

STOCK CODE: 8088

AID

LIFE SCIENCE

AID Life Science Holdings Limited

滙友生命科學控股有限公司*

Interim Report 2018

For the six months ended 30 June

* For identification purpose only

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This report, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement in this report misleading.

ABOUT AID LIFE SCIENCE HOLDINGS LIMITED

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

FINANCIAL REVIEW

Revenue for the six months under review decreased to HK\$6.8 million from HK\$16.1 million for the corresponding period last year, while total operating expenses (being selling and distribution expenses and administrative expenses) for the six months under review decreased to HK\$52.3 million from HK\$75.2 million for the corresponding period last year.

Fair value loss on financial assets at fair value through profit or loss of HK\$57.9 million was recognised for the six months under review, while fair value gain on financial assets at fair value through profit or loss of HK\$19.8 million was recognised for the corresponding period last year.

Other net income for the six months under review decreased to HK\$7.4 million from HK\$37.4 million for the corresponding period last year, which was mainly due to a gain on deemed disposal of interest in an associate of HK\$28.6 million was recognised for the corresponding period last year, while no such gain was recognised for the six months under review.

Finance costs for the six months under review increased to HK\$6.9 million from HK\$6.2 million for the corresponding period of last year, mainly represent the effective interest expense of the convertible bonds with principal amount of HK\$140 million.

Subsequent to the reclassification of interest in an associate to an investment on 28 June 2017, fair value loss on reclassification of interest in an associate to financial assets at fair value through profit or loss of HK\$294.2 million and share of profit of an associate of HK\$8.1 million were recognised in profit or loss in the corresponding period last year, whereas no such fair value loss and share of profit of an associate for the six months under review.



As a result, the Group reported a loss attributable to owners of the Company for the six months under review of HK\$103.8 million as compared to HK\$281.5 million for the corresponding period last year.

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

FINANCIAL POSITION AND RESOURCES

SIGNIFICANT CAPITAL ASSETS AND INVESTMENTS

Apart from the additions to financial assets at fair value through profit or loss as detailed in Note 20 to the unaudited condensed consolidated financial statements, the Group acquired property, plant and equipment totalling HK\$0.6 million during the six months under review, which mainly comprised the additions to computer equipments, hardware and software.

LIQUIDITY

As at 30 June 2018, the Group had cash and bank balances of HK\$37.1 million (31 December 2017: HK\$35.4 million). The increase in cash and bank balances was mainly due to loan to a wholly-owned subsidiary of the Group's investee company and an independent third party were repaid by borrowers during the six months under review. As at 30 June 2018, current assets and current liabilities of the Group were HK\$159.3 million (31 December 2017: HK\$207.5 million) and HK\$14.2 million (31 December 2017: HK\$18.7 million), respectively. Accordingly, the Group's current ratio was 11.2 (31 December 2017: 11.1). The Group's gearing ratio was 14.2% as at 30 June 2018, as compared with 12.4% as at 31 December 2017. The gearing ratio is calculated on the basis of net borrowings over the equity attributable to owners of the Company. Net borrowings is arrived at total borrowings less cash and bank balances.

GEARING

2015 HK\$140 million Convertible Bonds

In July 2015, the Company entered into a subscription agreement with Hong Kong HNA Holding Group Co. Limited ("HNA"), pursuant to which HNA agreed to subscribe the convertible bonds in principal amount of HK\$140,000,000, bearing a compound interest rate of 8% per annum (the "2015 HK\$140 million Convertible Bonds"). On 20 July 2015, with the fulfilment of all conditions required for the 2015 HK\$140 million Convertible Bonds, the Company issued the 2015 HK\$140 million Convertible Bonds.

The terms and conditions of the 2015 HK\$140 million Convertible Bonds are detailed in Note 22 to the unaudited condensed consolidated financial statements. In accordance with the terms and conditions thereof, the initial conversion price is HK\$0.325 per share.

Save for disclosed in "Charges" below, as at 30 June 2018, the Group had no other significant debt.

CHARGES

On 14 July 2017, the Group entered into a facility agreement with an independent third party that provides a maximum facility of approximately HK\$73 million, which is secured by certain listed securities held by the Group, maintained at a fee of 4.0% per annum and repayable in three years. As of 30 June 2018, HK\$9 million (31 December 2017: HK\$9 million) borrowing has been utilised.

Except for the aforementioned, there were no significant charges on the Group's investments and assets as at 30 June 2018 and 31 December 2017.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2018, the Group had no significant commitments, other than those under operating leases for the rental of its office premises as set out in Note 26 to the unaudited condensed consolidated financial statements and no significant contingent liabilities, including pension obligations.

EQUITY STRUCTURE

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

As at 30 June 2018, the total number of ordinary shares issued was 10,804,640,110, increased from 10,707,140,110 as at 31 December 2017 and the increase was due to the issuance of remuneration shares as compensation for consultancy services during the six months under review.

Details of the movements in share capital are set out in Note 23 to the unaudited condensed consolidated financial statements.

Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the six months under review.

EMPLOYEE INFORMATION

As at 30 June 2018, the Group had 77 full-time employees (31 December 2017: 106). Employee benefit expense (including directors' remuneration) during the six months under review are provided in Note 7 to the unaudited condensed consolidated financial statements.

The remuneration packages of the Group's directors and employees are kept at a competitive level to attract, retain and motivate directors and employees of the quality required to run the Group successfully. In general, remuneration consists of a combination of a fixed salary paid in cash and a performance linked bonus paid in cash and options. A portion of the bonus may be deferred subject to the achievement of certain pre-determined targets and conditions. The Group's remuneration policies and practices are reviewed annually and benchmarked against similar sectors.

FOREIGN CURRENCY EXPOSURE

The Group conducts its businesses mainly in Hong Kong Dollars ("HK\$"), United States Dollars ("US\$"), New Israeli Shekel ("NIS") and Renminbi ("RMB"), which include income and expenses, assets and liabilities. During the six months under review, the exchange rate of US\$, NIS and RMB to HK\$ basically remained stable. The Group's management believes that the fluctuation of US\$, NIS and RMB will not have a significant impact on the Group's operations. The Group has not issued any financial instruments for hedging purposes.

CORPORATE GOVERNANCE REPORT

(A) CORPORATE GOVERNANCE PRACTICES

Throughout the period of the six months ended 30 June 2018, 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.

Mr. Wu King Shiu, Kelvin, Executive Director, Chairman and Chief Investment Officer of the Company, has been appointed as the CEO of the Company with effect from 1 June 2018. The Board believes that vesting the roles of both Chairman of the Board and CEO in the same person would allow the Company to be more effective and efficient in developing long term business strategies and execution of business plans.

(B) DIRECTORS' SECURITIES TRANSACTIONS

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

DISCLOSURE OF INTERESTS**(A) DIRECTORS' INTERESTS**

As at 30 June 2018, the interests of the Directors or any chief executive of the Company in the ordinary shares of the Company (the "Shares") and underlying Shares or any of its associated corporations as recorded in the register were:

(i) Interests in the Shares

Name of Directors	Personal interest	Corporate interest	Family interest	Aggregate long position in Shares	Approximate percentage of the issued share capital of the Company %
Mr. Wu King Shiu, Kelvin ("Mr. Wu") (Notes 1 and 2)	28,488,000	2,098,797,090	165,600,000	2,292,885,090	21.22
Ms. Chan Suet Ngan	397,000	–	–	397,000	0.003
Mr. Hu Kenneth (Note 3)	–	–	12,600,000	12,600,000	0.11
Ms. Qian Alexandra Gaochuan ("Ms. Qian") (Note 3)	12,600,000	–	–	12,600,000	0.11
Mr. Yuen Kwok On ("Mr. Yuen")	1,980,000	–	–	1,980,000	0.01

Notes:

- Mr. Wu owns 28,488,000 Shares. Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited own 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares, respectively. Mr. Wu is deemed to have interests in 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares of which Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited were deemed to be interested by virtue of the Securities and Future Ordinance (the "SFO") since Mr. Wu indirectly owns 56% through Billion Power Management Limited, of the issued share capital of AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Partners Capital II, L.P. ("AID Cap II"). AID Cap II is interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited.
- Billion Express Consultants Limited ("Billion Express") owns 165,600,000 Shares. The entire issued share capital of Billion Express is wholly-owned by HMV Asia Limited, which is in turn 65.62% beneficially owned by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the Shares held by Billion Express.
- Ms. Qian, the spouse of Mr. Hu Kenneth holds 12,600,000 Shares. Accordingly, Mr. Hu Kenneth is deemed to be interested in 12,600,000 Shares.

(ii) Interests in the underlying Shares**(a) Outstanding share options**

Name of Directors	Date of grant (dd/mm/yyyy)	Exercise price HK\$	Exercise period (Notes)	Balance as at 1 January 2018	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 30 June 2018
Mr. Wu	20/06/2014	0.16	(1)	26,884,000	-	-	-	26,884,000
	01/04/2016	0.247	(2)	70,000,000	-	-	-	70,000,000
	19/05/2017	0.078	(3)	9,000,000	-	-	-	9,000,000
				<u>105,884,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,884,000</u>
Ms. Chan Suet Ngan	01/04/2016	0.247	(2)	4,000,000	-	-	-	4,000,000
	19/05/2017	0.078	(3)	12,000,000	-	-	-	12,000,000
				<u>16,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,000,000</u>
Mr. Hu Kenneth	01/04/2016	0.247	(2)	4,000,000	-	-	-	4,000,000
	19/05/2017	0.078	(3)	28,000,000	-	-	-	28,000,000
				<u>32,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,000,000</u>
Ms. Qian	01/04/2016	0.247	(2)	4,000,000	-	-	-	4,000,000
	19/05/2017	0.078	(3)	28,000,000	-	-	-	28,000,000
				<u>32,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,000,000</u>
Mr. Yuen	01/04/2016	0.247	(2)	3,000,000	-	-	-	3,000,000
	19/05/2017	0.078	(3)	2,000,000	-	-	-	2,000,000
				<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>
Ms. Fong Janie	01/04/2016	0.247	(2)	3,000,000	-	-	-	3,000,000
	19/05/2017	0.078	(3)	5,000,000	-	-	-	5,000,000
				<u>8,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000,000</u>

Notes:

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

(iii) Short positions

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

Save as disclosed above, as at 30 June 2018, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

(B) SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2018, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(i) Interests in the Shares and underlying Shares

Name	Aggregate long position in Shares	Aggregate long position in underlying shares	Approximate percentage of the issued share capital of the Company %
Substantial Shareholders			
Mr. Wu (Notes 1 and 5)	2,292,885,090	105,884,000	22.20
Ms. Li Mau (Notes 1 and 5)	2,292,885,090	105,884,000	22.20
Mr. Ho Gilbert Chi Hang ("Mr. Ho") (Notes 2 and 5)	2,099,061,090	106,342,000	20.41
Mr. Chang Tat Joel ("Mr. Chang") (Notes 3 and 5)	2,098,797,090	41,342,000	19.80
AID Cap II (Note 5)	2,098,797,090	–	19.42
AID Partners GP2, Ltd. (Note 5)	2,098,797,090	–	19.42
Hong Kong HNA Holding Group Co. Limited (Note 4)	1,636,360,000	430,769,230	19.13
Mr. David Tin	909,088,000	–	8.41
Billion Power Management Limited (Note 5)	2,098,797,090	–	19.42
Elite Honour Investments Limited (Note 5)	2,098,797,090	–	19.42
Genius Link Assets Management Limited (Note 5)	2,098,797,090	–	19.42
Leader Fortune International Limited (Note 5)	2,098,797,090	–	19.42
Abundant Star Ventures Limited (Note 5)	909,090,909	–	8.41
Vantage Edge Limited (Note 5)	681,818,181	–	6.31
Mr. Wong Kwok Ho ("Mr. Wong") (Notes 6 and 7)	550,376,000	382,500,000	8.63
Ms. Chau Mui (Notes 6 and 7)	550,376,000	382,500,000	8.63

Notes:

1. Mr. Wu, the Chairman, the Chief Executive Officer, the Chief Investment Officer and Executive Director of the Company, owns 28,488,000 Shares and Billion Express owns 165,600,000 Shares. The entire issued share capital of Billion Express is wholly-owned by HMV Asia Limited, which is in turn 65.62% beneficially owned by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the shares of the Company held by Billion Express. Mr. Wu is interested in 26,884,000 share options, 70,000,000 share options and 9,000,000 share options at an exercise price of HK\$0.16 per Share, HK\$0.247 per Share and HK\$0.078 per Share, respectively, to subscribe for Shares. Mr. Wu is deemed to have interest in 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares as mentioned in note 5 below, respectively. Ms. Li Mau, as the spouse of Mr. Wu, is deemed to be interested in these Shares and underlying Shares for the purpose of the SFO.
2. Mr. Ho owns 264,000 Shares and is interested in 27,342,000 share options, 70,000,000 share options and 9,000,000 share options at an exercise price of HK\$0.16 per Share, HK\$0.247 per Share and HK\$0.078 per Share, respectively, to subscribe for Shares. Mr. Ho is also deemed to have interest in 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares as mentioned in Note 5 below, respectively.
3. Mr. Chang is interested in 27,342,000 share options, 5,000,000 share options and 9,000,000 share options at an exercise price of HK\$0.16 per Share, HK\$0.247 per Share and HK\$0.078 per Share, respectively, to subscribe for Shares. Mr. Chang is also deemed to have interest in 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares as mentioned in Note 5 below, respectively.
4. Hong Kong HNA Holding Group Co. Limited is wholly-owned by HNA Financial Holdings International Co., Ltd. ("HNA Financial"). HNA Financial is wholly-owned by Beijing HNA Financial Holdings Co., Ltd. ("Beijing HNA"). Beijing HNA is owned as to approximately 99% by HNA Investment Holding Co., Ltd. ("HNA Investment"). HNA Investment is owned as to approximately 73% by Hainan HNA Holding Co., Ltd ("Hainan HNA"). Hainan HNA is owned as to approximately 51% by HNA Holding Group Co., Ltd ("HNA Holding") and is owned as to approximately 22% by HNA Group Co., Ltd. ("HNA Group"). HNA Holding is wholly-owned by HNA Group. HNA Group is owned as to approximately 70% by Hainan Traffic Administration Holding Co., Ltd. ("Hainan Traffic"). Hainan Traffic is owned as to approximately 50% by Sheng Tang Development (Yangpu) Co., Limited ("Sheng Tang"). Sheng Tang is owned as to 35% by Tang Dynasty Development Co., Limited ("Tang Dynasty"). Tang Dynasty is owned as to approximately 98% by Pan-American Aviation Holding Company, which is in turn 100% beneficially owned by Hainan Cihang Charity Foundation, Inc.
5. Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited own 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares. Mr. Wu, Mr. Ho and Mr. Chang are deemed to have interest in 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares of which Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited are deemed to have interests by virtue of the SFO since they indirectly own 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital of AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Cap II. AID Cap II interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited.

6. Mr. Wong owns 326,496,000 Shares and is interested in 90,000,000 share options at an exercises price of HK\$0.078 per Share to subscribe for Shares. Faithful Talent Limited ("Faithful") owns 7,000,000 Shares. Mr. Wong is deemed to be interested in these shares through his 100% interests in Faithful. Mr. Wong is deemed to be interested in 195,000,000 Shares and 292,500,000 underlying shares as mentioned in Note 7 below. Ms. Chau Mui, as the spouse of Mr. Wong, owns 21,880,000 Shares and is deemed to be interested in all Shares and underlying shares held by Mr. Wong.
7. Sky March Limited ("Sky March") entered into a consulting service agreement with the Company dated 5 May 2017 ("Consulting Service Agreement"), pursuant to which the Company has issued 97,500,000 Shares and 97,500,000 Shares to Sky March on 25 May 2017 and 28 May 2018, respectively. 292,500,000 Shares will be issued to Sky March in accordance with the terms and conditions of the Consulting Service Agreement. Mr. Wong is interest in these shares and underlying shares through his 100% interest in Sky March.

(ii) Short positions

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

Save as disclosed above, as at 30 June 2018, the Directors of the Company were not aware of any other person who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 30 June 2018, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

(C) COMPETING INTERESTS

So far as the Directors were aware, none of the other Directors or their respective associates were interested in any business which competes or is likely to compete, whether directly or indirectly, with the business of the Group.

(D) SHARE OPTION SCHEMES

The Company's share option scheme which was adopted on 27 March 2002 (the "2002 Share Option Scheme") was expired and a new share option scheme (the "2014 Share Option Scheme") was adopted by an ordinary resolution passed by the shareholders at the extraordinary general meeting of the Company on 15 April 2014 (the "Adoption Date"). The 2014 Share Option Scheme constitutes a share option scheme governed by Chapter 23 of the GEM Listing Rules and will remain in force for 10 years from the Adoption Date.

Upon the expiry of the 2002 Share Option Scheme, no further option can be offered thereunder but any options granted prior to such expiry but not yet exercised shall continue to be valid and exercisable.

The Company operates both the 2002 Share Option Scheme and the 2014 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Pursuant to the 2014 Share Option Scheme, the Directors of the Company may grant options to eligible participants persons (as defined in the 2014 Share Option Scheme) to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

2002 Share Option Scheme

The remaining share options granted under the 2002 Share Option Scheme are for other eligible participants and are exercisable as follows:

- (a) the first 30% of the options between the first and tenth anniversary of the date of grant;
- (b) the next 30% of the options between the second and tenth anniversary of the date of grant; and
- (c) the remaining options between the third and tenth anniversary of the date of grant.

The following table sets out information relating to the 2002 Share Option Scheme:

Date of grant (dd/mm/yyyy)	Grantees	Exercise period (dd/mm/yyyy)	Exercise price per share HK\$	Number of share options				
				Balance as at 1 January 2018	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Balance as at 30 June 2018
11/02/2008	Former directors and former employees	11/02/2009 to 10/02/2018	2.22	4,256,683	-	-	(4,256,683)	-
29/12/2008	Former directors and former employees	29/12/2009 to 28/12/2018	0.22	818,336	-	-	-	818,336
07/10/2010	Former directors and former employees	07/10/2011 to 06/10/2020	0.20	2,370,561	-	-	-	2,370,561
16/03/2012	Former directors and former employees	16/03/2013 to 15/03/2022	0.20	5,342,580	-	-	-	5,342,580
14/05/2012	Former directors and former employees	14/05/2013 to 13/05/2022	0.19	5,859,368	-	-	-	5,859,368
			Total	18,647,528	-	-	(4,256,683)	14,390,845

No option was granted or exercised under the 2002 Share Option Scheme during the six months ended 30 June 2018.

4,256,683 options were lapsed under the 2002 Share Option Scheme during the six months ended 30 June 2018.

The weighted average remaining contractual life of the options outstanding under the 2002 Share Option Scheme as at 30 June 2018 was approximately 3.36 years.

No share-based compensation expense was recognised under 2002 Share Option Scheme during the six months ended 30 June 2018 and 2017.

2014 Share Option Scheme

The following table sets out information relating to the 2014 Share Option Scheme:

Date of grant (dd/mm/yyyy)	Grantees	Exercise period (Notes)	Exercise price per share HK\$	Number of share options					Balance as at 30 June 2018
				Balance as at 1 January 2018	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Transferred during the period	
15/05/2014	Directors and former directors	(1)	0.16	54,684,000	-	-	-	-	54,684,000
20/06/2014	Directors and former directors	(2)	0.16	32,465,250	-	-	-	-	32,465,250
01/04/2016	Directors and former directors	(3) and (6)	0.247	157,000,000	-	-	-	12,000,000	169,000,000
19/05/2017	Directors and former directors	(5) and (6)	0.078	38,000,000	-	-	-	68,000,000	106,000,000
				282,149,250	-	-	-	80,000,000	362,149,250
20/06/2014	Other eligible participants	(4)	0.16	35,402,750	-	-	-	-	35,402,750
01/04/2016	Other eligible participants	(3) and (6)	0.247	48,416,000	-	-	-	(12,000,000)	36,416,000
19/05/2017	Other eligible participants	(5) and (6)	0.078	304,192,000	-	-	-	(68,000,000)	236,192,000
				388,010,750	-	-	-	(80,000,000)	308,010,750
			Total	670,160,000	-	-	-	-	670,160,000

Notes:

- (1) Exercisable from 15 May 2014 to 14 May 2024.
- (2) Exercisable from 20 June 2014 to 19 June 2024.
- (3) Divided into two tranches exercisable from 1 October 2016 and 1 April 2017, respectively to 31 March 2026.
- (4) Divided into two tranches exercisable from 20 June 2014 and 20 June 2015, respectively to 19 June 2024.
- (5) Exercisable from 19 May 2017 to 18 May 2027.
- (6) Ms. Chan Suet Ngan, Mr. Hu Kenneth and Ms. Qian were appointed as Director of the Company on 1 January 2018, such have options were transferred from the category of "Other eligible participants" to "Directors".

No option was granted or exercised under the 2014 Share Option Scheme during the six months ended 30 June 2018.

During the six months ended 30 June 2018, no option was lapsed upon resignation of other eligible participants.

The weighted average remaining contractual life of the options outstanding under the 2014 Share Option Scheme as at 30 June 2018 was approximately 8 years.

No share-based compensation expense was recognised under the 2014 Share Option Scheme in the consolidated statement of profit or loss for the six months ended 30 June 2018 (six months ended 30 June 2017: HK\$15,759,000).

RESULTS

The board (the "Board") of directors (the "Director(s)") of the Company announces the unaudited consolidated results of the Group for the six months and three months ended 30 June 2018, together with the comparative unaudited figures of the corresponding periods in 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months and three months ended 30 June 2018

	Notes	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	5	6,839	16,137	2,928	9,463
Cost of sales		(3,329)	(10,505)	(1,444)	(6,695)
Gross profit		3,510	5,632	1,484	2,768
Fair value (loss)/gain on financial assets at fair value through profit or loss		(57,891)	19,776	(30,385)	19,500
Loss on disposal of financial assets at fair value through profit or loss		(2,111)	–	(2,139)	–
Gain on disposal of subsidiaries	28	–	30,934	–	30,934
Loss on reclassification of interest in an associate to financial assets at fair value through profit or loss	15	–	(294,220)	–	(294,220)
Other net income	6	7,422	37,417	1,965	24,988
Selling and distribution expenses		(291)	(2,290)	(168)	(1,115)
Administrative expenses		(52,042)	(72,885)	(25,437)	(44,553)
Impairment of intangible assets		–	(17,658)	–	(17,658)
Loss from operations		(101,403)	(293,294)	(54,680)	(279,356)
Finance costs	8	(6,907)	(6,206)	(3,472)	(3,120)
Share of results of an associate, net of tax	15	–	8,052	–	2,668
Loss before taxation	9	(108,310)	(291,448)	(58,152)	(279,808)
Taxation credit	10	1,245	4,644	527	3,561
Loss for the period		(107,065)	(286,804)	(57,625)	(276,247)
Attributable to:					
Owners of the Company		(103,778)	(281,483)	(55,725)	(271,407)
Non-controlling interests		(3,287)	(5,321)	(1,900)	(4,840)
Loss for the period		(107,065)	(286,804)	(57,625)	(276,247)
Loss per share attributable to owners of the Company for the period	11	HK cents	HK cents	HK cents	HK cents
Basic		(0.97)	(3.03)	(0.52)	(2.92)
Diluted		N/A	N/A	N/A	N/A

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months and three months ended 30 June 2018

	Unaudited Six months ended 30 June 2018		Unaudited Three months ended 30 June 2018	
	HK\$'000	2017 HK\$'000	HK\$'000	2017 HK\$'000
Loss for the period	(107,065)	(286,804)	(57,625)	(276,247)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(807)	1,864	(3,356)	892
Share of other comprehensive income of an associate	-	356	-	103
Reclassification to profit or loss on derecognition of interest in an associate	-	840	-	840
Other comprehensive income for the period, net of tax	(807)	3,060	(3,356)	1,835
Total comprehensive income for the period, before and net of tax	(107,872)	(283,744)	(60,981)	(274,412)
Attributable to:				
Owners of the Company	(104,587)	(278,430)	(58,921)	(269,571)
Non-controlling interests	(3,285)	(5,314)	(2,060)	(4,841)
Total comprehensive income for the period, before and net of tax	(107,872)	(283,744)	(60,981)	(274,412)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	19,897	20,912
Available-for-sale investments	13	–	962,883
Intangible assets	14	142,916	151,152
Investments in convertible bonds	16	43,661	41,332
Financial assets at fair value through profit or loss	20	938,791	15,557
		1,145,265	1,191,836
Current assets			
Inventories	17	–	450
Trade and other receivables	18	89,402	134,040
Investments in convertible bonds	16	22,676	19,056
Financial assets at fair value through profit or loss	20	9,594	18,122
Tax recoverable		429	486
Cash and cash equivalents		37,161	35,358
		159,262	207,512
Current liabilities			
Trade and other payables	19	14,210	18,671
Current tax liabilities		33	–
		14,243	18,671
Net current assets			
		145,019	188,841
Total assets less current liabilities			
		1,290,284	1,380,677

	Notes	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
Non-current liabilities			
Borrowings	21	10,071	9,033
Convertible bonds	22	174,471	167,742
Deferred tax liabilities		10,951	12,246
		195,493	189,021
Net assets		1,094,791	1,191,656
EQUITY			
Share capital	23	8,428	8,352
Reserves	24	1,033,035	1,131,470
Equity attributable to owners of the Company		1,041,463	1,139,822
Non-controlling interests		53,328	51,834
Total equity		1,094,791	1,191,656

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Total equity attributable to owners of the Company															
	Share capital HK\$'000	Share premium HK\$'000	Convertible Capital reduction reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Share-based compensation reserve HK\$'000	Remuneration share reserve HK\$'000	Investment revaluation reserve HK\$'000	Foreign exchange reserve HK\$'000	Other reserve HK\$'000	Statutory surplus reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2018 (Audited)	8,352	756,387	702,955	1,921	2,112	601	62,165	7,820	(2,874)	(839)	(21,619)	5,163	(382,320)	1,139,822	51,634	1,191,656
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	-	(103,778)	(103,778)	(3,287)	(107,065)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	(809)	-	-	-	(809)	2	(807)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	(809)	-	-	(103,778)	(104,587)	(3,285)	(107,872)
Remuneration shares issued for consultancy service (Note 23(a))	76	5,871	-	-	-	-	-	(540)	-	-	-	-	-	5,407	-	5,407
Lapse of share options	-	-	-	-	-	-	(4,902)	-	-	-	-	-	4,902	-	-	-
Disposal of interests in subsidiaries without loss of control (Note 29)	-	-	-	-	-	-	-	-	-	-	821	-	-	821	4,779	5,600
At 30 June 2018 (Unaudited)	8,428	762,258	702,955	1,921	2,112	601	57,263	7,280	(2,874)	(1,648)	(20,798)	5,163	(481,194)	1,041,463	53,328	1,094,791
At 1 January 2017 (Audited)	722,094	802,640	-	1,921	2,112	601	49,355	-	(932)	(4,902)	(21,619)	4,931	(88,554)	1,457,637	48,280	1,515,917
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	-	(281,483)	(281,483)	(5,321)	(286,804)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	1,857	-	-	-	1,857	7	1,864
Share of other comprehensive income from an associate	-	-	-	-	-	-	-	-	76	280	-	-	-	356	-	356
Reclassification to profit or loss on derecognition of interest in an associate	-	-	-	-	-	-	-	-	886	(46)	-	-	-	840	-	840
Total comprehensive income for the period	-	-	-	-	-	-	-	-	942	2,091	-	-	(281,483)	(278,430)	(5,314)	(283,744)
Share-based compensation	-	-	-	-	-	-	15,799	1,955	-	-	-	-	-	17,714	-	17,714
Remuneration shares issued for consultancy service (Note 27)	7,605	(1,657)	-	-	-	-	-	-	-	-	-	-	-	5,948	-	5,948
Lapse of share options	-	-	-	-	-	-	(2,147)	-	-	-	-	-	2,147	-	-	-
At 30 June 2017 (Unaudited)	729,699	801,003	-	1,921	2,112	601	62,967	1,955	-	(2,811)	(21,619)	4,931	(687,898)	1,212,869	42,966	1,255,835

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Notes	Unaudited Six months ended 30 June 2018 HK\$'000	Unaudited Six months ended 30 June 2017 HK\$'000
Operating activities			
Loss before taxation		(108,310)	(291,448)
Adjustments for:			
Amortisation of intangible assets		8,236	10,601
Fair value loss/(gain) on financial assets at fair value through profit or loss		57,891	(19,776)
Loss on disposal of financial assets at fair value through profit or loss		2,111	–
Finance costs		6,907	6,206
Gain on deemed disposal of interest in an associate		–	(28,621)
Gain on disposal of subsidiaries	28	–	(30,934)
Impairment of intangible assets		–	17,658
Loss on reclassification of interest in an associate to financial assets at fair value through profit or loss	15	–	294,220
Share of results of an associate, net of tax		–	(8,052)
Share-based compensation expense		–	23,662
Share-based payments		5,407	–
Other cash flows used in operating activities		(16,779)	(19,672)
Net cash used in operating activities		(44,537)	(46,156)
Investing activities			
Disposal of financial assets at fair value through profit or loss		12,450	–
Disposal of subsidiaries, net of cash	28	–	(9,048)
Loan to GeneSort Ltd.		–	(11,700)
Loan repayment from a subsidiary of an investee company		27,391	–
Loan repayment from an independent third party		24,570	–
Investment in available-for-sale investments		–	(13,576)
Investment in financial assets at fair value through profit or loss		(18,796)	–
Payment of bond investments		–	(22,895)
Decrease in short-term deposits with maturity more than three months		–	23,262
Other cash flows used in investing activities		(277)	(2,366)
Net cash generated from/(used in) investing activities		45,338	(36,323)

	Unaudited Six months ended 30 June 2018 HK\$'000	Unaudited Six months ended 30 June 2017 HK\$'000
Financing activities		
Loan from a shareholder of a subsidiary	1,038	–
Interest paid on convertible bonds	–	(16,525)
Other cash flows used in financing activities	(178)	–
Net cash generated from/(used in) financing activities	860	(16,525)
Net increase/(decrease) in cash and cash equivalents	1,661	(99,004)
Cash and cash equivalents at 1 January	35,358	211,309
Effect of exchange rate changes on cash and cash equivalents	142	830
Cash and cash equivalents at 30 June	37,161	113,135

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 21 February 2000 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and, its principal place of business is 22/F, New World Tower II, 18 Queen's Road Central, Central, Hong Kong. The Company's shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 April 2000. The Company and its subsidiaries are together referred to as the "Group" hereinafter.

Pursuant to a special resolution duly passed at the extraordinary general meeting of the Company held on 7 May 2018, together with the approval of the Registrar of Companies in the Cayman Islands on 9 May 2018 and the approval of Registrar of Companies in Hong Kong on 12 June 2018, the name of the Company has been changed from "Healthoo International Technology Holdings Limited (海滙國際科技控股有限公司)" to "AID Life Science Holdings Limited (滙友生命科學控股有限公司)" with effect from 9 May 2018.

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

The unaudited condensed consolidated financial statements have been also prepared in accordance with applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules") and International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB").

The unaudited condensed consolidated financial statements have been prepared under historical cost convention except for certain financial instruments classified as financial assets at fair value through profit or loss, which are measured at fair value.

These unaudited condensed consolidated financial statements for the six months ended 30 June 2018 are unaudited but have been reviewed by the audit committee of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended 31 December 2017 ("2017 Annual Report"), which have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The principal accounting policies adopted to prepare the unaudited condensed consolidated financial statements are consistent with those adopted to prepare the Company's 2017 Annual Report.

The IASB has issued a number of amendments to IFRSs which are first effective for accounting period beginning on 1 January 2018, save for the adoption of IFRS 9 disclosed below, the adoption of these amendments has no material impact on how the Group's financial performance and financial position for the current and prior periods have been prepared and presented.

Following adoption of IFRS 9, the Group's investments in equity securities previously classified as available-for-sale investments are now classified as financial assets at fair value through profit or loss, of which the fair value changes are recognised through profit or loss.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited condensed consolidated financial statements, are consistent with those set out in the Company's 2017 Annual Report.

4. SEGMENT INFORMATION

In identifying the Group's operating segments, management generally follows the Group's service lines which represent the main service lines provided by the Group.

The Group has identified the following reportable operating segments:

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

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

The chief operating decision makers, which are collectively the four Executive Directors of the Company, assess the performance of the operating segments based on a measure of operating profit. The measurement policies used by the Group for reporting segment results were consistent with those used to prepare the Company's 2017 Annual Report.

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

	Asset management		Strategic investment		Total	
	Unaudited Six months ended 30 June 2018 HK\$'000	Unaudited Six months ended 30 June 2017 HK\$'000	Unaudited Six months ended 30 June 2018 HK\$'000	Unaudited Six months ended 30 June 2017 HK\$'000	Unaudited Six months ended 30 June 2018 HK\$'000	Unaudited Six months ended 30 June 2017 HK\$'000
Revenue from external customers	-	-	6,839	16,137	6,839	16,137
Total segment loss from operations	(700)	(1,600)	(94,238)	(277,294)	(94,938)	(278,894)
Other net income not allocated					7,422	37,417
Depreciation of property, plant and equipment					(294)	(284)
Share-based compensation expense					-	(23,662)
Unallocated corporate expenses					(13,593)	(27,871)
Loss from operations					(101,403)	(293,294)
Finance costs					(6,907)	(6,206)
Share of results of an associate, net of tax	-	-	-	8,052	-	8,052
Loss before taxation					(108,310)	(291,448)
Taxation credit					1,245	4,644
Loss for the period					(107,065)	(286,804)

There were no inter-segment transactions during the six months ended 30 June 2018 and 2017.

This segment of strategic investment mainly comprises investments in healthcare, technology and e-commerce businesses.

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

	Asset management		Strategic investment		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	30 June	31 December	30 June	31 December	30 June	31 December
	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	487	708	1,297,022	1,377,118	1,297,509	1,377,826
Unallocated property, plant and equipment					1,851	1,953
Unallocated corporate assets					5,167	19,569
Total assets					1,304,527	1,399,348

All assets are allocated to operating segments other than unallocated assets (mainly comprising certain property, plant and equipment, other receivables and cash and cash equivalents).

	Asset management		Strategic investment		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	30 June	31 December	30 June	31 December	30 June	31 December
	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment liabilities	70	71	10,661	13,451	10,731	13,522
Convertible bonds					174,471	167,742
Deferred tax liabilities					10,951	12,246
Unallocated corporate liabilities					13,583	14,182
Total liabilities					209,736	207,692

All liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising convertible bonds and deferred tax liabilities).

	Asset management		Strategic investment	
	Unaudited Six months ended 30 June 2018 HK\$'000	Unaudited Six months ended 30 June 2017 HK\$'000	Unaudited Six months ended 30 June 2018 HK\$'000	Unaudited Six months ended 30 June 2017 HK\$'000
Other segment information				
Additions to non-current assets	–	–	24,780	36,471
Impairment of intangible assets	–	–	–	(17,658)
Depreciation of property, plant and equipment	–	–	(996)	(217)
Gain on disposal of subsidiaries	–	–	–	30,934
Income tax expense	–	–	(51)	(363)
Loss on reclassification of interest in an associate to financial assets at fair value through profit or loss	–	–	–	(294,220)

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

Geographic information

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

	Revenue from external customers		Specified non-current assets	
	Unaudited Six months ended 30 June 2018 HK\$'000	Unaudited Six months ended 30 June 2017 HK\$'000	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
Hong Kong (place of domicile)	4,869	10,486	92,118	102,038
The People's Republic of China ("PRC")	1,970	5,651	18,622	15,126
Other Asian countries	–	–	52,073	54,900
	6,839	16,137	162,813	172,064

5. REVENUE

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Sales of in-app purchase items	1,630	2,365	795	1,188
Advertising income	1,268	3,534	631	2,436
Game publishing service income	3,597	8,294	1,334	5,394
Subscription fee income	–	1,944	–	445
Real-time video streaming income	344	–	168	–
	6,839	16,137	2,928	9,463

6. OTHER NET INCOME

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Bank interest income	297	894	133	485
Effective interest income on investment in convertible bond (Note 16)	5,949	3,154	2,767	2,074
Net foreign exchange (loss)/gain	(1,062)	842	(2,151)	437
Gain on deemed disposal of interest in an associate (Note 15)	–	28,621	–	20,006
Interest income on loans to independent third parties	585	2,717	293	1,484
Interest income on loan to a shareholder of an investee company	261	314	106	158
Interest income on loan to a subsidiary of an investee company	277	619	–	311
Interest income on loan of listed securities to an investee company	703	–	633	–
Others	412	256	184	33
	7,422	37,417	1,965	24,988

7. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' REMUNERATION)

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Fees	765	1,280	390	620
Salaries, allowances and benefits in kind	10,390	18,885	4,814	9,034
Bonus paid and payable	40	212	–	212
Share-based compensation expense	–	15,759	–	12,952
Retirement fund contributions	611	645	263	315
	11,806	36,781	5,467	23,133

8. FINANCE COSTS

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Effective interest expense on convertible bonds — wholly repayable within five years (Note 22)	6,729	6,206	3,383	3,120
Other interest expense — wholly repayable within five years	178	–	89	–
	6,907	6,206	3,472	3,120

9. LOSS BEFORE TAXATION

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Loss before taxation is arrived at after charging:				
Auditor's remuneration:				
— audit services	720	671	449	359
— other services	45	50	45	50
Amortisation of intangible assets (included in administrative expenses) (Note 14)	8,236	10,601	3,794	4,302
Depreciation of property, plant and equipment	1,290	501	880	249
Employee benefit expense (including directors' remuneration) (Note 7)	11,806	36,781	5,467	23,133
Loss on disposal of property, plant and equipment	1	67	1	67
Share-based compensation expense — others	—	7,903	—	7,903
Operating lease charges in respect of leased premises	2,951	3,630	1,487	1,450

10. TAXATION CREDIT

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Current tax				
Hong Kong:				
— Charged for the period	(33)	(25)	(33)	(18)
PRC Enterprise Income Tax:				
— Charged for the period	(18)	(338)	(8)	(149)
Deferred tax credit	1,296	5,007	568	3,728
Taxation credit	1,245	4,644	527	3,561

Hong Kong profits tax has been provided at the tax rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six months and three months ended 30 June 2018 and 2017.

The Group's subsidiaries operating in the PRC are subject to PRC Enterprise Income Tax at the tax rate of 25%. One of the Group's major operating subsidiary, 上海威搜游科技有限公司 (Shanghai VSOYOU Technology Co., Ltd.* or "VSOYOU"), was established in the PRC and carries on business in the PRC as a software enterprise. This subsidiary has, pursuant to the relevant laws and regulations in the PRC, obtained exemption from PRC Enterprise Income Tax for two years starting from its first profit-making year, followed by a 50% reduction for the next three years (the "Tax Exemption"). This subsidiary which is currently entitled to the Tax Exemption from 1 January 2015 would continue to enjoy such treatments until the Tax Exemption period expires, but not beyond 31 December 2019.

Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions during the six months and three months ended 30 June 2018 and 2017.

Deferred tax credit relating to the amortisation of intangible assets was recognised in profit or loss for the six months and three months ended 30 June 2018 and 2017. No recognition of potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential deferred tax assets is uncertain.

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic loss per share

Basic loss per share is calculated by dividing consolidated loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months and three months ended 30 June 2018 and 2017.

	Unaudited Six months ended 30 June 2018		Unaudited Three months ended 30 June 2018	
		2017		2017
<i>(HK\$'000)</i>				
Consolidated loss attributable to owners of the Company	(103,778)	(281,483)	(55,725)	(271,407)
<i>(Number)</i>				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	10,725,455,027	9,277,542,673	10,743,568,681	9,297,245,591
<i>(HK cents)</i>				
Basic loss per share	(0.97)	(3.03)	(0.52)	(2.92)

(b) Diluted loss per share

For the six months and three months ended 30 June 2018 and 2017, the diluted loss per share would reduce if the outstanding share options and convertible bonds were taken into account, as those financial instruments had an anti-dilutive effect and were hence ignored in the calculation of diluted loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment totalling HK\$574,000 which mainly comprised the additions to computer equipments, hardware and software (six months ended 30 June 2017: addition of HK\$2,341,000).

13. AVAILABLE-FOR-SALE INVESTMENTS

Movements in unlisted equity investments at cost during the period/year are as follows:

	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
At 1 January	962,883	244,655
Additions	–	13,976
Reclassification from financial assets at fair value through profit or loss	–	710,479
Disposal	–	(1,791)
Change in fair value recognised during the year	–	(2,876)
Impairment	–	(1,560)
Reclassification to financial assets at fair value through profit or loss	(962,883)	–
At 30 June/31 December	–	962,883

Notes:

- (a) At 31 December 2017, the available-for-sale investments mainly represented investment in approximately 21.34% equity interest in HMM Digit China amounted to HK\$707,603,000 and an aggregate of 581,387 series A preferred stocks of Zoux, Inc. ("Zoux"), a company incorporated in the United States of America with limited liability, acquired by the Group at an aggregate cash consideration of US\$30,000,000 (equivalent to approximately HK\$234,000,000). Zoux is principally engaged in robotics and pioneering autonomous mobility.
- (b) Following adoption of IFRS 9, with effective from 1 January 2018, the Group's investments in equity securities previously classified as available-for-sale investments are now classified as financial assets at fair value through profit or loss, of which the fair value changes are recognised through profit or loss.

14. INTANGIBLE ASSETS

	Goodwill HK\$'000 (Note (a))	Intellectual property HK\$'000 (Note (b))	Mobile games HK\$'000 (Note (c))	Distribution network HK\$'000 (Note (d))	streaming app HK\$'000 (Note (e))	Online music game business HK\$'000 (Note (f))	Non- complete agreements of mobile game business HK\$'000 (Note (g))	Non- complete agreements of health technology business HK\$'000 (Note (g))	Others HK\$'000 (Note (h))	Total HK\$'000
Carrying amount at 1 January 2017 (Audited)	75,788	21,541	1,856	3,235	-	17,296	-	-	6,466	126,182
Acquisition of subsidiaries	52,479	-	-	-	-	-	37,189	1,039	-	90,707
Additions	-	-	-	-	1,700	-	-	-	10,875	12,575
Disposal of subsidiaries	(12,309)	-	-	-	(1,417)	-	-	-	-	(13,726)
Amortisation	-	(3,883)	(1,856)	(2,588)	(283)	(5,322)	(1,705)	(159)	(3,433)	(19,229)
Impairment	(27,900)	(17,658)	-	-	-	-	-	-	-	(45,558)
Exchange alignment	-	-	-	-	-	-	-	-	201	201
Carrying amount at 31 December 2017 (Audited) and 1 January 2018	88,058	-	-	647	-	11,974	35,484	880	14,109	151,152
Amortisation (Note 9)	-	-	-	(647)	-	(2,661)	(1,859)	(173)	(2,896)	(8,236)
Carrying amount at 30 June 2018 (Unaudited)	88,058	-	-	-	-	9,313	33,625	707	11,213	142,916

Notes:

- (a) Goodwill acquired through acquisition of subsidiaries is allocated to the Group's cash-generating unit. A summary of goodwill allocation is presented below:

	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
Honestway Global Group Limited ("HGGL")	33,639	33,639
AID Japan Co., Ltd. ("AID Japan")	1,940	1,940
GeneSort International Inc.	52,479	52,479
	88,058	88,058

- (b) Intellectual property represents a series of interactive role-playing game Apps available on the three major global digital distribution platform, namely Apple's App Store, Google's Play Store and Amazon's App Store. The recoverable amount of Complete Star Limited ("CSL") as at 31 December 2017 to which the intangible asset relates has been determined based on a value in use calculation. The calculation is based on a financial budget covering a five-year period approved by management and followed by an extrapolation of expected cash flows with 0% growth rate for CSL. Key assumptions are based on past performance, management estimation on market development and general inflation, based on the growth rate which did not exceed the long-term average growth rate for the business in which the cash-generating unit operates. A pre-tax discount rate of 27.8% was used for value in use calculation which reflected specific risks relating to the cash-generating unit. During the year ended 31 December 2017, the Group has fully impaired the intellectual property with an impairment loss of HK\$17,658,000 recognised in profit or loss due to the unfavourable charge in market condition of mobile game business.
- (c) Mobile games represent self-developed games to be launched to the mobile game market.
- (d) Distribution network represents the mobile application which provides download access to users of the mobile application to download mobile games in the PRC.

- (e) Online music streaming app represents the mobile application for providing online music streaming service to the public.
- (f) Non-compete agreements of mobile game business refer to the restrictive covenants included in employment contracts of certain key management personnel of VSOYOU who agreed not to enter into or start a similar profession or trade in competition against VSOYOU's business.
- (g) Know-how and non-compete agreements of health technology business arose from acquisition of 73.7% equity interest in GeneSort Group on 11 July 2017.

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

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

- (h) Others represented a mobile game licence with net carrying amount of HK\$3,236,000 (31 December 2017: HK\$5,130,000), mobile apps development with net carrying amount of HK\$4,677,000 (31 December 2017: HK\$5,679,000) and a club membership with net carrying amount of HK\$3,300,000 (31 December 2017: HK\$3,300,000).

15. INTEREST IN AN ASSOCIATE

At 1 January 2017, interest in an associate represented the Group's 20.47% of equity interest in HMV Digit China. With the completion of placings of new ordinary shares of HMV Digit China, the conversion of certain of its convertible bonds and an acquisition satisfied by issue and allotment of its ordinary shares during the six months ended 30 June 2017, the Group's shareholding in HMV Digit China was diluted from 20.47% to 16.59% and an aggregate gain on deemed disposal of equity interest in the associate amounting to HK\$28,621,000 was recognised in other net income in profit or loss (Note 6) for the six months ended 30 June 2017.

Following the resignation of the Company's two directors from the board of directors of HMV Digit China on 28 June 2017, the Group had no significant influence on HMV Digit China's financial and operating policies. Accordingly, the Group applied equity accounting of its equity interest in HMV Digit China for the period from 1 January to 28 June 2017 and share of profit of an associate of HK\$8,052,000 in profit or loss and share of other comprehensive income of HK\$356,000 based on its unaudited draft consolidated financial statements were recognised during the six months ended 30 June 2017. In addition, the Group's interest in HMV Digit China was reclassified to financial assets at fair value through profit or loss on 28 June 2017, resulting in a loss of HK\$294,220,000 recognised in profit or loss for the six months ended 30 June 2017 upon reclassification from interest in an associate to the financial assets at fair value through profit or loss.

16. INVESTMENTS IN CONVERTIBLE BONDS

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

	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
At 1 January	60,388	14,362
Convertible Bond of HMV Digit China received (Note (b))	–	38,252
Effective interest income for the period/year (Note 6)	5,949	8,515
Interest received	–	(741)
At 30 June/31 December	66,337	60,388
Categorised as:		
Current portion	22,676	19,056
Non-current portion	43,661	41,332
	66,337	60,388

Notes:

(a) Convertible Bond of Brave Entertainment

In December 2015, Shiny Diamond Limited ("Shiny Diamond"), an indirect wholly-owned subsidiary of the Company, entered into a subscription agreement (the "Subscription Agreement") with Brave Entertainment Co. Ltd. ("Brave Entertainment") pursuant to which Shiny Diamond agreed to subscribe for convertible bond with principal amount of HK\$22,158,000, bearing an interest rate of 4% per annum receivable quarterly in arrears (the "Convertible Bond of Brave Entertainment"). On 3 December 2015, all the conditions precedent set out in the Subscription Agreement were fulfilled and that the subscription of the Convertible Bond of Brave Entertainment was completed.

The Convertible Bond of Brave Entertainment is convertible at the option of Shiny Diamond at any time during the period commencing from the date after the date of subscription up to and including the date immediately preceding the third anniversary of the date of subscription (the "Maturity Date") at a price of HK\$387 per share. The Convertible Bond of Brave Entertainment is transferable with prior notification to Brave Entertainment. Shiny Diamond may, having given not less than thirty days' notice to the issuer, redeem all or some of the convertible bond then outstanding on the date which is 18 months after the date of issue and every subsequent 3 months thereafter prior to the Maturity Date.

As at 30 June 2018, the fair value of the Convertible Bond of Brave Entertainment was HK\$22,676,000 (31 December 2017: HK\$19,056,000) with receivable component of HK\$22,676,000 (31 December 2017: HK\$19,056,000) and the embedded derivative component of Nil (31 December 2017: Nil). Interest income of the debt component of the Convertible Bond of Brave Entertainment for the six months ended 30 June 2018 was calculated using effective interest method by applying an effective interest rate of 31.9% (31 December 2017: 31.9%) to the receivable component.

(b) Convertible Bond of HMV Digit China

On 13 December 2016, the Group entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with a wholly-owned subsidiary of HMV Digit China (the "Purchaser") and HMV Digit China, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of Time Edge Limited, a wholly-owned subsidiary of the Company and owns the entire issued share capital of Mystery Apex Limited ("Mystery Apex"), for a total consideration of HK\$50,000,000, which will be satisfied by the Purchaser by the issue of the convertible bond by HMV Digit China (the "Convertible Bond of HMV Digit China") at completion (the "Disposal of Time Edge"). The Disposal of Time Edge was completed on 26 April 2017 and accordingly, the Convertible Bond of HMV Digit China with principal amount of HK\$50,000,000, bearing an interest rate of 5% per annum receivable will be matured on 25 April 2021, was issued by HMV Digit China to the Group.

The Group has the right to convert the whole or any part of the outstanding principal amounts of HK\$25,000,000, HK\$37,500,000 and the remaining outstanding principal of the Convertible Bond of HMV Digit China during the period commencing from 24 months, 30 months and 36 months after issuance date respectively at a price of HK\$0.313 per share initially, which was then adjusted to HK\$0.305 per share upon the completion of placing by HMV Digit China on 12 June 2017. The Convertible Bond of HMV Digit China is transferable to any third party subject to the prior written consent from HMV Digit China.

At initial recognition, the fair value of the Convertible Bond of HMV Digit China was HK\$61,239,000 (Note 20) with receivable component of HK\$38,252,000 and the embedded derivative component of HK\$22,987,000. As at 30 June 2018, the fair value of the Convertible Bond of HMV Digit China was HK\$49,298,000 (31 December 2017: HK\$56,889,000) with receivable component of HK\$43,661,000 (31 December 2017: HK\$41,332,000) and the embedded derivative component of HK\$5,637,000 (31 December 2017: HK\$15,557,000).

Interest income of the debt component of the Convertible Bond of HMV Digit China for the six months ended 30 June 2018 was calculated using effective interest method by applying an effective interest rate of 11.9% (six months ended 30 June 2017: 11.9%) to the receivable component.

The embedded derivatives (i.e. the early redemption and conversion option of Convertible Bond of Brave Entertainment and the conversion option of Convertible bond of HMV Digit China) of the convertible bonds are separated from the host contract because its economic characteristics and risk are not closely related to those of the host contract and is accounted for as financial assets at fair value through profit or loss as set out in Note 20.

As at 30 June 2018 and 31 December 2017, the convertible bonds were neither past due nor impaired. The Directors are of the opinion that no impairment is necessary in respect of the balances as there has not been a significant change in credit quality and the balances are considered to be fully recoverable. The Group does not hold any collateral or other credit enhancements over the convertible bonds.

17. INVENTORIES

	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
Consumables	–	450

18. TRADE AND OTHER RECEIVABLES

	Notes	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
Trade receivables	(a)	25,608	24,678
Less: Impairment loss recognised	(b)	(9,688)	(9,806)
		15,920	14,872
Other receivables	(c)	45,082	90,652
Deposits and prepayments		28,400	28,516
Total		89,402	134,040

Notes:

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

	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
0–30 days	15,361	14,834
31–60 days	12	–
61–90 days	113	38
Over 90 days	434	–
Total	15,920	14,872

Game publishing service income is receivables from mobile network operators and channel owners and is settled within 30 to 60 days (31 December 2017: 30 to 60 days).

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

	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
Less than 60 days past due	547	38
Total	547	38

As at 30 June 2018, trade receivables of HK\$547,000 (31 December 2017: HK\$38,000), that were past due but not impaired 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.

- (b) Movements in impairment loss recognised in respect of trade receivables are as follows:

	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
At 1 January	9,806	9,102
Exchange alignment	(118)	704
At 30 June/31 December	9,688	9,806

Included in the impairment of trade receivables recognised are individually impaired trade receivables with an aggregate balance of approximately HK\$9,688,000 (31 December 2017: HK\$9,806,000). The individually impaired receivables mainly relate to customers that were in poor past settlement history and only a portion of the receivables is expected to be recovered.

- (c) All other receivables as at 30 June 2018 and 31 December 2017 were neither past due nor impaired.

As at 30 June 2018, other receivables included (i) a loan with principal amount and accrued interest of HK\$13,144,000 (31 December 2017: HK\$12,519,000) to a shareholder of the Group's investee company, which is secured, interest bearing at 5% per annum and repayable within one year from the end of the reporting period; (ii) a loan with a principal amount of Nil (31 December 2017: HK\$25,000,000) to a wholly-owned subsidiary of the Group's investee company, which is unsecured, interest bearing at 5% per annum and repaid by the borrower in February 2018; (iii) a loan to an independent third party with a principal amount of Nil (31 December 2017: US\$3,000,000, equivalent to approximately HK\$23,400,000), which is secured, interest bearing at 5% per annum and repaid by the borrower in January 2018; and (iv) a loan to an independent third party with a principal amount of US\$3,000,000 (equivalent to approximately HK\$23,400,000) (31 December 2017: US\$3,000,000, equivalent to approximately HK\$23,400,000), which is unsecured, interest bearing at 5% per annum and repayable within one year from the end of the reporting period.

19. TRADE AND OTHER PAYABLES

	Notes	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
Trade payables	(i)	5,749	9,398
Other payables		2,374	3,688
Accrued charges		6,087	5,585
Total		14,210	18,671

Notes:

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

	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
0-30 days	4,752	6,346
31-60 days	47	332
61-90 days	46	533
Over 90 days	904	2,187
Total	5,749	9,398

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
Bond investments (Note (i))		
At 1 January	15,782	–
Investment in bonds	–	22,895
Disposals	(7,591)	(8,103)
Realised gain on disposal	28	295
Fair value (loss)/gain for the period/year	(965)	695
	7,254	15,782
At 30 June/31 December		
Derivative financial instrument (Note (ii))	2,340	2,340
Derivatives embedded in the convertible bonds (Note (iii))		
At 1 January	15,557	7,618
Convertible Bond of HMV Digit China (Note 16(b))	–	22,987
Fair value loss for the period/year	(9,920)	(15,048)
	5,637	15,557
At 30 June/31 December		
Other financial assets		
At 1 January	–	–
Reclassification from available-for-sale investments (Note (iv))	962,883	–
Reclassification from interest in an associate (Note (v))	–	603,838
Additions (Note (vi))	24,396	110,720
Gain on bargain purchase (Note (vi))	–	47,360
Reclassification to available-for-sale investments (Note (vi))	–	(710,479)
Disposals	(4,859)	–
Realised loss on disposal	(2,139)	–
Fair value loss for the period/year	(47,006)	(51,439)
Exchange alignment	(121)	–
	933,154	–
At 30 June/31 December		
Total	948,385	33,679
Categorised as:		
Current portion	9,594	18,122
Non-current portion	938,791	15,557
Total	948,385	33,679
Total net loss recognised in profit or loss relating to financial instruments held by the Group at 30 June/31 December	(60,002)	(18,137)

Notes:

- (i) Bond investments represented publicly traded bonds at market value, which were classified as held for trading and designated by the Group as financial assets at fair value through profit or loss.
- (ii) Derivative financial instrument represented the rights to certain shares of an investee company's capital stocks pursuant to the Simple Agreements for Future Equity.
- (iii) Derivative component of the Convertible Bond of Brave Entertainment is measured at fair value by a firm of independent professional valuers, Grant Sherman Appraisal Limited ("Grant Sherman"), using the Binomial Option Pricing model, at the end of the reporting period. The inputs into the model as at 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018	31 December 2017
Expected volatility	N/A	N/A
Expected life	0.0 years	0.4 years
Risk-free rate	N/A	1.341%
Credit spread	N/A	42%
Expected dividend yield	N/A	0%

Derivative component of the Convertible Bond of HMV Digit China is measured at fair value by Grant Sherman, using the Binomial Option Pricing model, at the end of the reporting period. The inputs into the model as at date of receiving the Convertible Bond of HMV Digit China and as at 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018	31 December 2017
Expected volatility	41.27%	70.51%
Expected life	2.82 years	3.32 years
Risk-free rate	2.53%	1.95%
Credit spread	4.80%	9.63%
Expected dividend yield	0%	0%

- (iv) Following adoption of IFRS 9, with effective from 1 January 2018, the Group's investments in equity securities previously classified as available-for-sale investments are now classified as financial assets at fair value through profit or loss, of which the fair value changes are recognised through profit or loss.
- (v) The interest in HMV Digit China whose shares are listed on GEM which was reclassified from interest in an associate during the year ended 31 December 2017.
- (vi) On 3 November 2017, the Group further acquired 640,000,000 shares of HMV Digit China from an independent third party at a consideration of HK\$110,720,000. The purchase price of HMV Digit China's shares was set lower than market price and a gain on bargain purchase of HK\$47,360,000 was recognised in profit and loss. The investment was then reclassified as an available-for-sale investment as management intended to treat it as long-term investment.

On 26 June 2018, the Group has entered into an investment agreement, pursuant to which the Group disposed of 22.7% equity interest in a subsidiary of the Group together with financial assets at fair value through profit or loss, at an aggregate consideration of US\$718,000 (equivalent to approximately HK\$5,600,000), satisfied by 46.3% interest in a limited partnership (Note 29).

Additions of other financial assets for the six months ended 30 June 2018 represent the acquisition of listed equities of HK\$18,796,000.

- (vii) On 22 March 2018, the Group entered into a Stock Borrowing Agreement (“Agreement”) with HMV Digit China as the Borrower, whereas the Group has agreed to make available to the Borrower a loan of the Loaned Securities up to 300,000,000 shares in HMV Digit China, that were held by a subsidiary of the Group, in favour of an investor as a security for performance of certain obligations by HMV Digit China, in relation to its issuance of Convertible Bonds and Notes to the investor. Under the Agreement, HMV Digit China has agreed to pay a borrowing fee on the value of the Loaned Securities at a rate of 3.5% per annum. The Loan is guaranteed and indemnified by an executive director of HMV Digit China against all costs, losses, damages, demands and expenses in which the Group may sustain or incur as a result of the whole or any of the obligations being defaulted or becoming irrecoverable from the Borrower. As at 30 June 2018, the fair value of Loaned Securities included in financial assets at fair value through profit or loss was HK\$68.7 million by reference to market value.

21. BORROWINGS

At 30 June 2018 and 31 December 2017, the borrowings mainly represented a three-year loan provided by an independent third party to the Group with a principal amount of HK\$8,894,600 secured by certain shares of one of the Group’s investee companies, bearing interest at the rate of 4% per annum payable quarterly in arrears.

22. CONVERTIBLE BONDS

2015 HK\$140 million Convertible Bonds

In July 2015, the Company entered into a subscription agreement (the “Subscription Agreement”) with Hong Kong HNA Holding Group Co. Limited (“HNA”) pursuant to which HNA agreed to subscribe the convertible bonds in principal amount of HK\$140,000,000, bearing a compound interest rate of 8% per annum (the “2015 HK\$140 million Convertible Bonds”). On 20 July 2015, all the conditions precedent set out in the Subscription Agreement have been fulfilled and that the issue of the 2015 HK\$140 million Convertible Bonds was completed.

The 2015 HK\$140 million Convertible Bonds is convertible at the option of the bondholder at any business day during the period commencing from the date falling on the first anniversary of the issue date up to and including the date falling seven days prior to the fifth anniversary of the date of issue of the 2015 HK\$140 million Convertible Bonds (the “Maturity Date”) at a price of HK\$0.325 per share initially. The 2015 HK\$140 million Convertible Bonds is only transferable with prior notification to the Company and may be transferred in integral multiples of HK\$1,000,000. The Company may, having given not less than thirty days’ notice to the bondholder, redeem the 2015 HK\$140 million Convertible Bonds then outstanding, at a premium of 10% above the outstanding principal amount of the 2015 HK\$140 million Convertible Bonds, in integral multiples of HK\$1,000,000 at any time prior to the Maturity Date and subject to the bondholder’s agreement.

The conversion option embedded in the 2015 HK\$140 million Convertible Bonds meets the definition of equity instrument of the Company, and is classified as equity and presented separately from the liability component of the 2015 HK\$140 million Convertible Bonds.

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

	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
Net carrying amounts at 1 January	167,742	154,743
Effective interest expense for the period/year (Note 8)	6,729	12,999
Net carrying amounts at 30 June/31 December	174,471	167,742

The interest expense of the 2015 HK\$140 million Convertible Bonds for the six months ended 30 June 2018 is calculated using effective interest method by applying an effective interest rate of 8.3% (31 December 2017: 8.3%) per annum to the liability component.

23. SHARE CAPITAL

	Number of ordinary shares	Number of redeemable convertible preference shares	Nominal value US\$'000	Equivalent nominal value HK\$'000
Authorised (par value of US\$0.0001 each)				
At 30 June 2018 and 31 December 2017	1,900,000,000,000	100,000,000,000	200,000	1,560,000
Issued and fully paid (par value of US\$0.0001 each)				
At 31 December 2017 (Audited) and 1 January 2018	10,707,140,110	-	1,071	8,352
Remuneration shares issued for the consulting service (Note (a))	97,500,000	-	9	76
At 30 June 2018 (Unaudited)	10,804,640,110	-	1,080	8,428

Note:

- (a) On 28 May 2018, the Company has issued 97,500,000 remuneration shares at an issue price of HK\$0.08 per share as compensation for the consultancy service (Note 24(g)).

24. RESERVES

	Notes	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
Share premium	(a)	762,258	756,387
Capital reduction reserve	(b)	702,955	702,955
Convertible bonds equity reserve	(c)	1,921	1,921
Capital reserve	(d)	2,112	2,112
Capital redemption reserve	(e)	601	601
Share-based compensation reserve	(f)	57,263	62,165
Remuneration share reserve	(g)	7,280	7,820
Investment revaluation reserve	(h)	(2,876)	(2,876)
Foreign exchange reserve	(i)	(1,648)	(839)
Other reserve	(j)	(20,798)	(21,619)
Statutory surplus reserve	(k)	5,163	5,163
Accumulated losses		(481,196)	(382,320)
Total		1,033,035	1,131,470

Notes:

- (a) Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.
- (b) This represents the credit arising from the Capital Reduction by reducing the par value of each of the issued ordinary shares from US\$0.01 to US\$0.0001 by cancelling the paid up share capital to the extend of US\$0.0099 per issued ordinary share. At the effective date of the Capital Reduction, the credit arising as a result was applied towards offsetting the accumulated loss of the Company as at the date, thereby reducing the accumulated loss of the Company. The balance of credit was transferred to the capital reduction reserve account of the Company which may be utilised by the Directors as a capital reduction reserve.
- (c) This represents the amount allocated to the unexercised equity component of convertible bonds issued by the Company.
- (d) This represents a capital reserve arose from the acquisition of a subsidiary in 2000.
- (e) This represents the repurchase of shares of the Company listed on the Stock Exchange. These repurchased shares were cancelled upon repurchase and, accordingly, the nominal value of the cancelled shares was credited to capital redemption reserve and the aggregate consideration paid was debited to the accumulated losses and share premium accounts.
- (f) This relates to share options granted to employees, consultants and directors under the Company's Share Option Scheme.

- (g) On 5 May 2017, the Group entered into a consulting service agreement with an independent third party (the "Consultant"), pursuant to which, the Group engaged the Consultant to provide consultancy services (the "Consultancy Services") for a term of 5 years commencing from 5 May 2017. As consideration for the Consultancy Services, the Group will pay the Consultant a total sum of HK\$39,000,000 by way of the issue and allotment (or procure the issue and allotment of) 487,500,000 new ordinary shares of the Company at an issue price of HK\$0.08 per share in five tranches, of which the first tranche of 97,500,000 and the second tranche of 97,500,000 new ordinary shares were issued on 25 May 2017 and 28 May 2018 respectively.
- (h) The investment revaluation reserve represents accumulated gains and losses arising on the revaluation of available-for-sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those investments have been disposed of or are determined to be impaired.
- (i) Exchange differences arising from the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in the foreign exchange reserve.
- (j) Other reserve represented the difference between the consideration received and the carrying amount of net assets attributable to the reduction of equity interest in HMV Brave Co., Ltd. disposed of to non-controlling shareholders; difference between the consideration paid and carrying amount of net assets attributable to the acquisition of the remaining 30% of the issued share capital of HGGL; and difference between the consideration received and the provisional carrying amount of net assets attributable to the 22.7% equity interest in a subsidiary together with financial assets at fair value through profit or loss so disposed of to non-controlling shareholders.
- (k) In accordance with the PRC Companies Law, the Company's PRC subsidiaries are required to transfer 10% of their profit after tax, as determined in accordance with accounting standards and regulations of the PRC, to statutory surplus reserve. Such reserve may be used to reduce any loss incurred by the subsidiary or be capitalised as paid-up capital of the subsidiary. The statutory surplus reserve is non-distributable.

25. MATERIAL RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following material related party transactions:

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

	Unaudited Six months ended 30 June 2018 HK\$'000	Unaudited Six months ended 30 June 2017 HK\$'000
Fees	765	1,280
Salaries, allowances and benefits in kind	2,551	5,414
Retirement fund contributions	36	27
Share-based compensation expense	-	3,938
	3,352	10,659

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

	Note	Unaudited Six months ended 30 June 2018 HK\$'000	Unaudited Six months ended 30 June 2017 HK\$'000
Interest income on a loan to a subsidiary of an investee company	(i)	277	619
Interest income on loan of listed securities to an investee company	(i)	703	–

Note:

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

- (c) As at 30 June 2018 and 31 December 2017, the balances with related parties were:

	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
Loan to a shareholder of an investee company (Note 18(c))	13,144	12,519
Loan to a subsidiary of an investee company (Note 18(c))	–	25,000

26. COMMITMENTS

(a) Operating leases

The total future minimum lease payments of the Group under non-cancellable operating leases in respect of land and buildings are payable as follows:

	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
Within one year	3,747	5,082
In the second to fifth years	13,354	15,185
	17,101	20,267

The Group leased certain properties under operating leases in Hong Kong and the PRC. The leases run for an initial period of 1 year to 6 years (31 December 2017: 1 year to 6 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 and do not include any terms of contingent rentals.

(b) Capital commitments

The Group had no material capital commitments as at 30 June 2018 and 31 December 2017.

27. MAJOR NON-CASH TRANSACTIONS

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

On 28 May 2018, 97,500,000 new ordinary shares were issued at an issue price of HK\$0.08 per share as the compensation for the consultancy service as detailed in Note 24(g). As market price of the Company's ordinary shares at the date of grant was HK\$0.021, share capital of the Company was increased by approximately HK\$76,000 and share premium accounts of the Company was increased by approximately HK\$5,871,000.

During the six months ended 30 June 2017, the Group had the following major non-cash transaction:

On 25 May 2017, 97,500,000 new ordinary shares were issued at an issue price of HK\$0.08 per share as the compensation for the consultancy service as detailed in Note 24(g). As market price of the Company's ordinary shares at the date of grant was HK\$0.061, share capital of the Company was increased by approximately HK\$7,605,000 and share premium accounts of the Company was decreased by approximately HK\$1,657,500.

28. DISPOSAL OF SUBSIDIARIES

Disposal of Time Edge Limited and its subsidiaries ("Time Edge Group")

On 26 April 2017, the Group disposed of its entire equity interest in Time Edge Group which owned the entire issued share capital of Mystery Apex Limited, to a wholly-owned subsidiary of HMV Digital China at a total consideration of HK\$50,000,000, which was satisfied by the issue of the Convertible Bond of HMV Digit China. The net assets of Time Edge Group at the date of disposal were as follows:

	2017 HK\$'000
Net assets of subsidiaries disposal of:	
Property, plant and equipment	38
Intangible assets (Note 14)	1,417
Goodwill (Note 14)	12,309
Trade and other receivables	10,135
Cash and cash equivalents	9,048
Trade and other payables	(2,642)
	30,305
Total consideration	61,239
Gain on disposal of subsidiaries included in profit or loss for the period	30,934
Satisfied by:	
Convertible Bond of HMV Digit China, at fair value (Note 16(b))	61,239
Net cash outflow arising on disposal:	
Cash and bank balances disposed of	9,048

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

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

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

	2018 HK\$'000
Carrying amounts of the Disposal Group disposed of:	
Net assets of First Champion	-
Net assets of 22.7% of equity interest in a subsidiary	4,779
Financial assets at fair value through profit or loss	-
	4,779
Total consideration	5,600
Gain on disposal of the Disposal Group within equity	821
Satisfied by:	
46.3% interest in a limited partnership (Note 20(vi))	5,600

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks, which are the same as those detailed in the Company's 2017 Annual Report, which are managed by the four Executive Directors of the Company collectively in close cooperation with the Board of Directors.

31. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial assets and liabilities is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position as at 30 June 2018 and 31 December 2017 are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2018 (Unaudited)				
Financial assets:				
Recurring fair value measurements:				
Financial assets at fair value through profit or loss	672,396	–	275,989	948,385

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2017 (Audited)				
Financial assets:				
Recurring fair value measurements:				
Financial assets at fair value through profit or loss	–	–	33,679	33,679
Available-for-sale investments				
— Listed equity securities	707,603	–	–	707,603

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

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

No sensitivity analysis for unlisted equity investment is presented as a reasonably possible change in key assumptions used in the sensitivity analysis would not result in any significant potential financial impact.

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) is as follows:

Financial assets at fair value through profit or loss

	Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
At 1 January	33,679	9,958
Subscription of convertible bonds	–	22,987
Investment in bonds	–	22,895
Reclassification from available-for-sale investments	255,280	–
Reclassification from interest in an associate	–	603,838
Additions	5,600	110,720
Reclassification to available-for-sale investments	–	(710,479)
Disposals	(7,591)	(8,103)
Gain on bargain purchase	–	47,360
Realised gain on disposal	–	295
Fair value loss for the period/year	(10,858)	(65,792)
Exchange alignment	(121)	–
	<hr/>	<hr/>
At 30 June/31 December	275,989	33,679

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

AUDIT COMMITTEE

The Company established an audit committee on 31 March 2000 with the written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three independent non-executive directors, Mr. Yuen Kwok On (Chairman), Ms. Fong Janie and Mr. Matsumoto Hitoshi. The primary duties of the audit committee are to review and supervise the Company's financial reporting process and internal control systems. The Audit Committee reports its work, findings and recommendations to the Board after each meeting.

The audit committee meets at least quarterly with the most recent meeting held on 8 August 2018. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2018 have been reviewed by the audit committee.

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

The Company has not redeemed any of its shares during the six months ended 30 June 2018 and 2017. Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the six months ended 30 June 2018 and 2017.

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

Hong Kong, 8 August 2018

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

Executive Directors: *Wu King Shiu, Kelvin, Chan Suet Ngan, Hu Kenneth and Qian Alexandra Gaochuan*

Non-Executive Director: *Xu Haohao*

Independent Non-Executive Directors: *Fong Janie, Yuen Kwok On and Matsumoto Hitoshi*

This report will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of Aid Life Science Holdings Limited at www.8088inc.com.

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

* *For identification purpose only*