$'000	*Capital redemption reserve (Restated) HK\$'000	*Employee share-based compensation reserve (Restated) HK\$'000	*Investment revaluation reserve (Restated) HK\$'000	*Foreign exchange reserve (Restated) HK\$'000	*Accumulated losses (Restated) HK\$'000	Total (Restated) HK\$'000	controlling interests (Restated) HK\$'000	deficiency)/ Total equity (Restated) HK\$'000
At 1 January 2013	10,747	3,409	2,112	601	34,555	1,702	50	(190,553)	(137,377)	560	(136,817)
Employee share-based compensation	-	-	-	-	1,828	-	-	-	1,828	-	1,828
Lapse of share options	-	-	-	-	(274)	-	-	274	-	-	-
Placing of shares (Note 23(b))	2,149	16,586	-	-	-	-	-	-	18,735	-	18,735
Share issue expenses (Note 23(b))	-	(197)	-	-	-	-	-	-	(197)	-	(197)
Issue of shares upon conversion of bonds (Note 23(a))	17,100	193,087	-	-	-	-	-	-	210,187	-	210,187
Disposal of subsidiaries (Note 27(b))	-	-	-	-	-	-	-	-	-	(14)	(14)
Transactions with owners	19,249	209,476	-	-	1,554	-	-	274	230,553	(14)	230,539
Loss for the year	-	-	-	-	-	-	-	(84,452)	(84,452)	(546)	(84,998)
Other comprehensive income:											
Available-for-sale investments											
Deficit on revaluation	-	-	-	-	-	(54)	-	-	(54)	-	(54)
Reclassification adjustment upon disposal of subsidiaries	-	-	-	-	-	(1,648)	-	-	(1,648)	-	(1,648)
Exchange differences on translating foreign operations of a subsidiary	-	-	-	-	-	-	181	-	181	-	181
Total comprehensive income for the year	-	-	-	-	-	(1,702)	181	(84,452)	(85,973)	(546)	(86,519)
At 31 December 2013	29,996	212,885	2,112	601	36,109	-	231	(274,731)	7,203	-	7,203

	Total equity attributable to owners of the Company								Non-	Total	
	Share capital	*Share premium	*Convertible bonds equity reserve	*Capital reserve	*Capital redemption reserve	*Employee share-based compensation reserve	*Foreign exchange reserve	*Accumulated losses	Total	controlling interests	equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	29,996	212,885	-	2,112	601	36,109	231	(274,731)	7,203	-	7,203
Share-based compensation	-	-	-	-	-	19,463	-	-	19,463	-	19,463
Issue of convertible bonds	-	-	8,061	-	-	-	-	-	8,061	-	8,061
Issue of consideration shares for acquisition of subsidiaries (Note 23(c) and (p))	4,807	40,639	-	-	-	-	-	-	45,446	-	45,446
Issue of shares upon conversion of redeemable convertible preference shares (Note 23(f), (g), (j), (k), (l) and (q))	338	3,162	-	-	-	-	-	-	3,500	-	3,500
Issue of shares upon exercise of warrants (Note 23(i))	160	2,924	-	-	-	-	-	-	3,084	-	3,084
Issue of shares upon exercise of share options (Note 23(m), (n), (o), (r), (s), (t) and (u))	272	5,854	-	-	-	(2,662)	-	-	3,464	-	3,464
Lapse of share options	-	-	-	-	-	(579)	-	579	-	-	-
Share issue expenses (Note 23(c))	-	(506)	-	-	-	-	-	-	(506)	-	(506)
Issue of shares upon conversion of bonds (Note 23(d), (e) and (h))	1,334	15,308	-	-	-	-	-	-	16,642	-	16,642
Non-controlling interests arising on business combination (Note 28)	-	-	-	-	-	-	-	-	-	24,667	24,667
Disposal of a subsidiary (Note 27(a))	-	-	-	-	-	-	-	-	-	79	79
Transactions with non-controlling interests	-	-	-	-	-	-	-	(16,274)	(16,274)	1,327	(14,947)
Transactions with owners	6,911	67,381	8,061	-	-	16,222	-	(15,695)	82,880	26,073	108,953
Loss for the year	-	-	-	-	-	-	-	(89,666)	(89,666)	(14,120)	(103,786)
Other comprehensive income:											
Release of foreign exchange reserve upon deregistration of a subsidiary	-	-	-	-	-	-	(231)	-	(231)	-	(231)
Total comprehensive income for the year	-	-	-	-	-	-	(231)	(89,666)	(89,897)	(14,120)	(104,017)
At 31 December 2014	36,907	280,266	8,061	2,112	601	52,331	-	(380,092)	186	11,953	12,139

* The total of these reserves amounts to a deficiency of HK\$36,721,000 (2013 (Restated): HK\$22,793,000).

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 21 February 2000 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and, its principal place of business is Units 1 & 2, 29/F., The Hennessy, 256 Hennessy Road, Wanchai, Hong Kong. The Company's shares have been listed on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 April 2000. The Company and its subsidiaries are together referred to as the Group hereinafter.

Pursuant to a special resolution duly passed at the extraordinary general meeting of the Company held on 22 December 2014, together with the approval of the Registrar of Companies in the Cayman Islands on 6 January 2015 and the approval of Registrar of Companies in Hong Kong on 27 January 2015, the name of the Company has been changed from "Crosby Capital Limited (高誠資本有限公司)" to "AID Partners Capital Holdings Limited (滙友資本控股有限公司)" with effect from 6 January 2015.

The Company acts as the holding company of the Group. The Group is principally engaged in the businesses of asset management and strategic investment.

The audited consolidated financial statements on page 7 to 13 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (the "IASB") and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by IASB. The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

The financial statements for the year ended 31 December 2014 were approved by the board of directors (the "Directors") on 27 March 2015.

Changes in functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

In prior years, the Company regarded United States dollars ("US\$") as its functional currency. However, the Company and most of its major operating subsidiaries' business transactions in terms of operating, investing and financing activities have increasingly placed greater reliance on Hong Kong dollars ("HK\$"). As such, effective from 24 February 2014, the Company and certain of its subsidiaries have changed their functional currency from US\$ to HK\$. The change in functional currency of the Company was applied prospectively from date of change in accordance with IAS 21 "The Effect of Changes in Foreign Exchange Rates". On the date of the change of functional currency, all assets, liabilities, issued capital and other components of equity and profit and loss account items were translated into HK\$ at the exchange rate on that date.

Changes in presentation currency

HK\$ have also been adopted as the presentation currency of the Group in the current year. The change in presentation currency of the Group has been applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", and the comparative figures have also been restated to HK\$. Accordingly, a third statement of financial position as at 1 January 2013 has been presented.

The changes in presentation currency and the restatement of the comparative amounts from US\$ to HK\$ have had no significant impact on the financial positions of the Group and the Company as at 31 December 2013 and 31 December 2014, or the results and cash flows of the Group for the years presented.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the audited consolidated financial statements are detailed in the Group's 2014 annual report.

3. ADOPTION OF NEW OR AMENDED IFRSs

In the current year, the Group has applied for the following new standards, amendments and interpretations (the "new IFRSs"), which are relevant to and effective for the consolidated financial statements for the annual period beginning on 1 January 2014:

(a) Adoption of new/revised IFRSs – effective 1 January 2014

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
IFRIC 21	Levies

Except as explained below, the adoption of these new/revised standards and interpretations has no material impact on the Group's financial statements.

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to IAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offset arrangements.

IFRIC 21 – Levies

IFRIC 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of IFRIC 21 has no impact on these financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

(b) New/revised IFRSs that have been issued but are not yet effective

The Group has not applied the following new/revised IFRSs, that have been issued, but are not yet effective in these financial statements.

Amendments to IAS 1	Disclosure Initiative ²
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants ²
Amendments to IAS 19 (2011)	Defined Benefit Plans: Employee Contributions ¹
Amendments to IAS 27	Equity Method in Separate Financial Statements ²
IFRS 9 (2014)	Financial Instruments ⁴
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations ²
IFRS 14	Regulatory Deferred Accounts ²
IFRS 15	Revenue from Contracts with Customers ³

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

Information on new/revised IFRSs that is potentially relevant to the Group's financial statements is as follows:

Amendments to IAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

IFRS 9 (2014) – Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

IFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Except for IFRS 9, the Directors anticipated that the application of other new or amended IFRSs will have no material impact on the Group's financial statements.

(c) New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes. So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

4. SEGMENT INFORMATION

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

	Asset management		Strategic investment		Total	
	2014	(Restated) 2013	2014	(Restated) 2013	2014	(Restated) 2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	3,736	13,864	52,379	–	56,115	13,864
Total segment loss from operations	(7,446)	(7,839)	(20,770)	–	(28,216)	(7,839)
Other income not allocated					758	370
Gain on disposal of subsidiaries					8,684	–
Loss on financial liabilities at fair value through profit or loss					(6,009)	(6,993)
Impairment of intangible assets					–	(26,705)
Amortisation of intangible assets					(19,320)	–
Depreciation					(3,734)	(4,619)
Unallocated corporate expenses					(45,100)	(10,541)
Loss from operations					(92,937)	(56,327)
Finance costs					(12,272)	(24,009)
Loss before taxation					(105,209)	(80,336)
Taxation					1,423	(61)
Loss for the year from continuing operations					(103,786)	(80,397)
Loss for the year from discontinued operations (Note 9)					–	(4,601)
Loss for the year					(103,786)	(84,998)

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

	Asset management		Strategic investment		Total	
	(Restated)		(Restated)		(Restated)	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	1,497	12,830	196,316	–	197,813	12,830
Unallocated property, plant and equipment					70,634	74,187
Available-for-sale investments					818	10,000
Unallocated corporate assets					100,096	9,517
Total assets					369,361	106,534

All assets are allocated to reportable segments other than unallocated assets (mainly comprising available-for-sale investments, certain other receivables and cash and cash equivalents).

Segment liabilities	38	1,302	24,095	–	24,133	1,302
Note payable					–	6,472
Financial liabilities at fair value through profit or loss					28,185	12,253
Convertible bonds					183,331	44,511
Borrowings					40,452	32,728
Deferred tax liabilities					10,734	–
Unallocated corporate liabilities					70,387	2,065
Total liabilities					357,222	99,331

All liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising contingent payables as set out in Note 17).

	Asset management		Strategic investment	
	(Restated)		(Restated)	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information				
Additions to non-current assets	–	235	12,043	–
Depreciation on property, plant and equipment	51	116	3,512	–
Share-based payment	126	363	128	–
Income tax expense	–	–	1,765	–

Geographic information

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

	Revenue from external customers		Specified non-current assets	
	2014 <i>HK\$'000</i>	(Restated) 2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	(Restated) 2013 <i>HK\$'000</i>
Hong Kong (place of domicile)	52,379	13,864	234,902	74,378
Other countries	3,736	–	–	–
	<u>56,115</u>	<u>13,864</u>	<u>234,902</u>	<u>74,378</u>

No one single customer contributed more than 10% of the Group's total revenue during the years ended 31 December 2013 and 2014.

5. REVENUE – CONTINUING OPERATIONS

Revenue, which is also the Group's turnover, represents the (i) net invoiced value of goods and food and beverages sold, net of discounts, (ii) net receipts from sales of in-app purchases and (iii) service fees earned. An analysis of revenue is as follows:

	2014 <i>HK\$'000</i>	(Restated) 2013 <i>HK\$'000</i>
Sale of goods	34,411	–
Sale of food and beverages	1,100	–
Sales of in-app purchase items	10,027	–
Advertising income	6,841	–
Fund management fee income	3,736	13,864
	<u>56,115</u>	<u>13,864</u>

6. OTHER INCOME – CONTINUING OPERATIONS

	2014 <i>HK\$'000</i>	(Restated) 2013 <i>HK\$'000</i>
Bank interest income	452	–
Gain on deregistration of a subsidiary	231	–
Gain on disposal of property, plant and equipment	5	72
Gain on disposal of subsidiaries (<i>Note 27(a)</i>)	8,684	–
Foreign exchange gains, net	25	–
Others	620	1,058
	<u>10,017</u>	<u>1,130</u>

7. LOSS BEFORE TAXATION – CONTINUING OPERATIONS

	2014 <i>HK\$'000</i>	(Restated) 2013 <i>HK\$'000</i>
Loss before taxation is arrived at after charging:		
Auditor's remuneration:		
— audit services	653	396
— other services	175	101
Cost of inventories recognised as expense	21,219	–
Depreciation of property, plant and equipment	7,297	4,735
Amortisation of intangible assets (<i>Note 14</i>)	19,320	–
Employee benefit expense (including directors' remuneration)	49,003	26,323
Foreign exchange losses, net	–	6
Impairment of intangible assets (<i>Note 14</i>)	–	26,705
Impairment of inventories	356	–
Share-based payment	128	–
Write off of property, plant and equipment (<i>Note 11</i>)	1,415	116
Operating leases charges in respect of leased premises	16,270	1,271
After crediting:		
Foreign exchange gains, net	25	–
Gain on disposal of property, plant and equipment	5	72

8. TAXATION – CONTINUING OPERATIONS

	2014 <i>HK\$'000</i>	(Restated) 2013 <i>HK\$'000</i>
Current tax charge		
Hong Kong:		
– Under provision in prior years	–	61
– Current year charge	1,765	–
	1,765	61
Deferred tax		
– Current year	(3,188)	–
Total	(1,423)	61

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2014. No Hong Kong profits tax was provided in the financial statements for the year ended 31 December 2013 as the Group did not make any assessable profit. Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions during the year.

Reconciliation between tax charge and accounting loss at applicable rates is as follows:

	2014	(Restated)
	HK\$'000	2013
		HK\$'000
Loss before taxation		
Continuing operations	(105,209)	(80,336)
Discontinued operations	–	(4,601)
	<u>(105,209)</u>	<u>(84,937)</u>
Tax at the domestic income tax rates	(17,359)	(14,015)
Tax effect of prior year's tax losses utilised this year	(335)	–
Tax effect of non-taxable income	(1,984)	(112)
Tax effect of non-deductible expenses	7,538	10,581
Tax effect of unrecognised temporary differences	547	287
Tax effect of unrecognised tax losses	10,170	3,259
Under provision in prior years	–	61
	<u>(1,423)</u>	<u>61</u>

9. DISCONTINUED OPERATIONS

		(Restated)
	2014	2013
	HK\$'000	HK\$'000
	<i>Note</i>	
Revenue	–	208
Cost of sales	–	–
	<u>–</u>	<u>–</u>
Gross profit	–	208
Loss on financial assets at fair value through profit or loss	–	(37)
Other income	–	1,966
Administrative expenses	–	(5,106)
Other operating expenses	–	(2,373)
	<u>–</u>	<u>(2,373)</u>
Loss from operations	–	(5,342)
Finance costs	–	(23)
Share of profit of a joint venture	–	265
	<u>–</u>	<u>265</u>
Loss before taxation	<i>(i)</i>	(5,100)
Taxation	–	–
	<u>–</u>	<u>–</u>
Loss after taxation	–	(5,100)
Gain on disposal of subsidiaries	–	499
	<u>–</u>	<u>499</u>
Loss for the year	–	(4,601)
	<u>–</u>	<u>(4,601)</u>

Note:

- (i) Loss before taxation – Discontinued operations

	2014	(Restated)
	HK\$'000	2013 HK\$'000
Loss before taxation is arrived at after charging:		
Auditor's remuneration:		
— audit services	–	72
Depreciation of property, plant and equipment	–	15
Employee benefit expense (including directors' remuneration)	–	3,128
Foreign exchange losses, net	–	178
Impairment of available-for-sale investments (Note 13)	–	1,028
Operating lease charges in respect of leased premises	–	289
	<u>–</u>	<u>4,692</u>

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic loss per share

Basic loss per share is calculated by dividing consolidated loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2014	(Restated)
		2013
<i>(HK\$'000)</i>		
Consolidated loss attributable to owners of the Company		
Continuing operations	(89,666)	(80,397)
Discontinued operations	–	(4,055)
	<u>(89,666)</u>	<u>(84,452)</u>
<i>(Number)</i>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	2,698,916,334	1,072,012,320
	<u>2,698,916,334</u>	<u>1,072,012,320</u>

The comparative figure for basic loss per share for the year ended 31 December 2013 is restated to take into account of the effect of the Company's bonus issue subsequent to the year ended 31 December 2014 (Note 29(b)) retrospectively as if they had taken place since the beginning of the comparative period.

	2014	(Restated)
	HK cents	2013 HK cents
Basic loss per share		
Continuing operations	(0.03)	(0.07)
Discontinued operations	–	(0.01)
	<u>(0.03)</u>	<u>(0.08)</u>

(b) Diluted loss per share

No diluted loss per share is shown for 2014 and 2013 as the outstanding share options, convertible bonds, warrants and redeemable convertible preference shares are anti-dilutive or have no dilutive effect.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Computer hardware and software <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2013 (Restated)						
Cost	79,568	2,794	1,989	4,274	1,049	89,674
Accumulated depreciation	(3,662)	(2,114)	(726)	(1,432)	(597)	(8,531)
Carrying amount	<u>75,906</u>	<u>680</u>	<u>1,263</u>	<u>2,842</u>	<u>452</u>	<u>81,143</u>
Year ended 31 December 2013 (Restated)						
Opening carrying amount	75,906	680	1,263	2,842	452	81,143
Additions	–	54	232	–	–	286
Disposals	(2,083)	–	–	–	–	(2,083)
Disposal of subsidiaries (Note 27(b))	–	(102)	–	–	–	(102)
Write off (Note 7)	–	(19)	–	(87)	(10)	(116)
Depreciation	(2,187)	(443)	(398)	(1,440)	(282)	(4,750)
Carrying amount	<u>71,636</u>	<u>170</u>	<u>1,097</u>	<u>1,315</u>	<u>160</u>	<u>74,378</u>
At 31 December 2013 (Restated)						
Cost	77,338	1,845	1,929	3,559	921	85,592
Accumulated depreciation	(5,702)	(1,675)	(832)	(2,244)	(761)	(11,214)
Carrying amount	<u>71,636</u>	<u>170</u>	<u>1,097</u>	<u>1,315</u>	<u>160</u>	<u>74,378</u>
Year ended 31 December 2014						
Opening carrying amount	71,636	170	1,097	1,315	160	74,378
Additions	–	1,247	1,991	11,733	2,080	17,051
Disposals	–	(69)	(129)	–	(4)	(202)
Acquisition of subsidiaries (Note 28(a))	–	124	38	–	–	162
Write off (Note 7)	–	(23)	(600)	(752)	(40)	(1,415)
Depreciation	(2,139)	(453)	(578)	(3,599)	(528)	(7,297)
Carrying amount	<u>69,497</u>	<u>996</u>	<u>1,819</u>	<u>8,697</u>	<u>1,668</u>	<u>82,677</u>
At 31 December 2014						
Cost	77,338	1,310	2,050	11,733	2,080	94,511
Accumulated depreciation	(7,841)	(314)	(231)	(3,036)	(412)	(11,834)
Carrying amount	<u>69,497</u>	<u>996</u>	<u>1,819</u>	<u>8,697</u>	<u>1,668</u>	<u>82,677</u>

As at 31 December 2014, the Group's leasehold land and buildings were situated in Hong Kong, which was held under long-term lease.

Property, plant and equipment of the Group includes leasehold land and buildings of total carrying amount of HK\$69,497,000 (2013 (Restated): HK\$71,636,000) pledged to a bank to secure mortgage loans granted to a wholly owned subsidiary of the Company as at 31 December 2014 (Note 19(a)(ii)).

During the year ended 31 December 2013, certain land and buildings of the Group were disposed of to a former Director, who resigned as the Director of the Company on 27 September 2013, date of signing the agreement for the disposal, and a company beneficially owned by him, at a total consideration of HK\$2,155,000.

12. NOTE RECEIVABLE

On 26 March 2012, the Group signed a subscription agreement to invest HK\$20,000,000 in a note (the “Note”) issued by Silver Pointer Limited (“Silver Pointer”), a wholly owned subsidiary of Shikumen Special Situations Fund (“SSSF”), an investment fund managed by AID Partners Asset Management Limited (formerly known as Shikumen Capital Management (HK) Limited) (“AIDAML”), a wholly owned subsidiary of the Company. Silver Pointer was established by SSSF to pursue private equity investment opportunities as permitted under its investment mandate.

The Note was unsecured, interest-bearing at 12% per annum and repayable after a fixed term of 3 years or earlier based on certain conditions. The Note was fully repaid on 12 March 2013.

13. AVAILABLE-FOR-SALE INVESTMENTS

	As at 31 December 2014 <i>HK\$'000</i>	(Restated) As at 31 December 2013 <i>HK\$'000</i>	(Restated) As at 1 January 2013 <i>HK\$'000</i>
<i>Unlisted investments, at fair value</i>			
Equity securities	–	–	4,576
Less: Impairment losses	–	–	(116)
	–	–	4,460
<i>Unlisted investments, at cost</i>			
Equity securities	818	10,000	12,370
Less: Impairment losses	–	–	(11,370)
	818	10,000	1,000
Total	818	10,000	5,460

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

	2014	(Restated)
	HK\$'000	2013 HK\$'000
At 1 January	10,000	5,460
Additions	818	10,117
Transfer to investment in a subsidiary (<i>Note 28(a)</i>)	(10,000)	–
Disposal of subsidiaries (<i>Note 27(b)</i>)	–	(4,495)
Impairment (<i>Note 9</i>)	–	(1,028)
Change in fair value recognised directly in other comprehensive income	–	(54)
At 31 December	818	10,000

For the year ended 31 December 2013, including in the additions of HK\$10,117,000 (Restated) during the year ended 31 December 2013 above was an amount of HK\$10,000,000 representing an investment of 11.36% in HMV Ideal Limited (formerly known as Billion Merit Investments Limited) (“HMV Ideal”) acquired in December 2013. On 24 February 2014, the Group further acquired approximately 53.18% interest in HMV Ideal which has been disclosed in acquisition of subsidiaries and accordingly, the Group has reclassified its investment in HMV Ideal from available-for-sale investments to investment in subsidiaries.

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

14. INTANGIBLE ASSETS

	Goodwill	Trademarks	Trademark licence	Platform	Content agreement	Intellectual property	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(<i>Note (a)</i>)	(<i>Note (b)</i>)	(<i>Note (c)</i>)	(<i>Note (c)</i>)	(<i>Note (c)</i>)	(<i>Note (d)</i>)	
Carrying amount at 1 January 2013 (Restated)	25,828	870	–	–	–	–	26,698
Additions (Restated)	–	54	–	–	–	–	54
Disposal of subsidiaries (Restated) (<i>Note 27(b)</i>)	–	(47)	–	–	–	–	(47)
Impairment loss (Restated) (<i>Note 7</i>)	(25,828)	(877)	–	–	–	–	(26,705)
Carrying amount at 31 December 2013 and 1 January 2014 (Restated)	–	–	–	–	–	–	–
Acquisition of subsidiaries (<i>Note 28</i>)	92,009	–	14,400	27,400	9,000	38,822	181,631
Amortisation	–	–	(2,400)	(11,417)	(3,750)	(1,753)	(19,320)
Disposal of subsidiaries (<i>Note 27(a)</i>)	(4,836)	–	–	–	(5,250)	–	(10,086)
Carrying amount at 31 December 2014	87,173	–	12,000	15,983	–	37,069	152,225

Notes:

- (a) Goodwill acquired through acquisition of subsidiaries during the year ended 31 December 2014 and is allocated to the Group's CGU. A summary of goodwill allocation is presented below:

	As at 31 December 2014 HK\$'000	(Restated) As at 31 December 2013 HK\$'000	(Restated) As at 1 January 2013 HK\$'000
AIDAML	–	–	25,828
HMV Ideal	21,151	–	–
CSL	66,022	–	–
	<u>87,173</u>	<u>–</u>	<u>25,828</u>

The recoverable amount of the above CGUs to which the goodwill relates has been determined based on a value in use calculation. The calculation is based on financial budgets covering a five-year period approved by management and followed by an extrapolation of expected cash flows with nil growth rate. Key assumptions are based on past performance, management estimation on market development and general inflation based on the growth rates which did not exceed the long-term average growth rates for the business in which the CGU operates. The discount rate used for value in use calculations are pre-tax and reflect specific risks relating to the relevant CGU.

The key assumptions used for value in use calculations are as follows:

	HMV Ideal		CSL	
	2014	2013	2014	2013
Growth rate	3%	N/A	4%	N/A
Discount rate	<u>30%–33%</u>	<u>N/A</u>	<u>19%</u>	<u>N/A</u>

Apart from the considerations described above in determining the value in use of the CGUs, management is not aware of any other probable changes that would necessitate changes in the key assumptions. Management determines that the CGUs containing goodwill does not suffer any impairment.

During the year ended 31 December 2013, the Directors anticipated that there would be a curtailment in the asset management business presently engaged by AIDAML and AIDAML was in the process of assessing other new business initiatives. Therefore, its revenue was expected to decrease and it would likely not generate positive operating cash flows. Due to this change in circumstances, full provision for impairment on goodwill was recognised for the year ended 31 December 2013.

- (b) During the year ended 31 December 2013, the Group had disposed of certain subsidiaries which carried out business to which the trademarks was relevant and as of the date of disposal, the Directors consider that minimal amount of cash flows, if any, would arise from the usage of the trademarks by the existing business of the Group. As a result, full provision for impairment was recognised for the year ended 31 December 2013.
- (c) Trademark licence, platform and content agreement arose from further acquisition of 53.18% equity interest in HMV Ideal, which increased the Group's ownership to 64.54%, on 24 February 2014 (Note 28(a)). Trademark licence represents the rights to operate the Central Retail Store using the brand name "HMV" and the exclusive use of the domain www.hmv.com.hk to conduct the e-commerce business of retailing music, films, games and portable digital technology products in Hong Kong.

Platform represents a form of data-processing-related intangible asset under domain name www.vissible.com, http://viss.me and mobile application “VISS” on iOS and Android operated smartphones to provide technology and online platforms for its users to share information of fashion and lifestyle products.

Content agreement refers to a content hosting services and provider sell-through agreement entered into between VS Media Limited, an indirect wholly-owned subsidiary of HMV Ideal at the time of signing the agreement, and Google Ireland Limited, which enables VS Media Limited to publish its video contents through the Google platform (YouTube) and share the advertising revenue with Google.

All of the intangible assets were valued as of the date of acquisition by LCH (Asia-Pacific) Surveyors Limited, a firm of professional valuer, on the following basis:

Trademark licence:	The Relief from Royalty method under the Income Approach
Platform:	The Multi-period Excess Earnings method under the Income Approach
Content agreement:	The Multi-period Excess Earnings method under the Income Approach

- (d) Intellectual property represents a series of interactive role-playing game Apps available on the three major global digital distribution platforms, namely Apple’s App Store, Google’s Play Store and Amazon’s App Store which arose from the acquisition of CSL on 9 October 2014.

The intellectual property was valued as of the date of acquisition by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of professional valuer, using the Relief from Royalty method under the Income Approach.

15. TRADE AND OTHER RECEIVABLES

		(Restated)	(Restated)
	As at	As at	As at
	31 December	31 December	1 January
	2014	2013	2013
<i>Notes</i>	HK\$’000	<i>HK\$’000</i>	<i>HK\$’000</i>
Trade receivables	(i) 380	314	6,516
Other receivables	(ii) 18,912	1,513	969
Deposits and prepayments	5,633	1,635	4,129
Total	24,925	3,462	11,614

The fair value of trade and other receivables is considered by the Directors not to be materially different from carrying amounts.

Notes:

- (i) At 31 December 2014, the ageing analysis of trade receivables based on invoice date and net of impairment losses is as follows:

	As at	(Restated)	(Restated)
	31 December	As at	As at
	2014	31 December	1 January
	HK\$'000	2013	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	244	148	3,994
31–60 days	95	166	1,240
61–90 days	41	–	1,282
	<u>380</u>	<u>314</u>	<u>6,516</u>

Sales of goods and food and beverages are normally made on a cash basis. Credit card receivables from financial institutions in respect of those sales are aged within 45 days.

The Group allows a credit period ranging from 15 to 45 days (2013: 15 to 45 days) to its asset management clients. The credit period for asset management contracts can be extended under special circumstances.

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

	As at	(Restated)	(Restated)
	31 December	As at	As at
	2014	31 December	1 January
	HK\$'000	2013	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 30 days past due	339	314	5,234
31–60 days past due	41	–	1,282
	<u>380</u>	<u>314</u>	<u>6,516</u>

Trade receivables that were past due but not impaired related to a customer (2013: Nil) that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

- (ii) All other receivables as at 31 December 2014 and 31 December 2013 were aged less than 30 days past due, based on the due date.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2014 <i>HK\$'000</i>	(Restated) As at 31 December 2013 <i>HK\$'000</i>	(Restated) As at 1 January 2013 <i>HK\$'000</i>
Held for trading			
<i>Listed securities, at fair value:</i>			
— Equity securities — Australia	—	—	158
— Equity securities — Japan	—	—	72
Total	—	—	230

Movements in financial assets at fair value through profit or loss during the year are as follows:

	2014 <i>HK\$'000</i>	(Restated) 2013 <i>HK\$'000</i>
At 1 January	—	230
Loss on financial assets at fair value through profit or loss		
— Discontinued operations	—	(37)
Disposal of subsidiaries (<i>Note 27(b)</i>)	—	(193)
At 31 December	—	—

17. TRADE AND OTHER PAYABLES

	As at 31 December 2014 <i>HK\$'000</i>	(Restated) As at 31 December 2013 <i>HK\$'000</i>	(Restated) As at 1 January 2013 <i>HK\$'000</i>
Trade payables	9,237	—	—
Other payables (<i>Note (a)</i>)	64,198	834	2,697
Accrued charges (<i>Note (b)</i>)	7,720	2,533	12,972
Advances from a director (<i>Note (c)</i>)	11,600	—	—
	92,755	3,367	15,669
Categorised as:			
Current portion	68,666	3,367	15,669
Non-current portion	24,089	—	—
	92,755	3,367	15,669

Details of the trade and other payables including the ageing analysis of trade payables based on invoice date are as follows:

	As at	(Restated) As at	(Restated) As at
	31 December	31 December	1 January
	2014	2013	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days			
31–60 days	3,305	–	–
61–90 days	5,616	–	–
90–120 days	316	–	–
More than 120 days	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
	9,237	–	–
	<u><u>9,237</u></u>	<u><u>–</u></u>	<u><u>–</u></u>

Notes:

- (a) The balance represented contingent consideration payable by the Group of HK\$64,198,000 (2013: Nil) for the acquisition of CSL (Note 28(b)) to be paid in two instalments comprising HK\$40,809,000 payable during the year ending 31 December 2015 and HK\$23,389,000 during the year ending 31 December 2016.
- (b) The balance included the provision for store reinstatement costs of HK\$700,000 (2013: Nil) the Group is presently obligated to make under a non-cancellable operating lease contract.
- (c) The advances are in the principal amounts of HK\$1,600,000, HK\$2,500,000 and HK\$7,500,000, and are unsecured, non-interest bearing, and repayable on 24 March 2015, 27 April 2015 and 28 May 2015 respectively.

18. NOTE PAYABLE

The balance at 31 December 2013 represented the carrying amount of the promissory notes of total principal amount of HK\$6,472,000 (Restated) issued as incentive fee payable to bondholders who exercised their rights to convert the convertible bonds (Note 22) into ordinary shares of the Company on or before 30 November 2013. The principal amount was arrived at based on 4% of the principal value of the convertible bonds.

19. BORROWINGS

	As at 31 December 2014 HK\$'000	(Restated) As at 31 December 2013 HK\$'000	(Restated) As at 1 January 2013 HK\$'000
Current liabilities			
Bank loans — secured (<i>Note (a)</i>)	2,623	2,030	1,993
Other loan — secured (<i>Note (b)</i>)	—	—	15,525
Redeemable convertible preference shares (<i>Note 20</i>)	7,502	7,581	—
	<u>10,125</u>	<u>9,611</u>	<u>17,518</u>
Non-current liabilities			
Bank loans — secured (<i>Note (a)</i>)	30,327	23,117	25,000
Redeemable convertible preference shares (<i>Note 20</i>)	—	—	7,496
	<u>30,327</u>	<u>23,117</u>	<u>32,496</u>
Total	<u><u>40,452</u></u>	<u><u>32,728</u></u>	<u><u>50,014</u></u>
	As at 31 December 2014 HK\$'000	(Restated) As at 31 December 2013 HK\$'000	(Restated) As at 1 January 2013 HK\$'000
Borrowings are repayable as follows:			
Within one year	10,125	9,611	17,518
In the second year	2,510	1,904	1,872
In the third to fifth years	7,793	5,882	13,276
After the fifth year	20,024	15,331	17,348
	<u>40,452</u>	<u>32,728</u>	<u>50,014</u>

Notes:

(a) Bank loans

- (i) Bank property instalment loans totaling HK\$30,000,000 and HK\$10,000,000 were raised in 2011 and 2014 which are interest-bearing at 1.25% over 1-month HIBOR per annum and 2.25% over 1-month HIBOR per annum respectively and are repayable by 180 monthly instalments. The maturity date, on which the last instalment shall be due for repayment, will be 31 March 2026 and 29 May 2029 respectively.
- (ii) The bank loans are secured by:
 - mortgage over leasehold land and building of the Group situated in Hong Kong with a net carrying amount of HK\$69,497,000 as at 31 December 2014 (2013 (Restated): HK\$71,636,000) (Note 11); and

- corporate guarantee of unlimited amount given by the Company (2013: corporate guarantees of unlimited amount and an amount up to HK\$30,000,000 given by the Company and AIDAML, a wholly owned subsidiary of the Company, respectively).
- (iii) Amounts due are based on the scheduled repayment dates set out in the loan agreement. The banking facilities are subject to the fulfilment of certain covenants, as are commonly found in the lending arrangement with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand.

The Group regularly monitors its compliance with those covenants, is up to date with the scheduled repayments of the bank loans, and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. As at 31 December 2014, none of the covenants relating to drawn down facilities had been breached (2013: Nil).

(b) Other loan

- (i) Interest rate was charged on other loan at 0.1% per day (i.e. 36.5% per annum) and the effective interest rate was 43.06% per annum. The balance was fully repaid on 4 January 2013.
- (ii) The other loan was secured by personal guarantee from a former substantial shareholder of the Company.

20. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

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

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

In accordance with the terms and conditions thereof, the conversion price was reset on 14 March 2012, 14 March 2013, 14 September 2013, 14 March 2014 and the prevailing conversion price is HK\$0.13 per share as reset upon the completion of bonus issue as set out in Note 29(b) on 27 January 2015.

The residual amount of the proceeds of the RCPS over the fair value of the embedded derivatives, estimated at the date of issuance using Binomial Option Pricing Model, is assigned as the liability component and is included in borrowings.

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

	As at 31 December 2014 <i>HK\$'000</i>	(Re-presented) As at 31 December 2013 <i>HK\$'000</i>	(Re-presented) As at 1 January <i>HK\$'000</i>
Net carrying amount at 1 January	7,581	7,496	7,411
Exercise of redeemable convertible preferences shares	(167)	–	–
Effective interest expense for the year	88	85	85
Net carrying amount at 31 December (Note 19)	7,502	7,581	7,496

Interest expense on the RCPS is calculated using effective interest method by applying the effective interest rate of 1.14% (2013: 1.14%) per annum.

21. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 <i>HK\$'000</i>	(Restated) 2013 <i>HK\$'000</i>
<i>Derivatives embedded in the convertible bonds issued:</i>		
Balance at 1 January	11,053	46,339
Conversion of bonds	(3,061)	(41,842)
Redemption of bonds	(826)	–
Issue of bonds (Note 22)	14,718	–
Loss on financial liabilities at fair value through profit or loss	2,480	6,556
Balance at 31 December	24,364	11,053
<i>Derivatives embedded in the warrants issued:</i>		
Balance at 1 January	375	560
Exercise of warrants	(834)	–
Loss/(Gain) on financial liabilities at fair value through profit or loss	459	(185)
Balance at 31 December	–	375
<i>Derivatives embedded in the redeemable convertible preference shares issued:</i>		
Balance at 1 January	825	203
Exercise of redeemable convertible preference shares	(74)	–
Loss on financial liabilities at fair value through profit or loss	3,070	622
Balance at 31 December	3,821	825
Total	28,185	12,253

	As at 31 December 2014 <i>HK\$'000</i>	(Re-presented) As at 31 December 2013 <i>HK\$'000</i>	(Re-presented) As at 1 January 2013 <i>HK\$'000</i>
Categorised as:			
Current liabilities	7,164	11,878	46,339
Non-current liabilities	<u>21,021</u>	<u>375</u>	<u>763</u>
Total	<u>28,185</u>	<u>12,253</u>	<u>47,102</u>
Losses/(Gains) recognised in profit or loss relating to financial instruments held by the Group	<u>6,009</u>	<u>6,993</u>	<u>(19,375)</u>

In October 2010, the Company repurchased the convertible bonds previously issued in March 2006 at a consideration comprising cash of HK\$156,000,000 financed by the issue of Tranche 1 Convertible Bonds (Note 22) and an aggregate of 60,000,000 warrants issued. The fair values of warrants issued were valued by an independent professional valuer upon initial recognition.

During the year ended 31 December 2014, principal amount of HK\$13,000,000 (2013: HK\$171,000,000) of convertible bonds was converted into 17,105,262 (2013: 219,230,761) ordinary shares of the Company (Note 23(d), (e) and (h)) (2013: Note 23(a)) at the conversion price of HK\$0.76 (2013: HK\$0.78) per share, with fair value of derivatives embedded therein of HK\$3,061,000 (2013 (Restated): HK\$41,842,000) at the dates of conversion, as calculated using the Binomial Option Pricing Model.

During the year ended 31 December 2014, warrants with an amount of HK\$2,250,000 were exercised at the exercise price of HK\$1.096 per share and 2,052,919 ordinary shares of the Company were allotted and issued (Note 23(i)), with fair value of derivatives embedded therein of HK\$834,000 at the date of exercise, as calculated using the Binomial Option Pricing Model.

During the year ended 31 December 2014, 4,344,301 ordinary shares of the Company were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK\$3,432,000 at the exercise price of HK\$0.79 per share, with fair value of derivatives embedded therein of HK\$74,000 at the date of exercise, as calculated using the Binomial Option Pricing Model.

The fair values at 31 December 2014 and 31 December 2013 are calculated using the Binomial Option Pricing Model for the derivatives embedded in the convertible bonds, the RCPS and the warrants issued respectively. The inputs into the model are as follows:

	Derivatives embedded in the 2014 Convertible Bonds issued		Derivatives embedded in the Tranche 1 and Tranche 2 Convertible Bonds issued		Warrants issued		Derivatives embedded in the redeemable convertible preference shares issued	
	2014	2013	2014	2013	2014	2013	2014	2013
	Expected volatility	68%	N/A	64.92%	65.33%	N/A	65.33%	61.05%
Expected life	2.45 years	N/A	0.76 year	1.76 years	N/A	1.76 years	1.70 years	2.70 years
Risk-free rate	1.37%	N/A	0.101%	0.30%	N/A	0.30%	0.44%	0.56%
Spot price	HK\$2.48	N/A	HK\$2.48	HK\$0.79	N/A	HK\$0.79	HK\$2.48	HK\$0.79
Expected dividend yield	0%	N/A	0%	0%	N/A	0%	0%	0%

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

Increased volatility by 6.5% would increase the fair value of embedded derivatives in 2014 Convertible Bonds by approximately HK\$1,826,000. Lower volatility by 6.5% would decrease the fair value of embedded derivatives in 2014 Convertible Bonds by approximately HK\$246,000. Increased or decreased volatility by 6.5% would not increase or decrease the value of the embedded derivatives in Tranche 1 Convertible Bonds and redeemable convertible preference shares.

22. CONVERTIBLE BONDS

(a) Tranche 1 and Tranche 2 Convertible Bonds

In June 2010, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place 5-year Zero Coupon Convertible Bonds with an aggregate principal amount of up to HK\$250,000,000, comprising Tranche 1 of principal amount up to HK\$160,000,000 (“Tranche 1 Convertible Bonds”) and Tranche 2 of principal amount of up to HK\$90,000,000 (“Tranche 2 Convertible Bonds”), subject to certain conditions. In October 2010, with the fulfilment of all conditions required for Tranche 1 Convertible Bonds, the Company issued the Tranche 1 Convertible Bonds, HK\$156,000,000 of which was used to finance the repurchase of the convertible bonds previously issued in March 2006 as detailed in the Company’s 2010 Annual Report. On 30 March 2011, with the fulfilment of all conditions required for Tranche 2 Convertible Bonds, the Company further issued the Tranche 2 Convertible Bonds, the proceeds of which was used to finance the purchase of the office premises together with the bank loan (Note 19).

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

In accordance with the terms and conditions thereof, the conversion price was reset on 4 April 2011, 4 October 2011, 4 April 2013, 24 February 2014 and the prevailing conversion price is HK\$0.12 per share which was adjusted upon the completion of bonus issue as set out in Note 29(b) on 27 January 2015.

The residual amounts of the proceeds of the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds over the fair value of the embedded derivatives, estimated at the date of issuance using Binomial Option Pricing Model, are assigned as the liability component.

(b) 2014 Convertible Bonds

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

The 2014 Convertible Bonds are convertible at the option of the bondholders at any time during the period commencing from the date of issue of the convertible bonds up to and including the date falling seven days prior to the third anniversary of the date of issue of the 2014 Convertible Bonds (the “Maturity date”) at a price of HK\$0.80 per share initially. The prevailing conversion price is HK\$0.13 per share which was adjusted upon the completion of bonus issue as set out in Note 29(b) on 27 January 2015. The 2014 Convertible Bonds are only transferable with the prior notification to the Company and the 2014 Convertible Bonds may be transferred in integral multiples of HK\$1,000,000. The Company may, having given not less than thirty days’ notice to the bondholders, redeem the 2014 Convertible Bonds then outstanding, at a premium of 10% above the outstanding principal amount of the 2014 Convertible Bonds, in integral multiples of HK\$1,000,000 at any time prior to the Maturity Date and subject to bondholder’s agreement. The bondholders may also by written notice to the Maturity Date elect to extend the term of the 2014 Convertible Bonds then outstanding, in whole or in part, for a term of one year and thereafter for a further one year.

The conversion option embedded in the 2014 Convertible Bonds meets the definition of equity instrument of the Company, and is classified as equity and presented separately from the 2014 Convertible Bonds liability component. Other embedded derivative (i.e. the call option of the Company and the 2014 Convertible Bonds holder’s extension option) is separated from the host debt because its economic characteristics and risks are not closely related to those of the host debt and is accounted for as financial liabilities at fair value through profit or loss.

The 2014 Convertible Bonds liability component is initially recognised at its fair value and is subsequently measured at amortised cost. The 2014 Convertible Bonds recognised in the statement of financial position at the date of issuance on 13 June 2014 are calculated as follows:

	2014 Convertible bonds HK\$’000
Face value of the 2014 Convertible Bonds issued	175,000
Transaction costs	(339)
	<hr/>
Net proceeds	174,661
Equity component	(8,061)
	<hr/>
	166,600
Financial liabilities at fair value through profit or loss (<i>Note 21</i>)	(14,718)
	<hr/>
Liability component on initial recognition upon issuance of the 2014 Convertible Bonds	151,882
	<hr/> <hr/>

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

	2014	(Restated) 2013
	HK\$'000	HK\$'000
Net carrying amounts at 1 January	44,511	195,876
Effective interest expense for the year	11,044	16,980
Conversion of the 2010 Convertible Bonds	(13,581)	(168,345)
Redemption of the 2010 Convertible Bonds during the year	(10,525)	–
Issue of the 2014 Convertible Bonds during the year	151,882	–
Net carrying amounts at 31 December	183,331	44,511

	(Restated) As at 31 December 2014 HK\$'000	(Restated) As at 31 December 2013 HK\$'000	(Restated) As at 1 January 2013 HK\$'000
Categorised as:			
Current liabilities	23,313	44,511	195,876
Non-current liabilities	160,018	–	–
	183,331	44,511	195,876

During the year ended 31 December 2014, principal amount of HK\$13,000,000 (2013: HK\$171,000,000) of the convertible bonds was converted into 17,105,262 (2013: 219,230,761) ordinary shares of the Company (Note 23(d), (e) and (h)) (2013: Note 23(a)) at the conversion price of HK\$0.76 (2013: HK\$0.78) per share, with the carrying value of the liability component of the convertible bonds of HK\$13,581,000 (2013 (Restated): HK\$168,345,000) at the date of conversion.

Interest expense of the 2014 Convertible Bonds, the 2010 Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds for the year ended 31 December 2014 is calculated using effective interest method by applying an effective interest rate of 10.08% (2013: Nil), 9.43% (2013: 9.43%) and 10.95% (2013: 10.95%) per annum to the liability component respectively.

23. SHARE CAPITAL

	Number of ordinary shares	Number of redeemable convertible preference shares	Nominal value US\$'000	Equivalent nominal value HK\$'000
Authorised				
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014 (par value of US\$0.01 each)	19,000,000,000	1,000,000,000	200,000	1,560,000
Issued and fully paid				
At 1 January 2013 (par value of US\$0.01 each)	137,779,206	10,019,790	1,378	10,747
Conversion of convertible bonds (<i>Note (a)</i>)	219,230,761	–	2,192	17,100
Placing of shares (<i>Note (b)</i>)	27,552,000	–	276	2,149
At 31 December 2013 and 1 January 2014 (par value of US\$0.01 each)	384,561,967	10,019,790	3,846	29,996
Consideration shares issued for the acquisition of HMV Ideal (<i>Note (c)</i>)	60,000,000	–	600	4,680
Consideration shares issued for the acquisition of CSL (<i>Note (p)</i>)	1,627,795	–	16	127
Conversion of convertible bonds (<i>Notes (d), (e) and (h)</i>)	17,105,262	–	171	1,334
Exercise of redeemable convertible preference shares (<i>Notes (f), (g), (j), (k), (l) and (q)</i>)	4,344,301	(220,000)	43	338
Exercise of warrants (<i>Note (i)</i>)	2,052,919	–	21	160
Exercise of share options (<i>Notes (m), (n), (o), (r), (s), (t) and (u)</i>)	3,480,813	–	35	272
At 31 December 2014 (par value of US\$0.01 each)	473,173,057	9,799,790	4,732	36,907

Notes:

- (a) On 18 October 2013 and 29 November 2013, principal amount of HK\$129,000,000 and HK\$42,000,000 of convertible bonds were converted into 165,384,609 and 53,846,152 ordinary shares at the conversion price of HK\$0.78 per share, respectively.
- (b) On 5 December 2013, pursuant to the placing agreement between the Company and a placing agent, the Company issued in aggregate 27,552,000 new ordinary shares at a price of HK\$0.68 per share to independent third parties for a total cash consideration of HK\$18,735,360 before issue expenses of HK\$197,000, of which HK\$2,149,000 and HK\$16,586,000 were credit to share capital and share premium account respectively.
- (c) On 24 February 2014, the Company's issued share capital was increased by HK\$46,800,000 through the issue of 60,000,000 shares as part of the consideration to acquire HMV Ideal as set out in Note 28(a). The fair value of the consideration shares as determined by the closing market price of HK\$0.72 per share on 24 February 2014 (being date of issue of shares) was HK\$43,200,000. The premium on the issue of new shares amounting to HK\$38,520,000 has been credited to the share premium account and direct issued costs was HK\$506,000.

- (d) On 5 May 2014, principal amount of HK\$9,000,000 of Tranche 1 Convertible Bonds were converted into 11,842,105 ordinary shares at the conversion price of HK\$0.76 per share.
- (e) On 6 June 2014, principal amount of HK\$1,000,000 of Tranche 2 Convertible Bonds were converted into 1,315,789 ordinary shares at the conversion price of HK\$0.76 per share.
- (f) On 23 July 2014, 394,936 ordinary shares were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK\$312,000 at the exercise price of HK\$0.79 per share.
- (g) On 31 July 2014, 987,341 ordinary shares were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK\$780,000 at the exercise price of HK\$0.79 per share.
- (h) On 4 July 2014, principal amount of HK\$3,000,000 of Tranche 2 Convertible Bonds were converted into 3,947,368 ordinary shares at the conversion price of HK\$0.76 per share.
- (i) On 9 July 2014, 2,052,919 ordinary shares were allotted and issued upon exercise of 2,052,919 warrants for a total amount of HK\$2,250,000 at the exercise price of HK\$1.096 per share.
- (j) On 7 August 2014, 592,405 ordinary shares were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK\$468,000 at the exercise price of HK\$0.79 per share.
- (k) On 15 August 2014, 592,405 ordinary shares were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK\$468,000 at the exercise price of HK\$0.79 per share.
- (l) On 18 August 2014, 1,757,468 ordinary shares were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK\$1,388,400 at the exercise price of HK\$0.79 per share.
- (m) On 3 September 2014, 148,000 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK\$139,120 at the exercise price of HK\$0.94 per share.
- (n) On 23 September 2014, 446,000 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK\$419,240 at the exercise price of HK\$0.94 per share.
- (o) On 23 September 2014, 700,000 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK\$686,000 at the exercise price of HK\$0.98 per share.
- (p) On 9 October 2014, the Company's issued share capital was increased by HK\$127,000 through the issue of 1,627,795 shares as part of the consideration to acquire CSL as set out in Note 28(b). The fair value of the consideration shares as determined by the closing market price of HK\$1.38 per share on 9 October 2014 (being the date of issue of shares) was HK\$2,246,000. The premium on the issue of new shares amounting to HK\$2,119,000 has been credited to the share premium account.
- (q) On 13 October 2014, 19,746 ordinary shares were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK\$15,600 at the exercise price of HK\$0.79 per share.
- (r) On 17 November 2014, 548,000 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK\$515,120 at the exercise price of HK\$0.94 per share.
- (s) On 3 December 2014, 620,813 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK\$726,972 at the exercise price of HK\$1.171 per share.

- (t) On 12 December 2014, 496,000 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK\$486,080 at the exercise price of HK\$0.98 per share.
- (u) On 12 December 2014, 522,000 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK\$490,680 at the exercise price of HK\$0.94 per share.

24. MATERIAL RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Other than those disclosed elsewhere in these financial statements, details of the other significant transactions between the Group and other related parties during the year ended 31 December 2014 are as follows:

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

	2014 <i>HK\$'000</i>	(Restated) 2013 <i>HK\$'000</i>
Fees	588	753
Salaries, allowances and benefits in kind	3,279	5,432
Bonus paid and payable	–	1,700
Termination payments	–	945
Retirement fund contributions	36	54
Share-based compensation expense	12,347	1,257
	<u>16,250</u>	<u>10,141</u>

- (b) During the year, the Group had the following material related party transactions:

	2014 <i>HK\$'000</i>	(Restated) 2013 <i>HK\$'000</i>
Fee rebate paid and payable to key management staff of the Group	57	853
Service fee paid and payable to the non-controlling shareholder, Outblaze Ventures Holdings Limited (“Outblaze”)	592	–
	<u>592</u>	<u>–</u>

- (c) As at 31 December 2014 and 31 December 2013, the balances with related parties were:

	As at 31 December 2014 <i>HK\$'000</i>	(Restated) As at 31 December 2013 <i>HK\$'000</i>	(Restated) As at 1 January 2013 <i>HK\$'000</i>
Fee rebate payable to key management staff of the Group	–	68	1,414
Note payable to former substantial shareholders of the Company	–	3,476	–
Advances from a director, Mr. Wu King Shiu, Kelvin	11,600	–	–
Amount due to Outblaze	270	–	–
	<u>11,600</u>	<u>3,544</u>	<u>1,414</u>

25. COMMITMENTS

(a) Operating leases

As at 31 December 2014, the total future minimum lease payments of the Group and the Company under non-cancellable operating leases are payable as follows:

	(Restated) As at 31 December 2014	(Restated) As at 31 December 2013	(Restated) As at 1 January 2013	(Restated) As at 31 December 2014	(Restated) As at 31 December 2013	(Restated) As at 1 January 2013	(Restated) As at 31 December 2014	(Restated) As at 31 December 2013	(Restated) As at 1 January 2013	(Restated) As at 31 December 2014	(Restated) As at 31 December 2013	(Restated) As at 1 January 2013
	Land and buildings HK\$'000	Land and buildings HK\$'000	Land and buildings HK\$'000	Motor vehicles HK\$'000	Motor vehicles HK\$'000	Motor vehicles HK\$'000	Others HK\$'000	Others HK\$'000	Others HK\$'000	Total HK\$'000	Total HK\$'000	Total HK\$'000
Within one year	19,560	993	2,145	-	-	55	-	54	70	19,560	1,047	2,270
In the second to fifth years	8,476	2,429	-	-	-	-	-	-	-	8,476	2,429	-
	<u>28,036</u>	<u>3,422</u>	<u>2,145</u>	<u>-</u>	<u>-</u>	<u>55</u>	<u>-</u>	<u>54</u>	<u>70</u>	<u>28,036</u>	<u>3,476</u>	<u>2,270</u>

The Group leased certain properties under operating leases in Hong Kong. The leases run for an initial period of 2 to 3 years (2013: 2 to 3 years), with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/ lessors. None of the leases include contingent rentals.

(b) Capital commitments

On 1 December 2014, a wholly-owned subsidiary of the Company, the Company, Mr. Zhuang Xiao Jie (“Mr. Zhuang”), Mr. Zhang Yong Feng and Ms. Chen Xiao Ping entered into a sale and purchase agreement, pursuant to which the wholly-owned subsidiary of the Company has agreed to purchase seventy (70) shares of US\$1.00 each in the share capital of Honestway Global Group Limited (“Honestway Global”), representing 70% of the issued share capital of Honestway Global at an aggregate amount of RMB84,000,000 (the “Consideration”) subject to adjustments. The Consideration is to be settled in several instalments by cash and issuance of new shares of the Company to Mr. Zhuang. Details are set out in Note 29(b) to the financial statements.

Other than the above, the Group had no material capital commitments as at 31 December 2014.

As at 31 December 2013, the Group had no material capital commitments.

26. CONTINGENCIES

The Company provided corporate guarantee of unlimited amount (2013: the Company and AIDAML, its wholly owned subsidiary, provided corporate guarantees of unlimited amount and an amount up to HK\$30,000,000 respectively) to secure the bank loans granted to another wholly owned subsidiary of the Company, HK\$32,950,000 (2013: HK\$25,147,000) of which the maximum amount required to pay if the guarantees were called on, as set out in Note 19 to the financial statements. The Company had not recognised any provision in the financial statements as at 31 December 2014 (2013: Nil) in respect of the corporate guarantee as the Directors considered that the probability for the holder of the corporate guarantee to call upon the Company as a result of default in repayment is remote.

Save as disclosed above, the Group and the Company had no material contingent liabilities as at 31 December 2014 and 31 December 2013.

27. DISPOSALS OF SUBSIDIARIES

(a) Disposal of VS Media Co Limited

On 22 December 2014, the Group disposed of 98% equity interests in VS Media Co Limited, which is principally engaged in content creators support and development, in exchange for the acquisition of approximately 35.46% equity interests in HMV Ideal. The net assets of VS Media Co Limited at the date of disposal were as follows:

	2014 HK\$'000
Net assets of subsidiaries disposed of:	
Intangible assets (<i>Note 14</i>)	5,250
Attributable goodwill (<i>Note 14</i>)	4,836
Other receivables	389
Cash and cash equivalents	79
Trade and other payables	(3,290)
Deferred tax liabilities	(866)
Non-controlling interests	(7)
	<hr/>
	6,391
Less: Non-controlling interests	(128)
	<hr/>
	6,263
Deemed consideration	14,947
	<hr/>
Gain on disposal of subsidiaries included in other income in the consolidated statement of profit or loss for the year	8,684
	<hr/> <hr/>
Satisfied by:	
3,120 ordinary shares of HMV Ideal, at fair value	14,947
	<hr/>
Net cash outflow arising on disposal:	
Cash and bank balances disposed of	79
	<hr/> <hr/>

(b) Disposal of certain subsidiaries

During the year ended 31 December 2013, the Group disposed of certain subsidiaries as follows:

- (i) On 13 June 2013, the Group disposed of its entire interests in Crosby Securities Limited and Steeple Capital Limited to CMHL at a consideration of HK\$230,000 (Restated). CMHL is beneficially owned by a former director of AIDAML, a wholly owned subsidiary of the Company and CMHL is also a former substantial shareholder of the Company.
- (ii) On 26 June 2013, the Group disposed of its entire interests in Crosby Asset Management (Asia) Limited and its subsidiaries (including JAIC-CROSBY Investment Management Company Limited, a joint venture of the Company), techpacific.com (BVI) Investments Limited and techpacific.com Investments Limited and its subsidiary to companies beneficially owned by a former director of the Company, who resigned as the Director of the Company on 18 March 2013, date of signing the agreement for the disposal, for a consideration of HK\$8,177,000 (Restated).

- (iii) On 23 October 2013, the Group disposed of its entire interests in Crosby Asset Management (Holdings) Limited and Crosby Investment (BVI) Limited and its subsidiaries to a company beneficially owned by a former director of the Company, who resigned as the Director of the Company on 27 September 2013, date of signing the agreement for the disposal, for cash consideration of HK\$2,181,000 (Restated).

Net assets of the subsidiaries at the dates of disposal were as follows:

	(Restated) 2013 HK\$'000
Net assets of subsidiaries disposed of:	
Property, plant and equipment (<i>Note 11</i>)	102
Interest in a joint venture	1,957
Available-for-sale investments (<i>Note 13</i>)	4,495
Intangible assets (<i>Note 14</i>)	47
Trade and other receivables	827
Financial assets at fair value through profit or loss (<i>Note 16</i>)	193
Cash and cash equivalents	8,908
Trade and other payables	(919)
Note payable	(5,507)
	<hr/>
	10,103
Less: Non-controlling interests	(14)
	<hr/>
	10,089
Total consideration	10,588
	<hr/>
Gain on disposal of subsidiaries included in loss for the year from discontinued operations (<i>Note 9</i>)	499
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Satisfied by:	
Cash	4,439
Note payable	230
Provision for salary and bonus	5,919
	<hr/>
	10,588
	<hr/> <hr/>
Net cash outflow arising on disposal:	
Cash consideration	4,439
Cash and bank balances disposed of	(8,908)
	<hr/>
	(4,469)
	<hr/> <hr/>

28. ACQUISITION OF SUBSIDIARIES OR BUSINESS

(a) Acquisition of HMV Ideal

On 24 February 2014, the Group further acquired 4,680 ordinary shares of HMV Ideal, representing 53.18% of the issued share capital of HMV Ideal, at a consideration of HK\$46,800,000, which was settled by the issue of 60,000,000 ordinary shares of the Company at the issue price of HK\$0.78 each. Together with the subscription of the 1,000 ordinary shares of HMV Ideal, representing 11.36% of the enlarged share capital of HMV Ideal, at a consideration of HK\$10,000,000 on 10 December 2013, the Company has an aggregate interest of 64.54% in HMV Ideal. HMV Ideal, together with its subsidiaries, is engaged in the operation of the Central Retail Store, the HMV online business and an online fashion platform. The acquisition of HMV Ideal enables the Group to build an integrated online and offline business ecology in the entertainment and lifestyle sector.

The fair value of identifiable assets and liabilities of HMV Ideal as at the date of acquisition were:

	<i>HK\$'000</i>
Net assets acquired:	
Property, plant and equipment (<i>Note 11</i>)	162
Inventories	5,375
Trade and other receivables	1,143
Cash and cash equivalents	1,395
Intangible assets (<i>Note 14</i>)	50,800
Trade and other payables	(8,333)
Deferred tax liabilities recognised upon fair value adjustments (<i>Note 31</i>)	(8,382)
	<hr/>
The fair value of net assets acquired	42,160
Less: Non-controlling interests	(14,947)
	<hr/>
	27,213
Total consideration (at fair value)	53,200
	<hr/>
Goodwill arising on acquisition	25,987
	<hr/>
Consideration satisfied by:	
Available-for-sale investment (<i>Note 13</i>)	10,000
60,000,000 ordinary shares of the Company, at fair value	43,200
	<hr/>
	53,200
	<hr/> <hr/>

The fair value of 60,000,000 ordinary shares of the Company issued as part of the consideration was determined with reference to the market price of HK\$0.72 of the Company's shares on the date of completion. Out of the total fair value of HK\$43,200,000, HK\$4,680,000 was credited to share capital and the remaining balance of HK\$38,520,000 was credited to the share premium account.

The fair value of trade and other receivables at the date of acquisition amounting to HK\$1,143,000 which was also the gross contractual amounts of these trade and other receivables acquired. None of the contractual cash flows of the above amount was estimated to be uncollectible.

The non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interest's proportionate share of the recognised amount of the net assets of these companies and amounted to HK\$14,947,000.

Goodwill of HK\$25,987,000 arose on this acquisition, which is not deductible for tax purposes, comprises the acquired workforce and the expected synergies arising from the combination of the acquired business with the existing operations of the Group.

The acquired business contributed revenue of HK\$36,327,000 and a loss after income tax of HK\$31,459,000 to the Group for the period from 22 February 2014 to 31 December 2014.

Had the acquisition occurred on 1 January 2014, the Group's revenue and loss after income tax would have been HK\$44,563,000 and HK\$34,302,000 respectively for the year ended 31 December 2014.

This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

On 22 December 2014, the Group further acquired the remaining 35.46% of the issued share capital of HMV Ideal at a consideration being the aggregate of (1) 980 ordinary shares in VS Media Co Limited and (2) the amounts owed by VS Media Limited to each of HMV Ideal, HMV Marketing Limited, Vissible Co & Limited and Viss Me Co & Limited outstanding as at the date of completion of the transaction, which shall not in any event be more than HK\$6,100,000.

The transaction has been accounted for as equity transaction with the non-controlling interests as follows:

	2014 HK\$'000
Consideration paid for 35.46% ownership interest	14,947
Net liabilities attributable to 35.46% ownership interest	1,327
	<hr/>
Decrease in equity attributable to owners of the Company (included in accumulated losses)	16,274
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(b) Acquisition of CSL

On 10 September 2014, the Group entered into a sale and purchase agreement with Outblaze Ventures Holdings Limited (the "Vendor"), pursuant to which the Group acquires 70% of the issued share capital of CSL at an aggregate consideration of US\$9,660,000 (equivalent to approximately HK\$75,106,500, the "Consideration"), subject to adjustment. The Consideration is to be satisfied by the Company by way of cash and allotment and issue of ordinary shares of the Company to the Vendor. The acquisition was completed on 9 October 2014. Accordingly, the Group owns 70% of the issued share capital of CSL and CSL became a subsidiary of the Group thereafter.

CSL, which is a limited liability company incorporated in the British Virgin Islands, together with its subsidiary, is engaged in the development, operation and distribution of mobile games. After the acquisition, the Group will have potential to collaborate with other products which target similar end users such as toys and fashion products and have strong synergies with the operations of the Group, for the development of an innovative Online to Offline platform and e-commerce business.

The fair value of identifiable assets and liabilities arising from the acquisition of CSL as at the date of acquisition were:

	2014 HK\$'000
Net assets acquired:	
Intangible assets (<i>Note 14</i>)	38,822
Trade and other payables	(16)
Deferred tax liabilities recognised upon fair value adjustments	<u>(6,406)</u>
The fair value of net assets acquired	32,400
Less: Non-controlling interests	<u>(9,720)</u>
Fair value of net assets acquired	22,680
Total consideration at fair value	<u>88,702</u>
Goodwill arising on acquisition	<u><u>66,022</u></u>
Consideration satisfied by:	
Cash	22,532
1,627,795 ordinary shares of the Company, at fair value	2,246
Contingent consideration payable (<i>Note 17</i>)	<u>63,924</u>
	<u><u>88,702</u></u>

	2014 HK\$'000
Purchase consideration settled in cash	(22,532)
Cash and cash equivalents acquired	<u>–</u>
Cash outflow on acquisition	<u><u>(22,532)</u></u>

The fair value of 1,627,795 ordinary shares of the Company issued as part of the consideration was determined with reference to the market price of HK\$1.38 of the Company's shares on the date of completion. Out of the total fair value of HK\$2,246,000, HK\$127,000 was credited to share capital and the remaining balance of HK\$2,119,000 was credited to the share premium account.

The above contingent consideration represents the third instalment of the Consideration and includes a performance-based adjustment, which principally based on the shortfall between the audited consolidated net profits of CSL and its subsidiary (the "CSL Group") for the year ending 31 December 2015 and the performance target of US\$2,750,000 (or equivalent to approximately HK\$21,381,000), if any. The adjustment will be settled after the release of the audited financial statements of CSL Group for the year ending 31 December 2015. The potential undiscounted amount of the contingent consideration adjustment that the Group could be required to make under such arrangement is between nil to US\$3,220,000 (or equivalent to HK\$25,035,500). At the acquisition date, the fair value of the contingent consideration arrangement of HK\$23,115,000 was estimated by applying the discounted cash flow approach at a discount rate of 5.25%. As of 31 December 2014, the fair value of the contingent consideration was increased by HK\$274,000 as a result of the effective interest for the period from the date of acquisition up to 31 December 2014.

The non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interest's proportionate share of the recognised amount of the net assets of these companies and amounted to HK\$9,720,000.

The acquisition-related costs of HK\$850,000 have been expensed and are included in administrative expenses for the year ended 31 December 2014. The attributable costs of the issuance of the Company's shares of HK\$506,000 have been deducted in the share premium.

Goodwill of HK\$66,022,000 arose on this acquisition, which is not deductible for tax purposes, comprises the expected synergies arising from the combination of the acquired business with the existing operations of the Group.

The acquired business contributed revenue of HK\$16,052,000 and a gain after income tax of HK\$8,924,000 to the Group for the period from 9 October 2014 to 31 December 2014.

Had the acquisition occurred on 1 January 2014, the Group's revenue and gain after income tax would have been HK\$16,052,000 and HK\$8,907,000 respectively for the year ended 31 December 2014.

This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

29. EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition of 70% issued share capital of Honestway Global Group Limited (the "Acquisition")

On 1 December 2014, a wholly-owned subsidiary of the Company, the Company, Mr. Zhuang Xiao Jie ("Mr. Zhuang"), Mr. Zhang Yong Feng and Ms. Chen Xiao Ping entered into a sale and purchase agreement, pursuant to which the wholly-owned subsidiary of the Company has agreed to purchase seventy (70) shares of US\$1.00 each in the share capital of Honestway Global Group Limited ("Honestway Global"), representing 70% of the issued share capital of Honestway Global at an aggregate amount of RMB84,000,000 (the "Consideration"), subject to adjustments. The Consideration is to be settled in several instalments by cash and issuance of new shares of the Company to Mr. Zhuang.

As the conditions precedent were not yet satisfied as of the date of these financial statements, the abovementioned acquisition has not yet completed.

An extraordinary meeting was held on 17 March 2015 and the Acquisition was duly passed as an ordinary resolution of the Company.

Details of the abovementioned acquisition were set out in the Company's announcements dated 1 December 2014, 17 February 2015 and 17 March 2015 and circular dated 2 March 2015.

(b) Bonus issue of the Company's shares

On 27 January 2015, the Company completed the issue of bonus shares to the qualifying shareholders of the Company on the basis of five (5) bonus shares for every one (1) existing share of the Company held on the record date, i.e. 16 January 2015 (the "Bonus Issue") and a total of 2,366,865,285 new shares of the Company were allotted and issued under the Bonus Issue.

Details of the Bonus Issue were set out in the Company's announcements dated 10 December 2014 and 27 January 2015 and circular dated 19 December 2014.

(c) A proposed joint venture

On 21 January 2015, a wholly-owned subsidiary of the Company entered into a non-legally binding term sheet with CEA Asia Holdings, LLC (“CEA Asia”) for the purpose of the possible establishment of a joint venture (the “Proposed Joint Venture”), in which the wholly-owned subsidiary of the Company and CEA Asia are expected to be effectively interested as to 51% and 49% respectively. As at the date of these financial statements, the Proposed Joint Venture has not yet been established.

Details of the Proposed Joint Venture are set out in the Company’s announcement dated 21 January 2015.

(d) Disposal of the entire issued share capital of Crosby Capital (Holdings) Limited

On 17 February 2015, the Company entered into a sale and purchase agreement with an independent third party, in which the Company sold the entire issued share capital of Crosby Capital (Holdings) Limited at a consideration of HK\$37,000,000 (the “Disposal”) and the Disposal was completed on the same date.

Details of the Disposal are set out in the Company’s announcement dated 17 February 2015.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

AUDIT OPINION

The auditor of the Group will issue an opinion with emphasis of matter on the consolidated financial statements of the Group for the year under audit. An extract of the independent auditor’s report is set out in the section headed “Extract of Independent Auditor’s Report” below.

Extract of Independent Auditor’s Report

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group’s loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

During the year ended 31 December 2014, the Company has complied with the code provisions (“Code Provisions”) as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules, except for the following deviation:

Code Provision A.2.1

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

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

Mr. Wu King Shiu, Kelvin has been appointed as the CEO of the Company with effect from 23 May 2014.

RULE 5.05A OF THE GEM LISTING RULES

Rule 5.05A of the GEM Listing Rules provides that an issuer must appoint independent non-executive directors representing at least one-third of the board.

Following the appointment of Mr. Wu King Shiu, Kelvin, Mr. Chang Tat Joel and Mr. Ho Gilbert Chi Hang as Executive Directors of the Company on 23 May 2014, the number of Independent Non-Executive Directors of the Company fell below one-third of the total number of directors in the board of the Company.

After the resignation of Mr. Clive Ng Cheang Neng as Chairman and Executive Director of the Company on 20 June 2014, the Company has fulfilled the requirement on the number of independent non-executive directors of the Company as required under Rules 5.05A of the GEM Listing Rules.

DIRECTORS’ SECURITIES TRANSACTIONS

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.

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.

FOREIGN CURRENCY EXCHANGE EXPOSURE

The Group's main exposure to foreign currencies includes its investments in foreign subsidiaries and financial assets and liabilities at fair value through profit or loss where the foreign currency risk is managed as an integral part of the investment return.

Several subsidiaries of the Group also have foreign currency revenue and costs, which expose the Group to foreign currency risk. The Group manages this risk by reserving sufficient revenue to settle the costs in the relevant foreign currency, subject to other operating requirements.

EMPLOYEE INFORMATION

As at 31 December 2014, the Group had 53 full-time employees (2013: 21). Employee remuneration (including Directors' remuneration) totaled HK\$49.0 million (2013: HK\$29.5 million), HK\$49.0 million (2013: HK\$26.3 million) of which arose from continuing operations. 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. Options are either struck at or out-of-the money. The Group's remuneration policies and practices are reviewed annually and benchmarked against a peer group of international financial institutions.

DISCLOSURE OF INTERESTS IN SECURITIES

As at 31 December 2014, the interests or short positions of the Directors and chief executive of the Company 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 provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

(i) Interests in the ordinary shares of the Company

Name of Directors	Personal interest	Family interest	Aggregate long position in ordinary shares of the Company	Percentage which the aggregate long position in ordinary shares represents to the total ordinary shares of the Company in issue %
Wu King Shiu, Kelvin	2,400,000	27,600,000	30,000,000	6.34
Ho Gilbert Chi Hang	44,000	–	44,000	0.01
Yuen Kwok On	450,000	–	450,000	0.09

Note:

Mr. Wu King Shiu, Kelvin owns 2,400,000 shares and HMV Asia Limited (“HMV Asia”) owns 27,600,000 shares. 93.75% of the issued share capital of HMV Asia are held by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu King Shiu, Kelvin is deemed to be interested in the shares held by HMV Asia.

(ii) Interests in the underlying shares of the Company

(a) Outstanding options

Name of Directors	Date of grant (dd/mm/yyyy)	Exercise price HK\$	Exercise period (dd/mm/yyyy)	Balance as at 1 January 2014	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 31 December 2014
Chang Tat Joel	15/05/2014	0.98	15/05/2014 to 14/05/2024	–	4,564,000	(100,000)	–	4,464,000
Ho Gilbert Chi Hang	15/05/2014	0.98	15/05/2014 to 14/05/2024	–	4,564,000	(100,000)	–	4,464,000
Wu King Shiu, Kelvin	20/06/2014	0.94	20/06/2014 to 19/06/2024	–	4,576,000	–	–	4,576,000
Stephen Shiu Junior	20/06/2014	0.94	20/06/2014 to 19/06/2024	–	500,000	–	–	500,000
Shi Jinsheng	20/06/2014	0.94	20/06/2014 to 19/06/2024	–	450,000	–	–	450,000
Sin Hendrick	20/06/2014	0.94	20/06/2014 to 19/06/2024	–	450,000	–	–	450,000

(b) *Outstanding convertible bonds*

Name of Directors	Conversion price HK\$	Aggregate long position in underlying shares of the Company	Percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue %
Chang Tat Joel (<i>Note 1</i>)	0.80	218,750,000	46.23
Ho Gilbert Chi Hang (<i>Note 1</i>)	0.80	218,750,000	46.23
Wu King Shiu, Kelvin (<i>Note 1</i>)	0.80	218,750,000	46.23
Stephen Shiu Junior (<i>Note 2</i>)	0.76	27,631,578	5.83

Notes:

1. Abundant Star Ventures Limited (“Abundant Star”) and Vantage Edge Limited (“Vantage Edge”) own 125,000,000 and 93,750,000 underlying shares of the Company, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum HK\$100,000,000 and HK\$75,000,000, respectively.

Mr. Wu King Shiu, Kelvin, Mr. Ho Gilbert Chi Hang and Mr. Chang Tat Joel are deemed to have interest in 218,750,000 underlying shares of the Company of which Abundant Star and Vantage Edge were deemed to be interested by virtue of the SFO since they indirectly owned 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital in AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Partners Capital II L.P.. AID Partners Capital II L.P. is a private equity fund interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Abundant Star and Vantage Edge.

2. Mr. Stephen Shiu Junior owns 27,631,578 underlying Shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$21,000,000.

(c) *Other underlying shares*

Mr. Wu King Shiu, Kelvin also owns 14,700,000 underlying shares of the Company by virtue of an agreement entered between Mr. Wu King Shiu, Kelvin and an independent third party.

(iii) Short positions

None of the Directors held short positions in the shares and underlying shares of the Company or any Associated Corporation.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2014, the following persons, other than the Directors or chief executive of the Company, had interests or short positions 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, 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 ordinary shares and underlying shares of the Company**

Name	Aggregate long position in ordinary shares of the Company	Aggregate long position in underlying shares of the Company	The total long position in ordinary shares and underlying shares to the total ordinary share capital of the Company in issue %
Substantial Shareholders			
Wu King Shiu, Kelvin (<i>Notes 1 and 7</i>)	30,000,000	238,026,000	56.64
Li Mau (<i>Notes 1 and 7</i>)	30,000,000	238,026,000	56.64
Ho Gilbert Chi Hang (<i>Notes 2 and 7</i>)	44,000	223,214,000	47.18
Able Supreme Management Limited (<i>Note 3</i>)	15,818,745	126,152,658	30.00
Billion Pine International Limited (<i>Note 3</i>)	15,818,745	126,152,658	30.00
Hu Yin (<i>Note 3</i>)	15,818,745	126,152,658	30.00
Main Wealth Enterprises Limited (<i>Note 4</i>)	66,195,221	–	13.98
Feng Yuantao (<i>Note 4</i>)	66,195,221	–	13.98
Legend Vantage Limited (<i>Note 5</i>)	57,874,051	–	12.23
Li Guangrong (<i>Note 5</i>)	57,874,051	–	12.23
HMV Asia Limited (<i>Note 1</i>)	27,600,000	–	5.83
Chang Tat Joel (<i>Notes 6 and 7</i>)	–	223,214,000	47.17
AID Partners Capital II, L.P. (<i>Note 7</i>)	–	218,750,000	46.23
AID Partners GP2, Ltd. (<i>Note 7</i>)	–	218,750,000	46.23
Billion Power Management Limited (<i>Note 7</i>)	–	218,750,000	46.23
Elite Honour Investments Limited (<i>Note 7</i>)	–	218,750,000	46.23
Genius Link Assets Management Limited (<i>Note 7</i>)	–	218,750,000	46.23
Leader Fortune International Limited (<i>Note 7</i>)	–	218,750,000	46.23
Abundant Star Ventures Limited (<i>Note 7</i>)	–	125,000,000	26.41
Vantage Edge Limited (<i>Note 7</i>)	–	93,750,000	19.81
Yang Shengrong (<i>Note 8</i>)	–	47,886,075	10.12
Stephen Shiu Junior (<i>Note 9</i>)	–	28,131,578	5.94

Notes:

- Mr. Wu King Shiu, Kelvin (“Mr. Wu”), the Chief Executive Officer and Executive Director of the Company, owns 2,400,000 ordinary shares of the Company and HMV Asia Limited (“HMV Asia”) owns 27,600,000 ordinary shares of the Company. 93.75% of the shares of HMV Asia are held by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the shares held by HMV Asia. Mr. Wu is interested in 4,576,000 options at an exercise price of HK\$0.94 per share to subscribe for ordinary shares of the Company. Mr. Wu is deemed to have interest in 218,750,000 underlying shares as mentioned note 7 below. Mr. Wu is also interested in 14,700,000 underlying 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. Mr. Ho Gilbert Chi Hang (“Mr. Ho”), the Chief Investment Officer and Executive Director of the Company, owns 44,000 ordinary shares of the Company and is interested in 4,464,000 options at an exercise price of HK\$0.98 per share to subscribe for ordinary shares of the Company. Mr. Ho is also deemed to have interest in 218,750,000 underlying shares as mentioned in note 7 below.
3. Able Supreme Management Limited (“Able Supreme”) held 15,818,745 ordinary shares of the Company and 126,152,658 ordinary shares of the Company which will be allotted and issued upon full conversion of 6,388,500 RCPS at conversion price of HK\$0.79 per Share (reset on 14 March 2014). The entire issued share capital of Able Supreme is held by Billion Pine International Limited, which in turn is beneficially wholly owned by Mr. Hu Yin (“Mr. Hu”). Accordingly, Mr. Hu is deemed to be interested in these shares through his 100% indirect interests in Able Supreme.
4. Main Wealth Enterprises Limited (“Main Wealth”) owns 66,195,221 ordinary shares of the Company. The entire issued share capital of Main Wealth is held by Mr. Feng Yuantao. Accordingly, he is deemed to be interested in these shares through his 100% interest in Main Wealth.
5. Legend Vantage Limited (“Legend Vantage”) owns 57,874,051 ordinary shares of the Company. Mr. Li Guangrong is deemed to be interested in these shares through his 100% interests in Legend Vantage.
6. Mr. Chang Tat Joel (“Mr. Chang”), an Executive Director of the Company, is interested in 4,464,000 options at an exercise price of HK\$0.98 per share to subscribe for ordinary shares of the Company. Mr. Chang is also deemed to have interest in 218,750,000 underlying shares as mentioned in note 7 below.
7. Abundant Star Ventures Limited (“Abundant Star”) and Vantage Edge Limited (“Vantage Edge”) own 125,000,000 and 93,750,000 underlying shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$100,000,000 and HK\$75,000,000, respectively.

Mr. Wu, Mr. Ho and Mr. Chang are deemed to have interest in 218,750,000 underlying shares of the Company of which Abundant Star and Vantage Edge were deemed to be interested by virtue of the SFO since they indirectly own 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital in AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Partners Capital II L.P.. AID Partners Capital II L.P. is a private equity fund interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Abundant Star and Vantage Edge.

8. Ms. Yang Shengrong owns 2,425,000 RCPS of which can be converted into 47,886,075 shares at conversion price of HK\$0.79 per share (reset on 14 March 2014).
9. Mr. Stephen Shiu Junior (“Mr. Shiu”) owns 27,631,578 underlying Shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$21,000,000. Mr. Shiu is interested in 500,000 options at an exercise price of HK\$0.94 per share to subscribe for ordinary shares of the Company.

(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 31 December 2014, 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 31 December 2014, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

AUDIT COMMITTEE

The Company established an Audit Committee on 31 March 2000 with the written terms of reference in compliance with the GEM Listing Rules. The Audit Committee comprises three Independent Non-Executive Directors, Messrs. Yuen Kwok On (Chairman), Shi Jinsheng and Sin Hendrick. 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 meets at least quarterly with the most recent meeting held on 27 March 2015. The audited financial statements for the year ended 31 December 2014 have been reviewed by the audit committee.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the years ended 31 December 2014 and 31 December 2013. Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the years ended 31 December 2014 and 31 December 2013.

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

Hong Kong, 27 March 2015

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

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

Non-Executive Director: Stephen Shiu Junior

Independent Non-Executive Directors: Shi Jinsheng, Sin Hendrick and Yuen Kwok On

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.