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AID Partners Capital Holdings Limited

(滙友資本控股有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8088)

**CONTINUING CONNECTED TRANSACTIONS
TENANCY AGREEMENTS**

Reference is made to the announcements and the circular of the Company (the “**Circular**”) dated 28 August 2015, 30 November 2015 and 16 October 2015, respectively, in relation to, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as ascribed thereto in the Circular.

CONTINUING CONNECTED TRANSACTIONS

Pursuant to the Sale and Purchase Agreement, the Group had acquired the HMV IP Rights and the Target Business upon Completion. Upon Completion, as the tenancy agreements for the Retail Store located at iSQUARE, the Central Retail Shop and the office located in Tsim Sha Tsui were not able to be assigned to the Group, the Purchaser will reimburse HMV HK in respect of the rentals, management fees, Government rates, promotional fees and other miscellaneous charges occurring after Completion for the aforesaid premises pursuant to the terms of the respective tenancy agreements (the “**Tenancy Agreements**”). The reimbursements by the Purchaser will be funded by the Group’s internal resources.

The aforesaid reimbursements by the Purchaser to HMV HK therefore constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules upon Completion.

* *For identification purpose only*

iSQUARE Tenancy Agreement

Principal terms of the tenancy agreement for the Retail Store located at iSQUARE (the “**iSQUARE Tenancy Agreement**”) are set out as follows:

- Date : 20 January 2011
- Parties : Landlord: Associated International Hotels Limited, an Independent Third Party
Tenant: HMV HK
- Premises : Shop No. UG6 on the Upper Ground Floor of iSQUARE, Nos. 35–65, 65A, 67–79 Nathan Road (also known as Nos. 35–79 Nathan Road), Nos. 18–20 Peking Road and Nos. 10–30 Lock Road (the “**iSQUARE Premises**”).
- Term : Five (5) years commencing from 3 January 2011 and expiring on 2 January 2016, both days inclusive.
- Rental : Base rent: HK\$555,830 per month, exclusive of management and air-conditioning charges and Government rates and other outgoings of recurring and non-capital nature.
- Turnover rent: If the gross turnover of the business of the Retail Store conducted at the iSQUARE Premises (after certain deductions) exceeds the base rent for the relevant month, then the turnover rent for the relevant month shall be 8% of the excess of such gross turnover for the relevant month over the base rent for the relevant month.
- If the gross turnover of the business does not exceed the base rent for the relevant month, no turnover rent shall be payable for that month.
- Other charges : (1) Management and air-conditioning charges of HK\$162,843 per month, subject to review; and
(2) Government rates (HK\$30,000 per month, subject to Government’s review).

Central Tenancy Agreement

Principal terms of the tenancy agreement for the Central Retail Shop (the “**Central Tenancy Agreement**”) are set out as follows:

- Date : 11 July 2011
- Parties : Landlord: South Eagle Investments Limited, an Independent Third Party
Tenant: HMV HK
- Premises : Whole of Third and Fourth Floors, Entertainment Building, 30 Queen’s Road Central, Hong Kong (the “**Central Premises**”).
- Term : Two (2) years commencing from 1 May 2014 and expiring on 30 April 2016, both days inclusive.
- Rental : HK\$1,400,000 per month, exclusive of costs, charges and expenses relating to the maintenance and management of Central Premises (including air-conditioning but excluding any maintenance which is the obligation of the tenant under the tenancy agreement) (the “**Operating Charges**”), promotional fees, Government rates, Government rent (if any) and other outgoings of recurring and non-capital nature.
- Other charges : (1) Operating Charges of HK\$180,392 per month, subject to review;
(2) Government rates (HK\$71,200 per month, subject to Government’s review); and
(3) Promotional fees of HK\$25,980 per month, subject to review.

Office Tenancy Agreement

Principal terms of the tenancy agreement for the office located in Tsim Sha Tsui (the “Office Tenancy Agreement”) are set out as follows:

Date	:	20 February 2014
Parties	:	Landlord: Achieve Investments Limited, an Independent Third Party Tenant: HMV HK
Premises	:	Rooms 501-7 on the 5th Floor of Sands Building, No.17 Hankow Road and No. 12 Peking Road (the “Office Premises”).
Term	:	Two (2) years commencing from 1 June 2014 and expiring on 31 May 2016, both days inclusive.
Rental	:	HK\$144,675 per month, exclusive of Government rates, management charges and all outgoing utilities.
Other charges	:	(1) Management charges of HK\$9,645 per month, subject to review; and (2) Government rates (HK\$7,750 per month, subject to Government’s review).

ANNUAL CAPS

It is estimated that the aggregate amount of rental (base rent and anticipated maximum turnover rent), management fees, Government rates, promotional fees and other miscellaneous charges payable by HMV HK and reimbursed by the Purchaser under the Tenancy Agreements to the respective landlords will not exceed the annual caps set out below:

Financial Year	Annual Caps (HK\$)
1 December 2015–31 December 2015 (<i>Note 1</i>)	HK\$3,000,000
1 January 2016–31 December 2016 (<i>Note 2</i>)	HK\$8,000,000
1 January 2017–31 December 2017	—

Notes:

1. For the financial year ending 31 December 2015, only the transaction amounts after Completion have been taken into account in setting this annual cap, as only those transactions occurring after Completion will constitute continuing connected transactions of the Company.

2. For the financial year ending 31 December 2016, this annual cap only relates to:
- (i) the period from 1 January 2016 to 2 January 2016 (both dates inclusive), as the term of the iSQUARE Tenancy Agreement shall expire on 2 January 2016;
 - (ii) the period from 1 January 2016 to 30 April 2016 (both dates inclusive), as the term of the Central Tenancy Agreement shall expire on 30 April 2016; and
 - (iii) the period from 1 January 2016 to 31 May 2016 (both dates inclusive), as the term of the Office Tenancy Agreement shall expire on 31 May 2016.

The maximum turnover rent in respect of the iSQUARE Premises as anticipated based on historical figures, the base rent and other amounts payable by HMV HK were taken into account in arriving at the annual caps set out above in respect of the Tenancy Agreements.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Pursuant to the Sale and Purchase Agreement, the Group had acquired the HMV IP Rights and the Target Business upon Completion. Upon Completion, as the Tenancy Agreements for the iSQUARE Premises, the Central Premises and the Office Premises were not able to be assigned to the Group, the Purchaser will reimburse HMV HK in respect of the rentals, management fees, Government rates, promotional fees and other miscellaneous charges pursuant to the Tenancy Agreements occurring after Completion. The terms of each of the Tenancy Agreements were determined with reference to market rates, and it is beneficial for the Group to continue with these leasing transactions after Completion.

The Directors (including the independent non-executive Directors) are of the view that the reimbursements in respect of the continual leasing of the iSQUARE Premises, the Central Premises and the Office Premises in accordance with the respective Tenancy Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group, their terms and the annual caps for the Tenancy Agreements are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Mr. Wu, Mr. Ho and Mr. Chang have abstained from voting on the relevant resolutions to approve the reimbursements in respect of the continual leasing of the iSQUARE Premises, the Central Premises and the Office Premises in accordance with the terms of the respective Tenancy Agreements and their respective annual caps for the Tenancy Agreements proposed at the meetings of the Board.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, HMV HK is indirectly wholly-owned by AID Cap II. AID Cap II is controlled by AID Partners GP2, Ltd., which is ultimately controlled by Mr. Wu and in which Mr. Ho and Mr. Chang are directors. As Mr. Wu, the chief executive officer of the Company and executive Director, is a connected person of the Company, HMV HK being an associate of Mr. Wu, is also a connected person of the Company under Chapter 20 of the GEM Listing Rules.

Accordingly, the reimbursements by the Purchaser to HMV HK of rentals, management fees, Government rates, promotional fees and other miscellaneous charges for the iSQUARE Premises, the Central Premises and the Office Premises pursuant to the respective Tenancy Agreements, which have been entered into by HMV HK for a fixed period and fixed terms, constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As the applicable percentage ratios for the annual caps in respect of such continuing connected transactions in respect of the reimbursements of rentals, management fees, Government rates, promotional fees and other miscellaneous charges for the iSQUARE Premises, the Central Premises and the Office Premises to HMV HK are less than 25% and the aggregate annual rentals, management fees, Government rates, promotional fees to be borne by HMV HK and reimbursed by the Purchaser will be less than HK\$10,000,000, such continuing connected transactions are subject to reporting, announcement and annual review requirements but are exempt from Independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

INFORMATION ON THE GROUP AND HMV HK

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

HMV HK is a limited liability company incorporated in Hong Kong and is the licensee under the HMV IP Licence in respect of the territories of the Macau Special Administrative Region of the PRC and Taiwan only.

By order of the Board
AID Partners Capital Holdings Limited
Wu King Shiu, Kelvin
Executive Director

Hong Kong, 7 December 2015

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

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

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

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

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