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If you have sold or transferred all your shares in AID Partners Capital Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



AID PARTNERS CAPITAL HOLDINGS LIMITED
(滙友資本控股有限公司)*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8088)

**(1) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE
INVOLVING CONNECTED PERSON(S); AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Placing Agent

UOBKayHian
大 華 繼 顯

**Independent Financial Adviser to the Independent Board Committee and
Independent Shareholders**



F.E. Corporate Finance Advisory Limited

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed “**Definitions**” of this circular.

A letter from the Board is set out from pages 6 to 24 of this circular.

A notice convening the EGM to be held at 3/F., Nexxus Building, 77 Des Voeux Road Central, Central, Hong Kong on Tuesday, 14 July 2015, at 10:30 a.m. is set out on pages 57 to 59 of this circular. A form of proxy for the EGM is enclosed. Whether or not you intend to attend and vote at the EGM or any adjourned meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company at Units 1&2, 29/F., The Hennessy, 256 Hennessy Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

* For identification purpose only

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Abundant Star”	Abundant Star Ventures Limited, a limited liability company incorporated in Samoa
“AID Cap II”	AID Partners Capital II, L.P., a private equity fund, which is indirectly controlled by Mr. Wu
“Announcement”	the announcement of the Company dated 7 June 2015 in relation to the Placing
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which banks in Hong Kong are open for general banking business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no.8 or above or a black rainstorm, warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	AID Partners Capital Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion of Placing”	a date within five (5) Business Days after the Placing Agreement has become unconditional or such other date as the Company and the Placing Agent may agree in writing
“connected persons”	has the meaning ascribed thereto under the GEM Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on 14 July 2015 at 10:30 a.m. to consider and, if thought fit, approve the Placing Agreement, Specific Mandate and any transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM

DEFINITIONS

“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Shi, Mr. Sin and Mr. Yuen, all of whom are independent non-executive Directors, has been established to advise the Independent Shareholders on the terms of the Placing Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	F.E. Corporate Finance Advisory Limited, a corporation licensed to carry out business in type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Placing Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than those who are required to abstain from voting under the GEM Listing Rules or other applicable laws and regulations
“Independent Third Party(ies)”	third parties independent of and not connected (as defined under the GEM Listing Rules) with the Company and connected person(s) of the Company
“Last Trading Date”	Wednesday, 3 June 2015, being the last full trading day for the Shares on the Stock Exchange prior to the publication of the Announcement
“Latest Practicable Date”	25 June 2015, being the latest practicable date prior to the despatch of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	the GEM listing committee of the Stock Exchange
“Lock-Up Expiry Date”	being the date falling three (3) months after the Completion of Placing
“Mr. Chang”	Mr. Chang Tat Joel, an executive Director
“Mr. Ho”	Mr. Ho Gilbert Chi Hang, the chief investment officer of the Company and an executive Director
“Mr. Shi”	Mr. Shi Jinsheng, an independent non-executive Director

DEFINITIONS

“Mr. Shiu”	Mr. Stephen Shiu Junior, a non-executive Director
“Mr. Sin”	Mr. Sin Hendrick, an independent non-executive Director
“Mr. Wu”	Mr. Wu King Shiu, Kelvin, the chief executive officer of the Company and an executive Director
“Mr. Yuen”	Mr. Yuen Kwok On, an independent non-executive Director
“Offered Shares”	the Placing Shares and the Optional Shares
“Option”	the option granted by the Company under the Placing Agreement to the Placing Agent to require the Company to issue and allot the Optional Shares for the sole purpose of covering over-allocation in the subscription of the Placing Shares
“Option Exercise Period”	the period commencing from the date of the Placing Agreement and expiring at 5:00 p.m. on the fifth (5th) Business Day from the date of the EGM
“Optional Shares”	up to an aggregate of 1,818,176,000 additional Shares which the Company may be required to issue and allot at the Placing Price pursuant to the Option
“Placee(s)”	institutional, professional and/or individual investor(s) procured by the Placing Agent to subscribe for any of the Offered Shares pursuant to the Placing Agreement
“Placing”	the placing of the Offered Shares by the Placing Agent on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	UOB Kay Hian (Hong Kong) Limited, a corporation licensed to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 5 June 2015 entered into between the Company and the Placing Agent in relation to the Placing

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“Placing Period”	the period commencing immediately after the date of the EGM and expiring at 5:00 p.m. on the fifth (5th) Business Day from the date of the EGM (or such later time and date as the parties to the Placing Agreement may agree in writing)
“Placing Price”	HK\$0.22 per Offered Share
“Placing Shares”	up to an aggregate of 2,272,720,000 new Shares to be issued and allotted and to be placed by the Placing Agent pursuant to the terms of the Placing Agreement but excluding any Optional Shares
“PRC”	The People’s Republic of China, which for the sole purpose of this circular excludes Hong Kong, Macau Special Administrative Region and Taiwan
“RCPS”	the redeemable convertible preference shares with the outstanding principal amount of US\$791,569 entitling the holders thereof to convert for a total of 949,882,800 Shares at the conversion price of HK\$0.13 per Share (subject to adjustments)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Schemes”	the share option schemes of the Company, approved and adopted by the Company at the general meetings of the Company on 27 March 2002 and 15 April 2014, respectively
“Share Options”	the share options granted pursuant to the Share Option Schemes, pursuant to which a total of 148,486,165 share options are still outstanding as at the Latest Practicable Date
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Directors at the EGM to allot and issue the Offered Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it in the GEM Listing Rules

DEFINITIONS

“Vantage Edge”	Vantage Edge Limited, a limited liability company incorporated in Samoa
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“5% Coupon Convertible Bonds”	the five per cent. (5%) coupon convertible bonds with the outstanding principal amount of HK\$175,000,000 entitling the holders thereof to convert into a total of 1,346,153,846 at the conversion price of HK\$0.13 per Share (subject to adjustments)
“%”	per cent

LETTER FROM THE BOARD



AID PARTNERS CAPITAL HOLDINGS LIMITED
(滙友資本控股有限公司)*
(Incorporated in Cayman Islands with limited liability)
(Stock Code: 8088)

Executive Directors:

Wu King Shiu, Kelvin
Ho Gilbert Chi Hang
Chang Tat Joel

Non-executive Director:

Stephen Shiu Junior

Independent non-executive Directors:

Shi Jinsheng
Sin Hendrick
Yuen Kwok On

Registered office:

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Hutchins Drive
P.O. Box 2681
Grand Cayman
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*Head Office and Principal Place of
Business in Hong Kong:*

Units 1&2, 29/F.
The Hennessy
256 Hennessy Road
Wanchai
Hong Kong

27 June 2015

To the Independent Shareholders,

**(1) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE
INVOLVING CONNECTED PERSON(S); AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to the Placing. The Company announced that on 5 June 2015 (after trading hours) the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to place up to 4,090,896,000 Offered Shares (comprising up to 2,272,720,000 Placing Shares and up to 1,818,176,000 Optional Shares) on a best effort basis to the Placees at the Placing Price of HK\$0.22 per Offered Share.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, amongst other things, (i) further details of the Placing and the Specific Mandate; (ii) a letter of recommendation from the Independent Board Committee of the Company to the Independent Shareholders in relation to the Placing Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee of the Company and the Independent Shareholders in relation to the Placing Agreement and the transactions contemplated thereunder; and (iv) the notice of the EGM.

THE PLACING

The Placing Agreement

Date : 5 June 2015 (after trading hours)
Issuer : The Company
Placing Agent : UOB Kay Hian (Hong Kong) Limited

Placing Agent

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to place up to 4,090,896,000 Offered Shares (comprising up to 2,272,720,000 Placing Shares and up to 1,818,176,000 Optional Shares) on a best effort basis to the Placees at the Placing Price.

The Option

As part of the Placing, the Company has granted an Option to the Placing Agent to require the Company to issue and allot up to 1,818,176,000 Optional Shares to the Placees as the Placing Agent shall direct at the Placing Price.

The Option shall be exercisable for any Optional Shares against the Company, and will be exercisable during the Option Exercise Period, but, subject thereto, may be exercised in whole or in part from time to time for the sole purpose of covering over-allotments in the subscription of the Placing Shares.

Placees

The Placing Agent has agreed to procure not less than six (6) Placees (who will be professional, institutional and/or individual investors), who include connected person(s) of the Company. As at the Latest Practicable Date, AID Cap II, which is indirectly controlled by Mr. Wu, has indicated that it and/or its associate will apply for 454,544,000 Placing Shares at the Placing Price and on the same terms and conditions applicable to other Placees under the

LETTER FROM THE BOARD

Placing. Mr. Wu, being the chief executive officer of the Company and executive Director, is a connected person of the Company and hence AID Cap II being an associate of Mr. Wu, is also a connected person of the Company under Chapter 20 of the GEM Listing Rules.

If any of the Placee(s) become a new substantial shareholder (as defined in the GEM Listing Rules) of the Company after Completion of Placing, further announcement(s) will be made by the Company as and when appropriate.

The Placing Agent has represented, warranted and undertaken to the Company that it will procure each Placee to enter into a letter of lock-up undertaking, pursuant to which, each Placee shall undertake to the Company that for the period from the Completion of Placing and ending on the date which is six (6) months from the Completion of Placing, the Placee shall not:

- (a) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Offered Shares;
- (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Offered Shares, whether any such transaction described in paragraphs (a) or (b) is to be settled by delivery of Offered Shares or such other securities, in cash or otherwise; or
- (c) announce any intention to enter into or effect any such transaction described in paragraphs (a) or (b) above,

unless with the prior written consent of the Company.

Number of Placing Shares and Optional Shares

The maximum number of 2,272,720,000 Placing Shares under the Placing represents:

- (i) approximately 67.99% of the existing issued share capital of the Company of 3,342,937,613 Shares as at the Latest Practicable Date;
- (ii) approximately 40.47% of the then issued share capital of the Company of 5,615,657,613 Shares as enlarged by the Placing (assuming no issue or repurchase of Shares other than the issue of the Placing Shares and assuming the Option has not been exercised); and
- (iii) approximately 30.57% of the then issued share capital of the Company of 7,433,833,613 Shares as enlarged by the Placing and the full exercise of the Option (assuming no issue or repurchase of Shares other than the issue of the Placing Shares and the Optional Shares).

LETTER FROM THE BOARD

The maximum number of 1,818,176,000 Optional Shares represents:

- (i) approximately 54.39% of the existing issued share capital of the Company of 3,342,937,613 Shares as at the Latest Practicable Date;
- (ii) approximately 32.37% of the then issued share capital of the Company of 5,615,657,613 Shares as enlarged by the Placing (assuming no issue or repurchase of Shares other than the issue of the Placing Shares and assuming the Option has not been exercised); and
- (iii) approximately 24.46% of the then issued share capital of the Company of 7,433,833,613 Shares as enlarged by the Placing and the full exercise of the Option (assuming no issue or repurchase of Shares other than the issue of the Placing Shares and the Optional Shares).

In determining the number of Offered Shares, the Board has considered the trading volume of the Shares during the period commencing from 3 September 2014, being nine months prior to the signing of the Placing Agreement, up to and including the Last Trading Date (the “**Review Period**”). During the Review Period, the average daily trading volume of the Shares ranging from 392,686 Shares in October 2014 to 81,748,750 Shares in April 2015, representing approximately 0.08% and 2.52% of the total number of issued Shares as at the end of the relevant month, respectively. The average trading volume of the Shares was thin during the Review Period, representing only approximately 1.25% of the total number of issued Shares as at the end of the month/period on average during the Review Period.

Taking into account that (i) the possible enhancement of the profile of the Shareholders given that the Placees will be professional, institutional or other investors; (ii) the potential increase in the trading liquidity of the Shares as a result of broadening the Shareholders’ base; (iii) the long-term benefits that may be generated from potential investment(s) to be made with the proceeds from the Placing with the objective to increase the value of the Shares, the Directors consider that, despite the dilution impact, the number of Offered Shares is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares and the Optional Shares

The Placing Shares and the Optional Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares in issue at the time of their allotment and issue.

Placing Price

The Placing Price of HK\$0.22 per Offered Share represents:

- (a) a discount of approximately 45.00% to the closing price of HK\$0.40 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 29.03% to the closing price of HK\$0.31 per Share as quoted on the Stock Exchange on the Last Trading Date; and

LETTER FROM THE BOARD

- (c) a discount of approximately 31.25% to the average closing price of HK\$0.32 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Date.

The Placing Price was determined with reference to the prevailing market price of the Share and the recent trading volume of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent.

In assessing the reasonableness of the Placing Price, the Board has reviewed and considered the following factors:

- (i) the Share prices level during the Review Period in which the closing prices of the Shares ranged from HK\$0.195 per Share to HK\$0.68 per Share. As such, the Placing Price of HK\$0.22 lies within the range of the closing prices of the Shares within the Review Period;
- (ii) the audited net assets attributable to the owners of the Company as at 31 December 2014 per Share of HK0.006 cents (based on the audited net assets attributable to owners of the Company as at 31 December 2014 of HK\$186,000 and the total number of issued Shares of 3,321,661,916 as at date of the Placing Agreement);
- (iii) given the Company is in a loss position, the chances of the Company obtaining debt financing is low and might involve relatively high interest rate and possibly assets pledge by the Company, and hence is not in the best interest of the Company;
- (iv) the requirement that each Placee needs to enter into a lock-up undertaking for a period of six (6) months from the Completion of the Placing; and
- (v) the conversion price of the 5% Coupon Convertible Bonds.

After taking into account all the aforesaid factors, the attractiveness to potential Placees as well as the volatility of the Share price over the Review Period, the Board considers that it is reasonable that potential Placees would only accept the Placing Price near the lower price range during the Review Period and therefore the Board considers that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Board has also considered various fund raising alternatives including debt financing or rights issue and open offer and has approached various financial institutions for such purposes. As to debt financing, given that the Group is in a loss position (reporting a loss attributable to the owners of the Company of approximately HK\$25,257,000 for the three (3) months ended 31 March 2015 and a loss attributable to the owners of the Company of approximately HK\$89,666,000 for the year ended 31 December 2014), it will take a long time for banks and/or other lenders to review the financial condition of the Group for the purpose of granting loan facilities for the funding needs of the Group. The banks and/or other lenders will also likely to charge relatively high interest rate for the loan facilities and might possibly involve assets pledge given the Group's financial situation and if the Group accepts, will incur significant interest expenses and worsen the Group's gearing ratio, hence it is not preferable given the size of the proceeds to be raised and therefore is not recommended by the Board.

LETTER FROM THE BOARD

Further, the Board is of the view that if the Company raises funds by way of rights issue or open offer, (i) the time to be taken for the completion of rights issue or open offer will be longer and the risk of a change in market conditions will be greatly increased, which the Board considered not to be in a timely manner; (ii) it is more difficult to secure an underwriter for rights issue or open offer comparing to a placing agent for a placing; and (iii) the cost in documentation works, administrative and professional fees (including, but not limited to, underwriting commission) for rights issue or open offer will be higher. As such, the Board recommended the Placing instead of a rights issue or an open offer.

After taking into account all the aforesaid factors, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole and is the best available terms (including Placing Price and the number of Offered Shares) to the Company under the circumstances.

In view of the broadening of the Shareholders' base, the additional cash inflow that can strengthen the financial position of the Company, financial resources for development and expansion of its businesses and facilitate potential acquisition(s) as and when such opportunities arise and taking into account the factors set out in the paragraph headed "Number of Placing Shares and Optional Shares" and above, the Board considers that the terms of the Placing are fair and reasonable and in the interest of the Company and the Shareholders as a whole despite (a) the discount of the Placing Price to the closing price of the Shares as at the Last Trading Date; and (b) the proportional dilution impact to the shareholding of existing Shareholders.

Placing commission

In consideration of the services of the Placing Agent in connection with the Placing, the Company shall pay the Placing Agent a placing commission of 3% of the amount equal to the Placing Price multiplied by the number of the Offered Shares which the Placing Agent has successfully procured subscribers for at the end of the Placing Period.

The placing commission payable to the Placing Agent under the Placing Agreement was negotiated on an arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the market rate.

LETTER FROM THE BOARD

Conditions precedent

The Placing is conditional upon the following conditions being fulfilled:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Offered Shares;
- (b) the Independent Shareholders at the EGM granting approval of the Placing Agreement and the transactions contemplated thereunder, including the Specific Mandate and receipt by the Placing Agent of a certified true copy of the scrutineer's certificate;
- (c) there shall not have occurred any material breach or any event render untrue or inaccurate, any of the representations, warranties or undertakings under the Placing Agreement;
- (d) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Placing void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Placing (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company to proceed with the Placing);
- (e) (if required) the obtaining of approval from HKSCC to admit the Offered Shares as eligible securities into CCASS; and
- (f) the Placing Agreement not being rescinded by the Placing Agent pursuant to the terms of the Placing Agreement.

The conditions precedent under the Placing Agreement as set out above cannot be waived by any party thereto. The Company shall use its reasonable endeavours to procure the satisfaction of the conditions precedent set out above, but if the conditions precedent shall not have been so satisfied at or before 4:00 p.m. on 31 August 2015 (or such later date as may be agreed between the Placing Agent and the Company), all obligations of the Placing Agent and of the Company thereunder shall cease and determine and none of the parties thereto shall have any claim against the other in relation thereto, except (i) the Company shall remain liable for the payment of all costs and expenses referred to the Placing Agreement already incurred or to be incurred in consequence of such termination, (ii) any antecedent breach of any of the Company's obligations and liabilities hereunder (including liabilities arising prior to such termination under the representations, warranties and undertakings), and (iii) that the provisions in respect of indemnification of and no claim against the Placing Agent or sub-placing agent or any of its associates and any of its directors and employees which shall have been involved in effecting the Placing by the Company shall remain in full force and effect.

In the event that the Placing Agent and the Company agree to extend the date for fulfillment of the above conditions precedent of 31 August 2015, the Company shall comply with all applicable GEM Listing Rules at such time.

LETTER FROM THE BOARD

Lock-up undertaking from the Company

The Company undertakes to the Placing Agent that, except for (a) the allotment and issue of the Offered Shares in accordance with the provisions hereof, (b) any Shares or other securities or rights issued or granted to the Shareholders by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association or on the exercise of rights existing at the date of the Placing Agreement, (c) any share options granted or to be granted pursuant to the Share Option Schemes and the exercise of such share options, (d) any RCPS and any 5% Coupon Convertible Bonds and the exercise of conversion rights of the RCPS and the 5% Coupon Convertible Bonds, and (e) any acquisitions undertaken or to be undertaken by any members of the Group that involves issuance of shares as consideration, share exchange, shares swap or conversion of shares, from the date hereof and on or prior to the Lock-Up Expiry Date, if any, it will not and will procure that none of its nominees or companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will, without the prior written consent of the Placing Agent (whose consent shall not be unreasonably refused, withheld or delayed):

- (a) allot, issue, offer to allot or issue, grant any option, right or warrant to subscribe, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests therein or any securities convertible or exercisable for or substantially similar to any such Shares or interests; or
- (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (a) above or this (b) is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (c) announce any intention to enter into or effect any such transaction described in (a) and (b) above.

As at the Latest Practicable Date, the Company has neither issued nor granted to any of the Shareholders by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares.

Completion of Placing

The Completion of Placing shall take place within five (5) Business Days after the Placing Agreement having become unconditional or such other date as the Company and the Placing Agent may agree in writing.

LETTER FROM THE BOARD

Shareholders and potential investors should note that the Placing (and the Option thereof) is subject to the satisfaction of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed and the Option may or may not be exercised, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Termination

The Placing Agreement may be terminated by the Placing Agent if at any time at or before 9:00 a.m. on the date of Completion of Placing, there occurs:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company and/or prejudice the success of the Placing; or
- (b) the occurrence of any local, national or international event, development or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America), regulatory or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local or international securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing of the Offered Shares to potential Placee(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation moratorium, suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the completion of the placing of the Offered Shares to potential Placee(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (d) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (e) the Placing Agent shall become aware of the fact that any of the undertakings, representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its

LETTER FROM THE BOARD

reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing; or

- (f) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or any other places in the world which would, in the reasonable opinion of the Placing Agent, prejudice the success of the Placing; or
- (g) any litigation or claim of material importance of any third party being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group and which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing; or
- (h) the Placing Agent shall become aware that any statement contained in the Announcement was, when the Announcement was issued, untrue, incorrect or misleading in any material respect; or
- (i) the Placing Agent shall become aware of any material adverse change in the business or in the financial or trading position or prospects of any member of the Group taken as a whole which will have an adverse material impact on the success of the Placing; or
- (j) the Placing Agent shall become aware that any government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Placing void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Placing (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company to proceed with the Placing).

Specific mandate to allot and issue the Offered Shares

The Offered Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the EGM.

Application for listing of the Offered Shares

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Offered Shares.

SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purposes, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Completion of Placing, assuming the Option has not been exercised; and (iii) immediately after Completion of Placing and full exercise of the Option.

LETTER FROM THE BOARD

	As at the Latest Practicable Date		Immediately after Completion of Placing, assuming the Option has not been exercised				Immediately after Completion of Placing and full exercise of the Option				
	No. of Shares	Approximate %	(Note 1)		(Note 2)		(Note 1)		(Note 2)		
			No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	
HMV Asia Limited											
(Notes 3 and 11)	165,600,000	4.95	165,600,000	2.94	165,600,000	2.05	165,600,000	2.22	165,600,000	1.67	
Mr. Wu (Notes 3, 9 and 11)	14,400,000	0.43	14,400,000	0.25	41,284,000	0.51	14,400,000	0.19	41,284,000	0.41	
Mr. Ho (Notes 4, 9 and 11)	264,000	0.01	264,000	0.01	27,606,000	0.34	264,000	0.01	27,606,000	0.27	
Mr. Yuen (Note 8)	1,980,000	0.05	1,980,000	0.03	1,980,000	0.02	1,980,000	0.02	1,980,000	0.02	
Mr. Chang											
(Notes 5, 9 and 11)	—	—	—	—	27,342,000	0.33	—	—	27,342,000	0.27	
Mr. Shiu (Note 6)	—	—	—	—	2,937,500	0.03	—	—	2,937,500	0.02	
Mr. Shi (Note 7)	—	—	—	—	2,643,750	0.03	—	—	2,643,750	0.02	
Abudant Star (Note 9)	—	—	—	—	769,230,769	9.54	—	—	769,230,769	7.78	
Vantage Edge (Note 9)	—	—	—	—	576,923,077	7.15	—	—	576,923,077	5.84	
Able Supreme Management Limited (Note 10)	—	—	—	—	831,612,000	10.31	—	—	831,612,000	8.41	
Places											
— AID Cap II and/or its associate											
(Notes 9 and 11)	—	—	454,544,000	8.09	454,544,000	5.63	454,544,000	6.11	454,544,000	4.60	
— Other Places	—	—	1,818,176,000	32.37	1,818,176,000	22.55	3,636,352,000	48.91	3,636,352,000	36.81	
Public shareholders	<u>3,160,693,613</u>	<u>94.56</u>	<u>3,160,693,613</u>	<u>56.31</u>	<u>3,340,301,328</u>	<u>41.51</u>	<u>3,160,693,613</u>	<u>42.54</u>	<u>3,340,301,328</u>	<u>33.88</u>	
Total	<u>3,342,937,613</u>	<u>100.00</u>	<u>5,615,657,613</u>	<u>100.00</u>	<u>8,060,180,424</u>	<u>100.00</u>	<u>7,433,833,613</u>	<u>100.00</u>	<u>9,878,356,424</u>	<u>100.00</u>	

Notes:

1. Assuming no exercise of Share Options, or conversion of RCPS or 5% Coupon Convertible Bonds.
2. Assuming all Share Options are fully exercised and all RCPS and 5% Coupon Convertible Bonds are converted in full.
3. Mr. Wu, the chief executive officer of the Company and executive Director, owns 14,400,000 Shares. Mr. Wu is also deemed to be interested in 165,600,000 Shares held by HMV Asia Limited through his deemed interest in 62.5% of the issued share capital in HMV Asia Limited due to family holdings. Mr. Wu is interested in 26,884,000 Share Options at an exercise price of HK\$0.16 per Share (subject to adjustments) to subscribe for Shares. Mr. Wu is deemed to have interest in 1,346,153,846 underlying Shares as mentioned in note 9 below. Mr. Wu is also interested in 88,200,000 underlying Shares.
4. Mr. Ho, the chief investment officer of the Company and executive Director, owns 264,000 Shares and is interested in 27,342,000 Share Options at an exercise price of HK\$0.16 per Share (subject to adjustments) to subscribe for Shares. Mr. Ho is also deemed to have interest in 1,346,153,846 underlying Shares as mentioned in note 9 below.
5. Mr. Chang, an executive Director, is interested in 27,342,000 Share Options at an exercise price of HK\$0.16 per Share (subject to adjustments) to subscribe for Shares. Mr. Chang is also deemed to have interest in 1,346,153,846 underlying Shares as mentioned in note 9 below.
6. Mr. Shiu, a non-executive Director, is interested in 2,937,500 Share Options at an exercise price of HK\$0.16 per Share (subject to adjustments) to subscribe for Shares.
7. Mr. Shi, an independent non-executive Director, is interested in 2,643,750 Share Options at an exercise price of HK\$0.16 per Share (subject to adjustments) to subscribe for Shares.
8. Mr. Yuen, an independent non-executive Director, owns 1,980,000 Shares.

LETTER FROM THE BOARD

9. Abundant Star and Vantage Edge own 769,230,769 and 576,923,077 underlying Shares, which will be allotted and issued upon full conversion of the outstanding 5% Coupon Convertible Bonds for a principal sum of HK\$100,000,000 and HK\$75,000,000, respectively, at the conversion price of HK\$0.13 per Share (subject to adjustments). Mr. Wu, Mr. Ho and Mr. Chang are deemed to have interest in 1,346,153,846 underlying Shares of which Abundant Star and Vantage Edge were deemed to be interested by virtue of the SFO since they indirectly own 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital in AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID 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 Abundant Star and Vantage Edge.
10. Able Supreme Management Limited (“**Able Supreme**”) owns 831,612,000 underlying Shares which will be allotted and issued upon full conversion of 6,930,100 RCPS at conversion price of HK\$0.13 (reset on 27 January 2015). The entire issued share capital of Able Supreme is held by Billion Pine International Limited, which in turn is beneficially wholly owned by Mr. Hu Yin (“**Mr. Hu**”). Accordingly, Mr. Hu is interested in these underlying Shares through his 100% indirect interests in Able Supreme.
11. As at the Latest Practicable Date and immediately after Completion of Placing and full exercise of the Option (assuming all Share Options are fully exercised and all RCPS and 5% Coupon Convertible Bonds are converted in full), Mr. Wu together with HMV Asia Limited, Mr. Ho, Mr. Chang, Abundant Star, Vantage Edge and AID Cap II are interested in an aggregate of 180,264,000 Shares and 2,062,529,846 Shares, respectively (representing approximately 5.39% and 20.88% of the entire issued share capital of the Company, respectively).

LETTER FROM THE BOARD

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

The Company considers that the Placing will facilitate the Company to enhance its capital base to fund the continuous expansion of its businesses. The Group intends to take this opportunity and considers this to be the best timing to further expand its existing businesses and it requires new capital to capture and finance these opportunities and developments. In addition, the Directors consider that the Placing will broaden its shareholders' base, provide additional cash inflow and strengthen the financial position of the Company. It will also put the Company in a better position to take advantage of investment opportunities as and when it arises. Given the prevailing market conditions, the Directors consider that the timing of the Placing is in the best interests of the Company and its Shareholders as whole.

Other than raising fund by way of the Placing, the Board has also considered other fund raising methods, such as borrowings or issuance of bonds (both from banks and/or other lenders), rights issue and open offer. For bank and other borrowings or issuance of bonds, the Board is of the view that given the Company is in a loss position (reporting a loss attributable to the owners of the Company of approximately HK\$25,257,000 for the three months ended 31 March 2015 and a loss attributable to the owners of the Company of approximately HK\$89,666,000 for the year ended 31 December 2014), it will take a long time for banks and/or other lenders to review the financial condition of the Group for the purpose of granting loan facilities for the funding needs of the Group. The banks and/or other lenders will also likely to charge relatively higher interest rate for the loan facilities given the Group's financial situation and if the Group accepts, will incur significant interest expenses. In respect of rights issue or open offer, the Board is of the view that (i) the time to be taken for the completion of rights issue or open offer will be longer and the risk of a change in market conditions will be greatly increased; (ii) it may be difficult to secure an underwriter for rights issue or open offer comparing to a placing agent for a placing; and (iii) the cost in documentation works, administrative and professional fees (including, but not limited to, underwriting commission) for rights issue or open offer will be higher. On the contrary, the Placing can be completed within a short period of time subject to the Shareholders' approval with a lower cost as compared to that of rights issue and open offer. As such, the Board is of the view that the Placing would be a preferred fund raising method among other alternatives.

In light of the above and the business strategy currently in contemplation by the Company as disclosed herein, the Board considers that it is fair and reasonable for the Company to opt for the Placing to raise additional funds for the Group under the circumstances.

Given the above and the reasons set out in the paragraphs headed "Number of Placing Shares and Optional Shares" and "Placing Price" above, the Directors consider that the terms of the Placing Agreement and the transactions contemplated thereunder to be fair and reasonable and are of the view that, despite the dilution impact, the Placing, including the Placing Price and the Offered Shares, is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The maximum gross proceeds from the placing of the Placing Shares and the full exercise of the Option, will be approximately HK\$499,998,000 and HK\$399,999,000, respectively. The net proceeds from the placing of the Placing Shares and the full exercise of the Option will amount to approximately HK\$483,700,000 and HK\$388,000,000, respectively. The net price raised per Offered Share will be approximately HK\$0.213 per Offered Share.

The Company intends to use the net proceeds from the Placing (assuming full exercise of the Option thereof) for (a) building the “pan-entertainment platform” and an integrated online to offline (“O2O”) ecosystem of music, video, entertainment and lifestyle; (b) the investment capital of the strategic investment opportunities to be identified; and (c) the development, investment and expansion of its asset management business and related financial platform. Specifically, the Company currently intends to apply the net proceeds from the Placing (assuming full exercise of the Option thereof) in the following manner:

- (i) approximately HK\$120 million for the expansion of the HMV business, including both online and offline businesses, in Asia. In particular, as disclosed in the announcements of the Company dated 24 April 2015 and 10 June 2015, the Group has entered into memorandums of understanding regarding the possible acquisitions of the businesses comprising certain retail stores and rights to carry out businesses under the brand name “HMV” in Hong Kong, the PRC and/or Singapore. The Company is still in negotiations with the relevant vendors regarding the scope, structure and terms of such possible acquisitions and it is intended that part of this proceed, currently expected to be not more than HK\$100 million, will be used to finance such acquisitions and the remaining of this proceed will be used to fund the general expansion of the HMV business including, but not limited to, upgrading of its store, enhancement of its computer systems and improvement in its online platform;
- (ii) approximately HK\$60 million for the development of mobile/online games and mobile game distribution and publishing platform acquired by the Company. In order to maintain its competitiveness, the Group continues to develop and upgrade its mobile/online game platform including expanding its distribution and publishing platform and upgrading, updating and introducing new gaming experience, which involves research and development and recruiting talents and part of this proceed will be used to finance this;
- (iii) approximately HK\$300 million for the development of asset management business and its related financial platform, which may be by way of, among others, investment, acquisition and/or self development by the Group. In order to capture the growth in the sector, the Group continues to seek opportunities to develop its asset management business and its related financial platform and the proceed will be used to develop the infrastructure and recruit talents in this sector as well as to acquire suitable and compatible platform so as to expand and development this segment of the Group (i.e. in the asset management and related financial sector) with an aim to generate attractive returns for the Shareholders;

LETTER FROM THE BOARD

- (iv) approximately HK\$100 million for the payment(s) in respect of the outstanding considerations in relation to the acquisitions of the Group in prior periods. In respect of the acquisition of (a) 70% equity interest in Complete Star Limited; and (b) 70% equity interest in Honestway Global Group Limited, part of the outstanding considerations can be settled by cash (at least HK\$25 million and HK\$80 million, respectively) or by way of issue and allotment of Shares, the Company will consider to settle part of such amounts by cash if it is beneficial to the Company at the relevant time. In the event that the Company decides to settle such amounts by issue and allotment of Shares, the Company will apply such excess proceed for other investment opportunities or for general working capital of the Group with an objective to maximise the returns for the Shareholders;
- (v) approximately HK\$200 million for potential strategic investment and development opportunities which may complement with or have synergetic value to the Group's existing investments, including, among others, (a) mobile game developers, distributors and/or publishers; (b) digital music operators; and (c) entertainment related contents and intellectual properties. As disclosed in the 2014 annual report of the Company, the Group is focusing its resources to identify potential strategic investment and development opportunities in building the "pan-entertainment platform" and which may synergize its portfolio companies. This may include companies in the entertainment, consumer and/or lifestyle sectors and the size of such investments will vary depending on the opportunities available and will be assessed on a case by case basis with the objective of generating attractive returns to the Shareholders; and
- (vi) the remaining balance of approximately HK\$92 million for the general working capital of the Group. Approximately HK\$80 million of this general working capital will be used in the day to day operation of its businesses (such as distribution and selling expenses, administrative expenses and other operating expenses, including, but not limited to, rental, salaries, travelling and professional fees) as well as in expanding the human resources and upgrading its infrastructure and information system of the Group, including, but not limited to, for its headquarters and its portfolio companies.

As at the Latest Practicable Date, other than the memorandums of understanding entered into by the Group as disclosed in the announcements of the Company dated 24 April 2015 and 10 June 2015, the Group has not entered into any acquisition and/or investment agreement. The Group continues to identify potential investment opportunities with an objective to generate attractive returns for the Shareholders, which, as at the Latest Practicable Date, save as disclosed in this circular, no investment is under negotiation and discussion by the Group which requires disclosure pursuant to the GEM Listing Rules.

Based on the above and the existing business strategy of the Company, the net proceeds from the placing of the Placing Shares and the full exercise of the Option shall be sufficient for the operations, development and potential acquisition(s) of the Group in the next twelve (12) months. In the event that the Option is not exercised in full, the Group will consider to reallocate the above use of proceeds as appropriate.

LETTER FROM THE BOARD

As at the Latest Practicable Date, save and except for the general working capital and the above-mentioned funding needs, the Group had not identified any material and notable funding needs in the forthcoming twelve (12) months. If there is any deviation on future plans due to dynamic business environment which gives rise to further funding needs, the Group will consider various funding methods including, but not limited to, loans from banks or financial institutions and/or debt and/or equity fund raising methods in the capital market taking into account the then cost of capital, timeliness of the availability of the fund and various commercial factors as the case may apply. As at the Latest Practicable Date, except for the Placing, the Company has no other fund raising plan in the forthcoming twelve (12) months.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds	Proposed use of the net proceeds	Actual use of the net proceeds
1 April 2014 and 13 June 2014	Issue of the 5% Coupon Convertible Bonds	HK\$174,400,000	<ul style="list-style-type: none"> (i) approximately HK\$5 million for the operation of the retail store in Central; (ii) approximately HK\$5 million for the renovations to the retail store in Central; (iii) approximately HK\$3 million for the anticipated music licence rights fees that will be payable to music records companies in relation to the business that HMV Master Quality Sound Limited (a wholly owned subsidiary of HMV Ideal Limited) will operate; (iv) approximately HK\$3 million for the operation of the online business; 	<ul style="list-style-type: none"> Used as intended Used as intended Not yet utilised Used as intended

LETTER FROM THE BOARD

Date of announcement	Fund raising activity	Net proceeds	Proposed use of the net proceeds	Actual use of the net proceeds
			(v) approximately HK\$3 million for marketing and public relations;	Used as intended
			(vi) approximately HK\$100 million for potential investment opportunities;	<p>In respect of the acquisition of 70% equity interest of Complete Star Limited, approximately HK\$32,200,000 and HK\$4,700,000 have been used to pay the first and second instalments of the consideration and the 2014 Profit Bonus (as defined in the announcement of the Company dated 11 September 2014), respectively.</p> <p>In respect of the acquisition of 70% equity interest of Honestway Global Group Limited, approximately HK\$17,700,000 and HK\$12,600,000 have been used to pay for the first instalment of the consideration and the injection of working capital, respectively.</p> <p>Approximately HK\$960,000 has been used as professional fees in respect of the abovementioned acquisitions.</p>
			(vii) the remaining balance for the general working capital of the Group; and	HK\$27,400,000 being the remaining balance has been used for the general working capital of the Group, the majority of which has been utilised for the operating expenses of the Group's head office and the HMV retail store in Central, which includes staff costs, rental expenses and administrative expenses.
			(viii) the remaining balance in the bank accounts of the Company.	HK\$63,000,000

LETTER FROM THE BOARD

FINANCIAL INFORMATION OF THE GROUP

	As at 31 December 2014 <i>HK\$'000</i> (audited)	As at 31 December 2013 <i>HK\$'000</i> (audited)
Cash and cash equivalents	102,067	18,694
Total current assets	133,641	22,156
Total assets	369,361	106,534
Net assets	12,139	7,203
	For the year ended 31 December 2014 <i>HK\$'000</i> (audited)	For the year ended 31 December 2013 <i>HK\$'000</i> (audited)
Loss before taxation	105,209	80,336
Loss for the year	103,786	84,998

POSSIBLE ADJUSTMENTS TO SHARE OPTIONS EXERCISE PRICE AND RCPS AND 5% COUPON CONVERTIBLE BONDS CONVERSION PRICE

Under the relevant terms and conditions of the Share Options, the RCPS and the 5% Coupon Convertible Bonds, the Placing may lead to adjustments to the exercise price and/or conversion price and/or the number of Shares falling to be issued upon the exercise of the Share Options and the conversion rights of the RCPS and/or the 5% Coupon Convertible Bonds. The Company will inform the holders of the Share Options, the RCPS and/or the 5% Coupon Convertible Bonds of such adjustments by announcement, as and when appropriate.

GEM LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, AID Cap II is indirectly controlled by Mr. Wu, the chief executive officer of the Company and executive Director. As Mr. Wu is a connected person of the Company, AID Cap II being an associate of Mr. Wu, is also a connected person of the Company under Chapter 20 of the GEM Listing Rules.

As the Placees will include AID Cap II (who is a connected person of the Company under Rule 20.07(4) of the GEM Listing Rules) and/or its associate, the Placing will constitute a connected transaction for the Company, and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company will seek the Independent Shareholders' approval for the Placing at the EGM.

LETTER FROM THE BOARD

As Mr. Ho and Mr. Chang indirectly own 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital in AID Partners GP2, Ltd., which is the general partner of AID Cap II, Mr. Ho and Mr. Chang have a material interest in the Placing and are required to abstain from voting at the EGM in respect of the resolution(s) relating to the Placing and the Specific Mandate.

GENERAL

The Independent Board Committee has been established by the Company to advise the Independent Shareholders as to whether the terms of the Placing Agreement is, or is not, fair and reasonable and as to the voting. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Placing Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate. To the best knowledge of the Directors, save for Mr. Wu and his associates (who are, as at the Latest Practicable Date, collectively interested in 180,000,000 Shares, representing approximately 5.38% of the issued share capital of the Company), Mr. Ho and Mr. Chang, no other Shareholder is required to abstain from voting at the EGM in respect of the resolution(s) relating to the Placing and the Specific Mandate. Mr. Wu, Mr. Ho and Mr. Chang were required to abstain and had abstained from voting on all resolution(s) relating to the Placing and the Specific Mandate proposed at meetings of the Board.

RECOMMENDATION

The Directors are of the opinion that the Placing and the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend the Shareholders to vote in favour of the proposed resolution(s) approving the Placing Agreement and transactions contemplated thereunder, and the Specific Mandate at the EGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

For and on behalf of
AID Partners Capital Holdings Limited
Wu King Shiu, Kelvin
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



AID PARTNERS CAPITAL HOLDINGS LIMITED

(滙友資本控股有限公司)*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8088)

To the Independent Shareholders

27 June 2015

Dear Sir or Madam,

**PLACING OF NEW SHARES UNDER SPECIFIC MANDATE
INVOLVING CONNECTED PERSON(S)**

We refer to the circular of the Company dated 27 June 2015 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the Placing and to advise you as to whether, in our opinion, the terms of the Placing Agreement are fair and reasonable so far as the Independent Shareholders are concerned. F.E. Corporate Finance Advisory Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We also wish to draw your attention to (i) the letter from the Board; (ii) the letter from F.E. Corporate Finance Advisory Limited; and (iii) the additional information set out in the appendices to the Circular.

Having considered the terms of the Placing Agreement and the transactions contemplated thereunder, and having taken into account the opinion of F.E. Corporate Finance Advisory Limited and, in particular, the factors, reasons and recommendations as set out in the letter from F.E. Corporate Finance Advisory Limited from pages 26 to 48 of the Circular, we consider that the terms of the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Placing is in the interests of the Independent Shareholders and the Company as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution(s) which will be proposed at the EGM to approve the Placing.

Yours faithfully,
For and on behalf of
The Independent Board Committee of
AID Partners Capital Holdings Limited

Shi Jinsheng
*Independent non-executive
Director*

Sin Hendrick
*Independent non-executive
Director*

Yuen Kwok On
*Independent non-executive
Director*

* *For identification purpose only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from F.E. Corporate Finance Advisory Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, for the purpose of inclusion in this circular, to the Independent Board Committee and the Independent Shareholders regarding the Placing.

27 June 2015

To the Independent Board Committee and the Independent Shareholders of
AID Partners Capital Holdings Limited

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE INVOLVING CONNECTED PERSON(S)

Dear Sir/Madam,

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Placing, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 27 June 2015 (the “**Circular**”) issued to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular and the appendix to the Circular, unless otherwise specified.

On 5 June 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to place up to 4,090,896,000 Offered Shares (comprising up to 2,272,720,000 Placing Shares and up to 1,818,176,000 Optional Shares) on a best effort basis to the Placees at the Placing Price of HK\$0.22 per Offered Share. As part of the Placing, the Company has granted an Option to the Placing Agent to require the Company to issue and allot up to 1,818,176,000 Optional Shares to the Placee(s) as the Placing Agent shall direct at the Placing Price.

As at the Latest Practicable Date, AID Cap II, which is indirectly controlled by Mr. Wu, has indicated that it and/or its associate will apply for 454,544,000 Placing Shares at the Placing Price and on the same terms and conditions applicable to other Placees under the Placing (the “**AID Subscription**”). Mr. Wu, being the chief executive officer of the Company and executive Director, is a connected person of the Company and hence AID Cap II being an associate of Mr. Wu, is also a connected person of the Company under Chapter 20 of the GEM Listing Rules. The AID Subscription will constitute a connected transaction for the Company, and is subject to the announcement, reporting and Independent Shareholders’ approval requirements under the GEM Listing Rules.

Pursuant to the GEM Listing Rules, Mr. Wu and his associates (who are, as at the Latest Practicable Date, collectively interested in 180,000,000 Shares, representing approximately 5.38% of the issued share capital of the Company) are required to abstain from voting on the resolution(s) to be proposed at the EGM for approving the resolution(s) relating to the Placing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and the Specific Mandate. As Mr. Ho and Mr. Chang indirectly own 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital in AID Partners GP2, Ltd., which is the general partner of AID Cap II, Mr. Ho and Mr. Chang have a material interest in the Placing and are also required to abstain from voting at the EGM in respect of the resolution(s) relating to the Placing and the Specific Mandate. To the best of the Directors' information, belief and knowledge, save for the above, no other Shareholders are required to abstain from voting at the EGM.

The Independent Board Committee, comprising of Mr. Shi Jinsheng, Mr. Sin Hendrick and Mr. Yuen Kwok On, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Placing Agreement are (i) on normal commercial terms; (ii) in the ordinary and usual course of business of the Group; (iii) fair and reasonable as far as the Independent Shareholders are concerned; and (iv) in the interests of the Company and the Shareholders as a whole; and to advise the Independent Shareholders as to whether to vote in favour of the relevant resolution(s) to approve the Placing and the Specific Mandate.

BASIS OF OUR ADVICE

In formulating our opinion, advice and recommendation, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided by the Directors and the management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material respects at the time they were made and up to the date of this letter. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and considered that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent investigation into the businesses and affairs of the Group, nor have we carried out any independent verification on the information supplied.

During the past two years, F.E. Corporate Finance Advisory Limited has been appointed by the Company as an independent financial adviser to the then independent board committee and the then independent shareholders of the Company, in relation to the discloseable and connected transaction, details of which were set out in the circular of the Company dated 28 November 2014. The above past engagement was limited to providing independent advisory services to the then independent board committee and the then independent shareholders of the Company, pursuant to the GEM Listing Rules. Under the past engagement, F.E. Corporate Finance Advisory Limited received normal professional fees from the Company. Save for the aforesaid engagement, as at the Latest Practicable Date, there were no relationships or interests between (i) F.E. Corporate Finance Advisory Limited and (ii) the Group, Mr. Wu and their respective subsidiaries and associates that could reasonably be regarded as relevant to affect our independence as defined under Rule 17.96 of the GEM Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Placing as detailed in the Circular.

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The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that there are no other facts the omission of which would make any statement in the Circular misleading.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions in respect of the Placing and the Placing Agreement, we have taken into consideration the following principal factors and reasons:

I. Background of and reasons for the Placing

i. Business and financial information of the Group

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

Set out below is a summary of the consolidated key financial information of the Group for the two years ended 31 December 2014 as extracted from the Company's annual report for the year ended 31 December 2014 (the "2014 Annual Report"):

	For the year ended 31 December 2013 ("FY2013") (restated) HK\$'000	For the year ended 31 December 2014 ("FY2014") (audited) HK\$'000	% change from FY2013 to FY2014 %
Revenue	13,864	56,115	304.8
Gross profit	14,360	29,890	108.1
Loss for the year	(84,998)	(103,786)	22.1

According to the 2014 Annual Report, the Group recorded an increase in revenue from approximately HK\$13.9 million in FY2013 to approximately HK\$56.1 million in FY2014, representing an increase of approximately 304.8%. The increase in turnover was mainly attributable to the sales of goods and food and beverages from HMV Ideal Limited and its subsidiaries (the "HMV Ideal Group") and the revenue from sale of in-app purchase derived from the acquisition of 70% equity interest in Complete Star Limited and its subsidiaries (the "Complete Star Group") in FY2014. Consequently, the Company recorded a growth in gross profit of approximately 108.1% from FY2013 to FY2014.

As extracted from the 2014 Annual Report, in FY2014, the total operating expenses (being distribution and selling expenses, administrative expenses plus other operating expenses) from continuing operations increased to approximately HK\$126.8 million as compared to approximately HK\$38.1 million in the previous year, which gave rise to the loss for the year amounted to approximately HK\$103.8 million in FY2014. The increase in total operating expenses was mainly attributable to (i) the operating expenses of HMV Ideal Group of approximately HK\$28.9

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million, (ii) share-based compensation expenses of approximately HK\$19.5 million, and (iii) amortisation of intangible assets of approximately HK\$19.3 million incurred in FY2014.

Set out below is a summary of the consolidated statement of financial position of the Group as extracted from the 2014 Annual Report:

	As at 31 December 2013	As at 31 December 2014	% change from FY2013 to FY2014
	(restated)	(audited)	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Non-current assets	84,378	235,720	179.4
Current assets	22,156	133,641	503.2
<i>Total assets</i>	<i>106,534</i>	<i>369,361</i>	<i>246.7</i>
Current liabilities	(75,839)	(111,033)	46.4
Non-current liabilities	(23,492)	(246,189)	948.0
<i>Total liabilities</i>	<i>(99,331)</i>	<i>(357,222)</i>	<i>259.6</i>
Net asset value	7,203	12,139	68.5

As at 31 December 2014, the consolidated net asset value of the Group was approximately HK\$12.1 million, representing an increase of approximately 68.5% from approximately HK\$7.2 million as at 31 December 2013. As at 31 December 2014, total assets amounted to approximately HK\$369.4 million, in which non-current assets amounted to approximately HK\$235.7 million as at 31 December 2014, primarily consisted of property, plant and equipment of approximately HK\$82.7 million (mainly attributable to the Group's office premises in AXA Centre in Wanchai, Hong Kong which were purchased in March 2011 and sold in February 2015) and intangible assets of approximately HK\$152.2 million (including, but not limited to, the goodwill acquired through acquisition of HMV Ideal Group and Complete Star Group). On the other hand, current assets, amounted to approximately HK\$133.6 million as at 31 December 2014, primarily comprised of cash and cash equivalents of approximately HK\$102.1 million; trade and other receivables of approximately HK\$24.9 million; and inventories of approximately HK\$6.6 million.

As at 31 December 2014, total liabilities amounted to approximately HK\$357.2 million. Current liabilities mainly consisted of trade and other payables of approximately HK\$68.7 million and convertible bonds of approximately HK\$23.3 million. Non-current liabilities mainly comprised convertible bonds of approximately HK\$160.0 million and borrowings of approximately HK\$30.3 million.

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ii. Fund raising activities of the Company in the past 12 months

Date of announcement	Fund raising activity	Net proceeds	Proposed use of the net proceeds	Actual use of the net proceeds
1 April 2014 and 13 June 2014	Issue of the 5% Coupon Convertible Bonds	HK\$174,400,000	(i) approximately HK\$5 million for the operation of the retail store in Central;	Used as intended
			(ii) approximately HK\$5 million for the renovations to the retail store in Central;	Used as intended
			(iii) approximately HK\$3 million for the anticipated music licence rights fees that will be payable to music records companies in relation to the business that HMV Master Quality Sound Limited (a wholly owned subsidiary of HMV Ideal Limited) will operate;	Not yet utilised
			(iv) approximately HK\$3 million for the operation of the online business;	Used as intended
			(v) approximately HK\$3 million for marketing and public relations;	Used as intended
			(vi) approximately HK\$100 million for potential investment opportunities;	In respect of the acquisition of 70% equity interest of Complete Star Limited, approximately HK\$32,200,000 and HK\$4,700,000 have been used to pay the first and second instalments of the consideration and the 2014 Profit Bonus (as defined in the announcement of the Company dated 11 September 2014), respectively.

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Date of announcement	Fund raising activity	Proposed use of the net proceeds	Actual use of the net proceeds
			<p>In respect of the acquisition of 70% equity interest of Honestway Global Group Limited, approximately HK\$17,700,000 and HK\$12,600,000 have been used to pay for the first instalment of the consideration and the injection of working capital, respectively.</p> <p>Approximately HK\$960,000 has been used as professional fees in respect of the abovementioned acquisitions.</p>
		(vii) the remaining balance for the general working capital of the Group; and	<p>HK\$27,400,000 being the remaining balance has been used for the general working capital of the Group, the majority of which has been utilised for the operating expenses of the Group's head office and the HMV retail store in Central, which includes staff costs, rental expenses and administrative expenses.</p>
		(viii) the remaining balance in the bank accounts of the Company.	<p>HK\$63,000,000</p>

iii. Background of AID Cap II

According to the Letter from the Board, AID Cap II is indirectly controlled by Mr. Wu, being the chief executive officer and executive Director of the Company, and is a connected person of the Company under the GEM Listing Rules. AID Cap II being an associate of Mr. Wu, is also a connected person of the Company under the GEM Listing Rules. As at the Latest Practicable Date, Mr. Wu owns 14,400,000 Shares (representing approximately 0.43% of the issued share capital of the Company) and is also deemed to be interested in 165,600,000 Shares (representing approximately 4.95% of the issued share capital of the Company) held by HMV Asia Limited through his deemed interest in 62.5% of the equity in HMV Asia Limited due to family holdings.

iv. Business development of the Group

As extracted from the 2014 Annual Report, the Group completed the aggregate acquisition of 100% equity interest in HMV Ideal Group and the acquisition of 70% equity interest in Complete Star Group for the year ended 31 December 2014. Upon our enquiry, the Company expressed that (i) the acquisition of HMV Ideal Group enables the Group to have greater control over the business strategy and operation of HMV Ideal Group and allows the Group to focus its resources in capitalising on the HMV brand and to develop an online to offline ecosystem of music, video entertainment and lifestyle; and (ii) the acquisition of Complete Star Group allows the Group to tap into the under-exploited female mobile games market via providing a series of interactive role-playing Apps, which are available on the platform of Apple's App Store, Google's Play Store and Amazon's App Store. A strong synergy was expected to be created with the existing operation of the Group. In addition, as disclosed in the announcement of the Company dated 2 April 2015, the Group has completed the acquisition of 70% issued share capital of Honestway Global Group Limited in which Honestway Global Group Limited, together with its subsidiaries, is primarily engaged in the development, operation, publishing and distribution of mobile-online game business. As confirmed by the Directors, such acquisition is in line with the Company's strategy and can achieve synergies with and add value to other existing investments of the Group.

In addition, given the economic challenges and uncertainties around the globe, the Group continues to focus its resources to create synergy among its investee companies and to explore other potential investment opportunities as and when they arise. On 24 April 2015 and 10 June 2015, the Company announced the entering into of memorandums of understanding (the "MOU(s)") in respect of two possible acquisitions, pursuant to which HMV Ideal Limited, an indirect wholly-owned subsidiary of the Company being the purchaser entered into (i) the first MOU with the first vendor for the purpose of setting forth the principal terms of the possible acquisition of the businesses comprising: (a) certain retail stores that are currently operated by the first vendor and/or its subsidiaries under the brand name "HMV" in Hong Kong and/or (b) certain rights to carry out businesses under the brand name "HMV" in Hong Kong and/or the PRC; and (ii) the second MOU with the second

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vendor for the purpose of setting forth the principal terms of the possible acquisition of the businesses comprising: (a) a retail store that is currently operated by the second vendor and/or its subsidiaries under the brand name “HMV” in Singapore and/or (b) certain rights to carry out businesses under the brand name “HMV” in Singapore. As advised by the Directors, the negotiations of the MOUs are still in progress.

v. Reasons for and benefits of the Placing

According to the Letter from the Board, the Company considers the Placing will facilitate the Company to enhance its capital base to fund the continuous expansion of its businesses. The Group intends to take this opportunity and considers this to be the best timing to further expand its existing businesses and it requires new capital to capture and finance these opportunities and developments. In addition, the Directors consider the Placing will broaden its shareholders’ base, provide additional cash inflow and strengthen the financial position of the Company. It will also put the Company in a better position to take advantage of investment opportunities as and when it arises. Given the prevailing market conditions, the Directors consider that the timing of the Placing is in the best interests of the Company and its Shareholders as whole.

Based on our discussion with the Company, other than the Placing, the Board has also considered the feasibilities of various fund raising methods such as (i) bank and/or other borrowings and/or issuance of bonds, (ii) rights issue and (iii) open offer with the following reasons.

(i) Bank and/or other borrowings or issue of bonds

Debt financing methods may be favorable to the Company due to the facts that (a) bank and/or other borrowings could be designated and tailored to match the Company’s needs in terms of timeline and size of fund, while (b) issue of bonds would not result in any dilution effect to the shareholding structure. However, such debt financing proposals may not be the most suitable for the Company based on its current financial position. Given that (i) the Group is in a loss position, which may be difficult to obtain bank financing, and/or may be more time consuming for banks and/or other lenders to review the financial status of the Group in view of granting of loan facilities for the Group’s funding needs; (ii) the Group may not have sufficient collateral for pledging; and (iii) the increased borrowings and bond issuance would possibly result in significant interest expenses to the Company. The Board therefore considers that such debt financing options are not favorable and suitable to the Company and Shareholders as a whole based on its current financial circumstance.

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(ii) Rights issue

Rights issue as an equity financing method that involves renounceable rights providing qualifying shareholders the option to subscribe the rights shares at their sole discretion, and the right to sell the nil-paid rights shares in the event that they do not subscribe the shares under the rights issue, and given that all qualifying shareholders will be offered equal opportunity to participate in the rights issue, there would be no dilution effect to qualifying shareholders who take up their entitlements in full under the rights issue.

However, the Board considered that (i) a rights issue may incur a higher cost involving the additional administrative expenses, possible underwriting fees, certain/ minimum brokerage fee, and other professional fees to the Company; (ii) a rights issue may require additional time as compared to a placing due to the arrangement requirements of the trading of the nil-paid rights shares according to the GEM Listing Rules, and additional time for trading of nil-paid rights shares; and (iii) a rights issue would carry higher uncertainty in raising the Company's targeted proceeds, due to the option but not the obligation to take up the rights shares by shareholders, the option to trade nil-paid entitlements, and the associated trading cost which may deter a qualifying shareholder. The Board therefore considers that rights issues are not to the best interests of the Company and Shareholders as a whole in view of the Company's existing funding needs.

(iii) Open offer

Open offer as another equity financing method similar to a rights issue differ in the way that it does not involve renounceable rights. Given that all qualifying shareholders will be offered equal opportunity to participate in the open offer, without the right to trade nil-paid rights shares, there would be no dilution effect to qualifying shareholders who take up their entitlements in full under the open offer. However, similar to the cons perceived under a rights issue, the Company considered that (i) an open offer may require additional time for arranging due to the requirements thereof in compliance with the GEM Listing Rules, (ii) even higher uncertainty in raising the Company's targeted proceeds, due to the option but not the obligation to take up the offer shares by shareholders, and the absence of the option to trade nil-paid entitlements, which directly impact the amount of funds to be raised.

Notwithstanding the potential dilution effect to the interests in the Company of the Shareholders who do not participate in the Placing, the Board selected the Placing as a more preferred source of financing over other alternative fund raising methods as mentioned above as the Placing could allow the Group to strengthen its capital base, and enhance its financial position without bearing interest expenses and increasing liabilities of the Group.

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Based on our discussion with the Company, we understand that the Board considered the Placing as a most suitable and favorable fund raising option for the Company at this stage, and understand that the Company has been negotiating for the best terms during its discussion with the Placing Agent with reference to the Company's financial position. Based on the above factors, we concur with the view of the Board that the Placing Price and the number of Offer Shares are the best available terms to the Company under the circumstances.

In light of the above and the business strategy currently being contemplated by the Company as disclosed in the Letter from the Board, the Board considers that it is fair and reasonable for the Company to opt for the Placing to raise additional funds for the Group under the circumstances.

vi. Use of proceeds

The maximum gross proceeds from the placing of the Placing Shares and the full exercise of the Option, will be approximately HK\$499,998,000 and HK\$399,999,000, respectively. The net proceeds from the placing of the Placing Shares and the full exercise of the Option will amount to approximately HK\$483,700,000 and HK\$388,000,000, respectively. The net price raised per Offered Share will be approximately HK\$0.213 per Offered Share.

The Company intends to use the net proceeds from the Placing (assuming full exercise of the Option thereof) for (a) for building the "pan-entertainment platform" and an integrated online to offline ("O2O") ecosystem of music, video, entertainment and lifestyle; (b) for the investment capital of the strategic investment opportunities to be identified; and (c) for the development, investment and expansion of its asset management business and related financial platform. Specifically, the Company currently intends to apply the net proceeds from the Placing (assuming full exercise of the Option thereof) in the following manner:

- (i) approximately HK\$120 million for the expansion of the HMV business, including both online and offline businesses, in Asia. In particular, as disclosed in the announcements of the Company dated 24 April 2015 and 10 June 2015, the Group has entered into memorandums of understanding regarding the possible acquisitions of the businesses comprising certain retail stores and rights to carry out businesses under the brand name "HMV" in Hong Kong, the PRC and/or Singapore. The Company is still in negotiations with the relevant vendors regarding the scope, structure and terms of such possible acquisitions and it is intended that part of this proceed, currently expected to be not more than HK\$100 million, will be used to finance such acquisitions and the remaining of this proceed will be used to fund the general expansion of the HMV business including, but not limited to, upgrading of its store, enhancement of its computer systems and improvement in its online platform;

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- (ii) approximately HK\$60 million for the development of mobile/online games and mobile game distribution and publishing platform acquired by the Company. In order to maintain its competitiveness, the Group continues to develop and upgrade its mobile/online game platform including expanding its distribution and publishing platform and upgrading, updating and introducing new gaming experience, which involves research and development and recruiting talents and part of this proceed will be used to finance this;
- (iii) approximately HK\$300 million for the development of asset management business and its related financial platform, which may be by way of, among others, investment, acquisition and/or self development by the Group. In order to capture the growth in the sector, the Group continues to seek opportunities to develop its asset management business and its related financial platform and the proceed will be used to develop the infrastructure and recruit talents in this sector as well as to acquire suitable and compatible platform so as to expand and development this segment of the Group (i.e. in the asset management and related financial sector) with an aim to generate attractive returns for the Shareholders;
- (iv) approximately HK\$100 million for the payment(s) in respect of the outstanding considerations in relation to the acquisitions of the Group in prior periods. In respect of the acquisition of (a) 70% equity interest in Complete Star Limited; and (b) 70% equity interest in Honestway Global Group Limited, part of the outstanding considerations can be settled by cash (at least HK\$25 million and HK\$80 million, respectively) or by way of issue and allotment of Shares, the Company will consider to settle part of such amounts by cash if it is beneficial to the Company at the relevant time. In the event that the Company decides to settle such amounts by issue and allotment of Shares, the Company will apply such excess proceed for other investment opportunities or for general working capital of the Group with an objective to maximise the returns for the Shareholders;
- (v) approximately HK\$200 million for potential strategic investment and development opportunities which may complement with or have synergetic value to the Group's existing investments, including, among others, (a) mobile game developers, distributors and/or publishers; (b) digital music operators; and (c) entertainment related contents and intellectual properties. As disclosed in the 2014 Annual Report, the Group is focusing its resources to identify potential strategic investment and development opportunities in building the "pan-entertainment platform" and which may synergize its portfolio companies. This may include companies in the entertainment, consumer and/or lifestyle sectors and the size of such investments will vary depending on the opportunities available and will be assessed on a case by case basis with the objective of generating attractive returns to the Shareholders; and

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- (vi) the remaining balance of approximately HK\$92 million for the general working capital of the Group. Approximately HK\$80 million of this general working capital will be used in the day to day operation of its businesses (such as distribution and selling expenses, administrative expenses and other operating expenses, including, but not limited to, rental, salaries, travelling and professional fees) as well as in expanding the human resources and upgrading its infrastructure and information system of the Group, including, but not limited to, for its headquarters and its portfolio companies.

As at the Latest Practicable Date, other than the memorandums of understanding entered into by the Group as disclosed in the announcements of the Company dated 24 April 2015 and 10 June 2015, the Group has not entered into any acquisition and/or investment agreement. The Group continues to identify potential investment opportunities with an objective to generate attractive returns for the Shareholders, which, as at the Latest Practicable Date, save as disclosed in this circular, no investments is under negotiation and discussion by the Group which requires disclosure pursuant to the GEM Listing Rules.

Based on the above and the existing business strategy of the Company, we concur with the Directors that the intended use of proceeds from the Placing is in line with the Group's development plans.

As at the Latest Practicable Date, save and except for the general working capital and the above-mentioned funding needs, the Group had not identified any material and notable funding needs in the forthcoming twelve (12) months. If there is any deviation on future plans due to dynamic business environment which gives rise to further funding needs, the Group will consider various funding methods including, but not limited to, loans from banks or financial institutions and/or debt and/or equity fund raising methods in the capital market taking into account the then cost of capital, timeliness of the availability of the fund and various commercial factors as the case may apply. As at the Latest Practicable Date, except for the Placing, the Company has no other fund raising plan in the forthcoming twelve (12) months.

As advised by the Directors, the AID Subscription signifies the confidence of AID Cap II in the existing and future potentials of the Group. With the continuous commitment made by AID Cap II, this will ensure business stability and continuity of the Group which is beneficial to the long term growth of the Group.

Taking into consideration of (i) the reasons for and benefits of the Placing; (ii) the additional cash inflow that would strengthen the financial position of the Company; and (iii) the continuous support from AID Cap II, we concur with the Directors that the Placing (including the AID Subscription) is in the interests of both the Company and the Shareholders as a whole.

II. Principal terms of the Placing Agreement

On 5 June 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to place up to 4,090,896,000 Offered Shares (comprising up to 2,272,720,000 Placing Shares and up to 1,818,176,000 Optional Shares) on a best effort basis to the Placees at the Placing Price of HK\$0.22 per Offered Share. As part of the Placing, the Company has granted an Option to the Placing Agent to require the Company to issue and allot up to 1,818,176,000 Optional Shares to the Placee(s) as the Placing Agent shall direct at the Placing Price. As at the Latest Practicable Date, AID Cap II, which is indirectly controlled by Mr. Wu, has indicated that it and/or its associate will apply for 454,544,000 Placing Shares at the Placing Price and on the same terms and conditions applicable to other Placees under the Placing.

The maximum number of 2,272,720,000 Placing Shares under the Placing represents:

- (i) approximately 67.99% of the existing issued share capital of the Company of 3,342,937,613 Shares as at the Latest Practicable Date;
- (ii) approximately 40.47% of the then issued share capital of the Company of 5,615,657,613 Shares as enlarged by the Placing (assuming no issue or repurchase of Shares other than the issue of the Placing Shares and assuming the Option has not been exercised); and
- (iii) approximately 30.57% of the then issued share capital of the Company of 7,433,833,613 Shares as enlarged by the Placing and the full exercise of the Option (assuming no issue or repurchase of Shares other than the issue of the Placing Shares and the Optional Shares).

The maximum number of 1,818,176,000 Optional Shares represents:

- (i) approximately 54.39% of the existing issued share capital of the Company of 3,342,937,613 Shares as at the Latest Practicable Date;
- (ii) approximately 32.37% of the then issued share capital of the Company of 5,615,657,613 Shares as enlarged by the Placing (assuming no issue or repurchase of Shares other than the issue of the Placing Shares and assuming the Option has not been exercised); and
- (iii) approximately 24.46% of the then issued share capital of the Company of 7,433,833,613 Shares as enlarged by the Placing and the full exercise of the Option (assuming no issue or repurchase of Shares other than the issue of the Placing Shares and the Optional Shares).

The Placing Shares and the Optional Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares in issue at the time of their allotment and issue.

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The Placing Price

As stated in the Letter from the Board, the Placing Price was determined with reference to the prevailing market price of the Share and the recent trading volume of the Share and was negotiated on arm's length basis between the Company and the Placing Agent, and they represent:

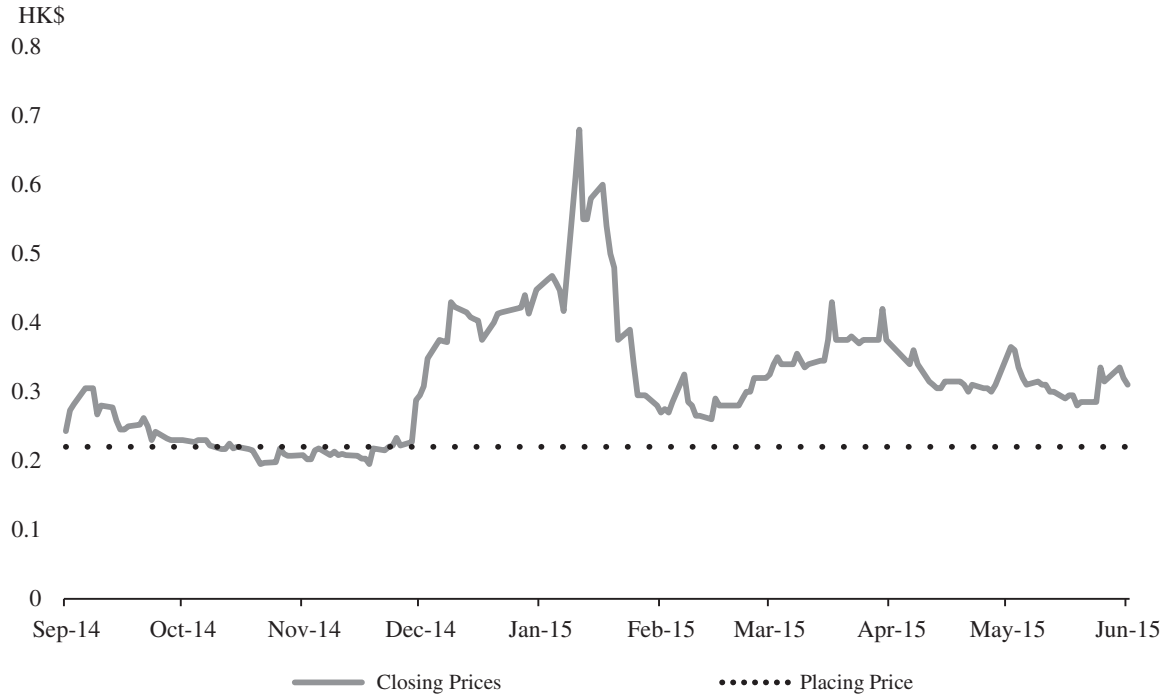
- (i) a discount of approximately 45.00% to the closing price of HK\$0.40 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 29.03% to the closing price of HK\$0.31 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (iii) a discount of approximately 31.25% to the average closing price of HK\$0.32 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Date.

In order to determine the fairness and reasonableness of the Placing Price, we have reviewed on both the historical price of the Shares, trading liquidity of the Shares as well as a comparison with other recent placing exercises carried out by the listed companies in Hong Kong.

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Review on Share price performance

In order to assess the fairness and reasonableness of the Placing Price, we have reviewed the daily closing prices of the Shares as quoted on the Stock Exchange (the “**Closing Price(s)**”) during the period commencing from 3 September 2014 up to and including the Last Trading Date (the “**Review Period**”). We consider that a period of 9 months is sufficient to capture the recent price movements of the Shares so that a reasonable comparison between the Closing Price and the Placing Price is able to be made. A diagram for illustration is shown as follows:



Source: Website of the Stock Exchange (www.hkex.com.hk)

The Placing Price of HK\$0.22 represents: (i) a premium of approximately 12.82% from the lowest Closing Price of HK\$0.195 during the Review Period; (ii) a discount of approximately 67.65% from the highest Closing Price of HK\$0.68 during the Review Period; and (iii) a discount of approximately 29.03% from the average Closing Price of HK\$0.31 during the Review Period.

The Closing Prices were rather volatile during the Review Period, which results in the range of prices of the Shares within the lowest and highest Closing Prices of HK\$0.195 per Share (as recorded on 23 October 2014) and HK\$0.68 per Share (as recorded on 13 January 2015), respectively. Thus, the Placing Price lies within the range of Share price movement with reference to the Review Period.

Save for the aforesaid, given (i) the Placing Price lies within the range of Share price movement within the Review Period; (ii) the Company needs additional funding to finance its continuous expansion of its businesses; (iii) the thin trading

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volume of the Shares during the Review Period (details of which are reported under “Review on trading liquidity of the Shares” below); and (iv) the requirement that each Placee needs to enter into a lock-up undertaking for a period of six (6) months from the Completion of Placing (details of which are reported under “Lock-up undertaking” below), we concur with the view of the Directors that the Placing Price is fair and reasonable, and the terms of the Placing are in the interests of the Company and the Shareholders as a whole.

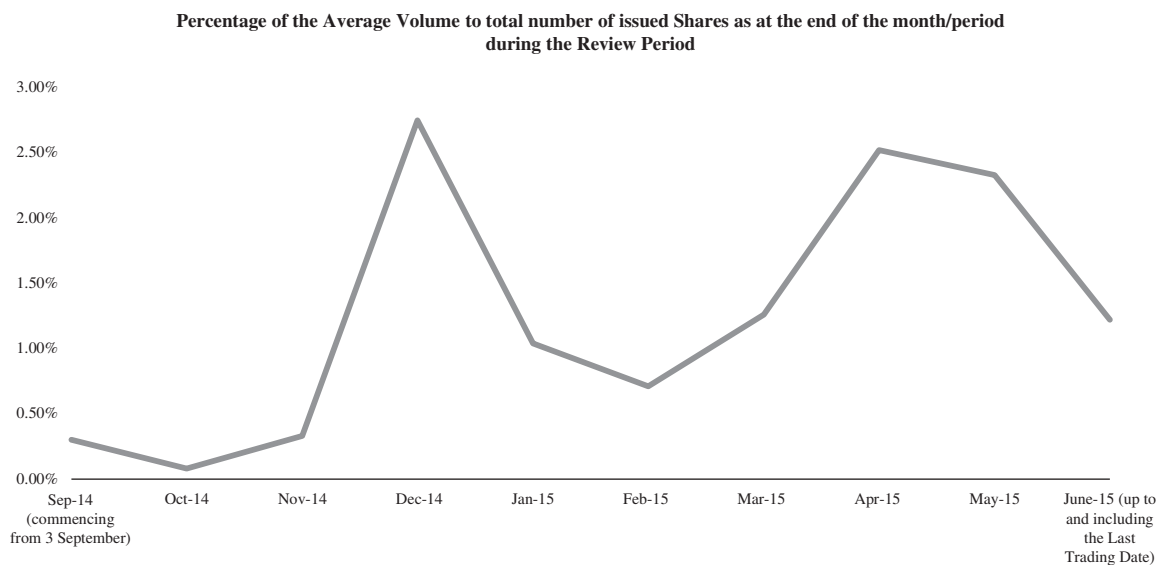
Review on trading liquidity of the Shares

The table below sets out (i) the average daily trading volume of the Shares; and (ii) the percentage of the average daily trading volume of the Shares to total number of issued Shares as at the end of the month/period:

Month	Number of trading days	Average daily trading volume of the Shares (the “Average Volume”)	Percentage of the Average Volume to total number of issued Shares as at the end of the month/period
2014			
September (commencing from 3 September)	19	1,396,452	0.30%
October	21	392,686	0.08%
November	20	1,558,479	0.33%
December	21	12,998,494	2.75%
2015			
January	21	31,404,969	1.04%
February	18	22,370,762	0.71%
March	22	40,037,184	1.26%
April	19	81,748,750	2.52%
May	19	77,521,776	2.33%
June (up to and including the Last Trading Date)	3	40,388,667	1.22%
Average		30,981,822	1.25%

Source: Website of the Stock Exchange (www.hkex.com.hk)

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Source: Website of the Stock Exchange (www.hkex.com.hk)

As illustrated in the table above, the average daily trading volume of the Shares traded during the Review Period recorded the lowest of 392,686 Shares in October 2014 and the highest of 81,748,750 Shares in April 2015, representing approximately 0.08% and 2.52%, respectively, of the total number of issued Shares as at the end of the month/period. The average trading volume of the Shares was thin during the Review Period, representing only approximately 1.25% of the total number of issued Shares as at the end of the month/period on average during the Review Period. The low liquidity of the Shares may imply that it would be difficult for the Company to further raise sizeable funds due to the lack of interest from potential investors. In this regards, we concur with the view of the Directors that the Placing is in the interests of the Company and Shareholders as a whole.

Market comparable analysis

As part of our analysis to assess the fairness and reasonableness of the terms of the Placing, we have identified 15 transactions in relation to placing of new shares under specific mandate by companies listed on the Stock Exchange and announced during the Review Period (the “**Market Comparables**”).

We have specifically shortlisted transactions in relation to placing of shares, and particularly by way of specific mandates of companies during the Review Period. We believe that the samples represent the available information in the market during the Review Period based on our selection criteria, and as far as we are aware, are fair and representative taking into account that the analysis reflects the then prevailing practice of companies in the market of different business nature under similar market condition and investment sentiment. Shareholders should note that the businesses,

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operations and prospects of the Company are not the same as the subject companies under the Market Comparables and we have not conducted any in-depth investigation into such respect.

Given the determination of placing prices of new shares under specific mandate were made reference to the arm's length commercial negotiation between the companies and the placing agent, the share price performance, liquidity of the shares, financial positions and the then prevailing market conditions, we consider that the Market Comparables could provide a reference in assessing the fairness and reasonableness of the terms of the Placing.

Date of announcement	Company name	Stock code	Premium/(Discount) of the placing price over/(to) closing price per share on the Last Trading Date prior to/on the date of announcements/agreements in relation to the relevant placing of new shares under specific mandate activities (%)	Placing commission (%)
15-Sep-14	E-Rental Car Company Limited (formerly known as Perception Digital Holdings Limited)	1822	(50.00)	1.0
20-Nov-14	National Agricultural Holdings Limited	1236	13.20	Undisclosed
27-Nov-14	Hsin Chong Construction Group Ltd.	404	6.38	2.0
17-Dec-14	Sau San Tong Holdings Limited	8200	(11.73)	1.5
29-Dec-14	Zebra Strategic Holdings Limited	8260	(10.00)	1.5
24-Feb-15	Harmonic Strait Financial Holdings Limited	33	(13.79)	1.0
27-Feb-15	New Ray Medicine International Holding Limited (transferred from GEM Board to Main Board)	6108	(16.70)	3.5
10-Mar-15	China Properties Investment Holdings Limited	736	(15.25)	1.0
26-Mar-15	Emperor Capital Group Limited	717	(32.40)	3.0
29-Mar-15	Sincere Watch (Hong Kong) Limited	444	(19.74)	2.0
15-Apr-15	Shougang Concord Grand (Group) Limited	730	(7.87)	2.0
28-Apr-15	China Aluminum Cans Holdings Limited	6898	(5.50)	6.0
28-Apr-15	Kong Sun Holdings Limited	295	(28.99)	2.8
22-May-15	Brilliant Circle Holdings International Limited	1008	(3.40)	Undisclosed
26-May-15	Emperor Capital Group Limited	717	(12.79)	3.0
	Average discount		(17.95)	2.3
	Range of discount to premium/ Range of commission		(50.00) to 13.20	1.0 to 6.0
5-Jun-15	The Company	8088	(29.03)	3.0

Source: Website of the Stock Exchange (www.hkex.com.hk)

As shown in the table above, only 2 of the Market Comparables had placing prices that represented premium over the respective closing prices of their shares on the last trading date prior to/on the date of the announcements/agreements in relation to the relevant placing of new shares under specific mandate exercises. We also

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noted that the rest of the placing price represented discount with the highest of 50.00% among the Market Comparables. We also note that save for E-Rental Car Company Limited (formerly known as Perception Digital Holdings Limited), none of the Market Comparables require the Placees to enter into a lock-up arrangement.

Having considered that (i) the Placing Price is within the range of the Share price movements during the Review Period; (ii) the low liquidity of the Shares during the Review Period; (iii) the discount of the Placing Price as compared to the Last Trading Date lying within the range of corresponding discounts of the Market Comparables; and (iv) the Placing Price being equivalent to AID Cap II and other Placees, we concur with the Directors that the Placing is on normal commercial terms, is fair and reasonable and in the interests of the Company and Shareholders as a whole so far as the Independent Shareholders are concerned.

Placing commission

As shown in the table under the sub-section headed “Market comparable analysis”, we noted that the placing commission payable to the Placing Agent of 3% of the amount equal to the Placing Price multiplied by the number of the Offered Shares which the Placing Agent has successfully procured subscribers for at the end of the Placing Period (the “**Commission Rate**”). Such Commission Rate is within the market range in the Market Comparables. Based on this reason, we concur with the Directors that the placing commission for the Placing is fair and reasonable so far as the Independent Shareholders are concerned.

Lock-up undertaking

Pursuant to the Placing Agreement, the Placing Agent has represented, warranted and undertaken to the Company that it will procure each Placee (including AID Cap II) to enter into a letter of lock-up undertaking, pursuant to which, each Placee (including AID Cap II) shall undertake to the Company that for the period from the Completion of Placing and ending on the date which is six (6) months from the Completion of Placing (the “**Lock-Up Period**”), the Placee (including AID Cap II) shall not: (a) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Offered Shares; (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Offered Shares, whether any such transaction described in paragraphs (a) or (b) is to be settled by delivery of Offered Shares or such other securities, in cash or otherwise; or (c) announce any intention to enter into or effect any such transaction described in paragraphs (a) or (b) above, unless with the prior written consent of the Company (the “**Lock-Up Undertakings**”).

With the lock-up arrangement being in place, we concur with the Directors that the Lock-Up Undertakings to be made by the Placees are to the benefit of the Company, and are in the interests of the Company and Shareholders as a whole.

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Having considered the terms of the Placing Agreement, we are of the view that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable so far as Independent Shareholders are concerned.

III. Dilution effect on shareholding interests of the Company

The following table demonstrates the shareholding structure of the Company: (i) as at the Latest Practicable Date; (ii) immediately after the Completion of Placing, assuming the Option has not been exercised; and (iii) immediately after Completion of Placing and full exercise of the Option.

	As at the Latest Practicable Date		Immediately after Completion of Placing, assuming the Option has not been exercised				Immediately after Completion of Placing and full exercise of the Option			
	No. of Shares	Approximate %	<i>(Note 1)</i>		<i>(Note 2)</i>		<i>(Note 1)</i>		<i>(Note 2)</i>	
			No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
HMV Asia Limited <i>(Notes 3 and 11)</i>	165,600,000	4.95	165,600,000	2.94	165,600,000	2.05	165,600,000	2.22	165,600,000	1.67
Mr. Wu <i>(Notes 3, 9 and 11)</i>	14,400,000	0.43	14,400,000	0.25	41,284,000	0.51	14,400,000	0.19	41,284,000	0.41
Mr. Ho <i>(Notes 4, 9 and 11)</i>	264,000	0.01	264,000	0.01	27,606,000	0.34	264,000	0.01	27,606,000	0.27
Mr. Yuen <i>(Note 8)</i>	1,980,000	0.05	1,980,000	0.03	1,980,000	0.02	1,980,000	0.02	1,980,000	0.02
Mr. Chang <i>(Notes 5, 9 and 11)</i>	—	—	—	—	27,342,000	0.33	—	—	27,342,000	0.27
Mr. Shiu <i>(Note 6)</i>	—	—	—	—	2,937,500	0.03	—	—	2,937,500	0.02
Mr. Shi <i>(Note 7)</i>	—	—	—	—	2,643,750	0.03	—	—	2,643,750	0.02
Abudant Star <i>(Note 9)</i>	—	—	—	—	769,230,769	9.54	—	—	769,230,769	7.78
Vantage Edge <i>(Note 9)</i>	—	—	—	—	576,923,077	7.15	—	—	576,923,077	5.84
Able Supreme Management Limited <i>(Note 10)</i>	—	—	—	—	831,612,000	10.31	—	—	831,612,000	8.41
Placees — AID Cap II and/or its associate <i>(Notes 9 and 11)</i>	—	—	454,544,000	8.09	454,544,000	5.63	454,544,000	6.11	454,544,000	4.60
— Other Placees	—	—	1,818,176,000	32.37	1,818,176,000	22.55	3,636,352,000	48.91	3,636,352,000	36.81
Public shareholders	<u>3,160,693,613</u>	<u>94.56</u>	<u>3,160,693,613</u>	<u>56.31</u>	<u>3,340,301,328</u>	<u>41.51</u>	<u>3,160,693,613</u>	<u>42.54</u>	<u>3,340,301,328</u>	<u>33.88</u>
Total	<u>3,342,937,613</u>	<u>100.00</u>	<u>5,615,657,613</u>	<u>100.00</u>	<u>8,060,180,424</u>	<u>100.00</u>	<u>7,433,833,613</u>	<u>100.00</u>	<u>9,878,356,424</u>	<u>100.00</u>

Notes:

- Assuming no exercise of Share Options, or conversion of RCPS or 5% Coupon Convertible Bonds.
- Assuming all Share Options are fully exercised and all RCPS and 5% Coupon Convertible Bonds are converted in full.
- Mr. Wu, the chief executive officer of the Company and executive Director, owns 14,400,000 Shares. Mr. Wu is also deemed to be interested in 165,600,000 Shares held by HMV Asia Limited through his deemed interest in 62.5% of the issued share capital in HMV Asia Limited due to family holdings. Mr. Wu is interested in 26,884,000 Share Options at an exercise price of HK\$0.16 per Share (subject to adjustments) to subscribe for Shares. Mr. Wu is deemed to have interest in 1,346,153,846 underlying Shares as mentioned in note 9 below. Mr. Wu is also interested in 88,200,000 underlying Shares.
- Mr. Ho, the chief investment officer of the Company and executive Director, owns 264,000 Shares and is interested in 27,342,000 Share Options at an exercise price of HK\$0.16 per Share (subject to adjustments) to subscribe for Shares. Mr. Ho is also deemed to have interest in 1,346,153,846 underlying Shares as mentioned in note 9 below.

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5. Mr. Chang, an executive Director, is interested in 27,342,000 Share Options at an exercise price of HK\$0.16 per Share (subject to adjustments) to subscribe for Shares. Mr. Chang is also deemed to have interest in 1,346,153,846 underlying Shares as mentioned in note 9 below.
6. Mr. Shiu, a non-executive Director, is interested in 2,937,500 Share Options at an exercise price of HK\$0.16 per Share (subject to adjustments) to subscribe for Shares.
7. Mr. Shi, an independent non-executive Director, is interested in 2,643,750 Share Options at an exercise price of HK\$0.16 per Share (subject to adjustments) to subscribe for Shares.
8. Mr. Yuen, an independent non-executive Director, owns 1,980,000 Shares.
9. Abundant Star and Vantage Edge own 769,230,769 and 576,923,077 underlying Shares, which will be allotted and issued upon full conversion of the outstanding 5% Coupon Convertible Bonds for a principal sum of HK\$100,000,000 and HK\$75,000,000, respectively, at the conversion price of HK\$0.13 per Share (subject to adjustments). Mr. Wu, Mr. Ho and Mr. Chang are deemed to have interest in 1,346,153,846 underlying Shares of which Abundant Star and Vantage Edge were deemed to be interested by virtue of the SFO since they indirectly own 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital in AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID 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 Abundant Star and Vantage Edge.
10. Able Supreme Management Limited (“**Able Supreme**”) owns 831,612,000 underlying Shares which will be allotted and issued upon full conversion of 6,930,100 RCPS at conversion price of HK\$0.13 (reset on 27 January 2015). The entire issued share capital of Able Supreme is held by Billion Pine International Limited, which in turn is beneficially wholly owned by Mr. Hu Yin (“**Mr. Hu**”). Accordingly, Mr. Hu is interested in these underlying Shares through his 100% indirect interests in Able Supreme.
11. As at the Latest Practicable Date and immediately after Completion of Placing and full exercise of the Option (assuming all Share Options are fully exercised and all RCPS and 5% Coupon Convertible Bonds are converted in full), Mr. Wu together with HMV Asia Limited, Mr. Ho, Mr. Chang, Abundant Star, Vantage Edge and AID Cap II are interested in an aggregate of 180,264,000 Shares and 2,062,529,846 Shares, respectively (representing approximately 5.39% and 20.88% of the entire issued share capital of the Company, respectively).

As shown in the table above, upon the Completion of the Placing and given that there is no other change in the issued share capital of the Company, (i) assuming the Option has not been exercised, the shareholding of the existing public Shareholders will be diluted from 94.56% to 56.31% (assuming no exercise of Share Options, or conversion of RCPS or 5% Coupon Convertible Bonds) and 41.51% (assuming all Share Options are fully exercised and all RCPS and 5% Coupon Convertible Bonds are converted in full) respectively; and (ii) assuming full exercise of the Option, the shareholding of the existing public Shareholders will be diluted from 94.56% to 42.54% (assuming no exercise of Share Options, or conversion of RCPS or 5% Coupon Convertible Bonds) and 33.88% (assuming all Share Options are fully exercised and all RCPS and 5% Coupon Convertible Bonds are converted in full) respectively. Although there will be dilution to the shareholding of the existing Shareholders, including the Independent Shareholders, the Independent Shareholders should note that the Company will benefit from the Placing as a whole having considered that (i) the reasons for and possible benefits of the Placing (including the AID Subscription) to the Company; (ii) the Placing will broaden the Shareholders’ base by providing additional cash inflow and strengthening the financial

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position of the Company; (iii) the discount of the Placing Price as compared to the Last Trading Date lying within the range of corresponding discounts of the Market Comparables; and (iv) the terms of the Placing Agreement being fair and reasonable so far as the Independent Shareholders are concerned, we consider that such dilution effect on the shareholding interests of the existing public Shareholders resulting from the issue of the Offered Shares is reasonable.

IV. Possible financial effects of the Placing

Earnings

Save for the expenses relating to the Placing, we are of the view that the completion of the Placing will not have any immediate material impact on the earnings of the Group.

Cash flow

According to the 2014 annual report of the Company, as at 31 December 2014, the group had cash and cash equivalents of approximately HK\$102.1 million. Upon completion of placing of the Placing Shares and the full exercise of the Option, the liquidity and cash position of the Group will increase by the net proceeds of approximately HK\$483.7 million and approximately HK\$388.0 million respectively. As such, the Placing is expected to have a positive impact on the cash flow of the Group.

Net asset value

As stated in the 2014 Annual Report, as at 31 December 2014, the audited net assets value of the Group was approximately HK\$12.1 million. Upon completion of the Placing, the net assets value will improve as the Placing will increase the total assets and share capital of the Company.

Gearing

Upon completion of the Placing, the total borrowings of the Group will remain unchanged and the total equity would be enlarged by the issuance of the Offered Shares. Hence, the gearing position of the Group is expected to be improved.

The actual financial effects are subject to auditing of the consolidated financial statements of the Group upon Completion taking into account the effects as a result of the Placing.

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RECOMMENDATION

Having taken into account the principal factors and reasons referred to the above, we are of the opinion that the terms of the Placing Agreement is fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) for the Placing at the EGM.

Yours faithfully,
For and on behalf of
F.E. Corporate Finance Advisory Limited
Ginny Ho
Responsible Officer

1. RESPONSIBILITY STATEMENT

This circular, 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 the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as 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 were taken or deemed to have under such provisions of the SFO); or as recorded in the register of the Company required to be kept pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

(i) Interests in the Shares

Name of Directors	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
Mr. Wu	Personal interest and Family interest (<i>note</i>)	180,000,000	5.38%
Mr. Ho	Personal interest	264,000	0.01%
Mr. Yuen	Personal interest	1,980,000	0.05%

Note: Mr. Wu owns 14,400,000 Shares and HMV Asia Limited owns 165,600,000 Shares. 62.5% of the issued share capital of HMV Asia are held by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the Shares held by HMV Asia Limited.

(ii) Interests in the underlying Shares

(a) Outstanding Share Options

Name of Directors	Date of grant (dd/mm/yyyy)	Exercise Price HK\$	Exercise Period (dd/mm/yyyy)	Number of underlying Shares held	Approximate percentage of the issued share capital of the Company
Mr. Chang	15/05/2014	0.16	15/05/2014 to 14/05/2024	27,342,000	0.81%
Mr. Ho	15/05/2014	0.16	15/05/2014 to 14/05/2024	27,342,000	0.81%
Mr. Wu	20/06/2014	0.16	20/06/2014 to 19/06/2024	26,884,000	0.80%
Mr. Shiu	20/06/2014	0.16	20/06/2014 to 19/06/2024	2,937,500	0.08%
Mr. Shi	20/06/2014	0.16	20/06/2014 to 19/06/2024	2,643,750	0.07%

(b) Outstanding 5% Coupon Convertible Bonds

Name of Directors	Conversion Price HK\$	Number of underlying Shares held	Approximate percentage of the issued share capital of the Company
Mr. Chang (Note)	0.13	1,346,153,846	40.26%
Mr. Ho (Note)	0.13	1,346,153,846	40.26%
Mr. Wu (Note)	0.13	1,346,153,846	40.26%

Note: Abundant Star and Vantage Edge own 769,230,769 and 576,923,077 underlying Shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$100,000,000 and HK\$75,000,000, respectively. Mr. Wu, Mr. Ho and Mr. Chang were deemed to have interest in 1,346,153,846 underlying Shares of which Abundant Star and Vantage Edge were deemed to be interested by virtue of the SFO since they indirectly owned 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management, respectively, of the issued share capital in AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID CAP II. AID CAP II is a private equity fund interested in the entire issued share capital of Leader Fortune International Limited (“Leader Fortune”), which is interested in the entire issued share capital of Abundant Star and Vantage Edge.

(c) Other underlying Shares

Mr. Wu also owns 88,200,000 underlying Shares (representing approximately 2.63% of the issued share capital of the Company) by virtue of an agreement entered between Mr. Wu and an independent third party.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that (i) 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 were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered into the register maintained by the Company pursuant to Section 336 of the SFO, or, who was, directly or indirectly, 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 the Company or any other member of the Group.

Interests of substantial shareholders in the Shares and underlying Shares

Name	Aggregate long position in Shares	Aggregate long position in underlying Shares	Approximate percentage of the issued share capital of the Company %
Mr. Wu (<i>Notes 1 and 4</i>)	180,000,000	1,461,237,846	49.09%
Li Mau (<i>Notes 1 and 4</i>)	180,000,000	1,461,237,846	49.09%
HMV Asia Limited (<i>Note 1</i>)	165,600,000	—	4.95%
Mr. Ho (<i>Notes 2 and 4</i>)	264,000	1,373,495,846	41.09%
Mr. Chang (<i>Notes 3 and 4</i>)	—	1,373,495,846	41.08%
Billion Power Management Limited (<i>Note 4</i>)	—	1,346,153,846	40.26%
Elite Honour Investments Limited (<i>Note 4</i>)	—	1,346,153,846	40.26%
Genius Link Assets Management Limited (<i>Note 4</i>)	—	1,346,153,846	40.26%
AID Partners GP2, Ltd. (<i>Note 4</i>)	—	1,346,153,846	40.26%
AID Cap II (<i>Note 4</i>)	—	1,346,153,846	40.26%
Leader Fortune International Limited (<i>Note 4</i>)	—	1,346,153,846	40.26%
Abundant Star (<i>Note 4</i>)	—	769,230,769	23.01%
Vantage Edge (<i>Note 4</i>)	—	576,923,077	17.25%
Able Supreme Management Limited (<i>Note 5</i>)	—	831,612,000	24.87%
Billion Pine International Limited (<i>Note 5</i>)	—	831,612,000	24.87%
Hu Yin (<i>Note 5</i>)	—	831,612,000	24.87%

Notes:

1. Mr. Wu, the chief executive officer of the Company and executive Director, owns 14,400,000 Shares and HMV Asia owns 165,600,000 Shares. 62.50% of the issued share capital of HMV Asia are held by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the Shares held by HMV Asia. Mr. Wu is interested in 26,884,000 options at an exercise price of HK\$0.16 per Share to subscribe for Shares. Mr. Wu is deemed to have interest in 1,346,153,846 underlying Shares as mentioned in note 6 below. Mr. Wu is also interested in 88,200,000 underlying Shares. Ms. Li Mau, as the spouse of Mr. Wu, is deemed to be interested in these Shares and underlying Shares for the purpose of the SFO.
2. Mr. Ho, the chief investment officer of the Company and executive Director, owns 264,000 Shares and is interested in 27,342,000 Share Options at an exercise price of HK\$0.16 per Share to subscribe for Shares. Mr. Ho is also deemed to have interest in 1,346,153,846 underlying Shares as mentioned in note 4 below.

3. Mr. Chang, an executive Director, is interested in 27,342,000 Share Options at an exercise price of HK\$0.16 per Share to subscribe for Shares. Mr. Chang is also deemed to have interest in 1,346,153,846 underlying Shares as mentioned in note 4 below.
4. Abundant Star and Vantage Edge own 769,230,769 and 576,923,077 underlying Shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$100,000,000 and HK\$75,000,000, respectively.

Mr. Wu, Mr. Ho and Mr. Chang are deemed to have interest in 1,346,153,846 underlying Shares of which Abundant Star and Vantage Edge were deemed to be interested by virtue of the SFO since they indirectly own 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital in AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Cap II. AID Cap II is a private equity fund interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Abundant Star and Vantage Edge.

5. Able Supreme Management Limited (“**Able Supreme**”) owns 831,612,000 underlying Shares which will be allotted and issued upon full conversion of 6,930,100 RCPS at conversion price of HK\$0.13 (reset on 27 January 2015). The entire issued share capital of Able Supreme is held by Billion Pine International Limited, which in turn is beneficially wholly owned by Mr. Hu Yin (“**Mr. Hu**”). Accordingly, Mr. Hu is interested in these underlying Shares through his 100% indirect interests in Able Supreme.

Save as disclosed above, the Directors or the chief executive of the Company were not aware, as at the Latest Practicable Date, of any person (not being a Director or chief executive of the Company) who had interests or short positions in the Shares, underlying Shares or debenture of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO and required to be entered into the register maintained by the Company pursuant to Section 336 of the SFO, or were 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 the Company or any other member of the Group.

4. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which is not determinable by the employer within one (1) year without payment of compensation (other than statutory compensation).

5. EXPERT AND CONSENT

The following is the qualification of the expert whose advice is contained in this circular:

Name	Qualification
F.E. Corporate Finance Advisory Limited	a corporation licensed to carry out business in type 6 (advising on corporate finance) regulated activities under the SFO

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name included herein in the form and context in which it appears.

As at the Latest Practicable Date, the Independent Financial Adviser was not interested in any shareholding in any member of the Group or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and had no direct or indirect interest in any assets which have been or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014, being the date to which the latest published audited accounts of the Company were made up.

6. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which since 31 December 2014, the date to which the latest published audited consolidated accounts of the Group were made up, have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group. Save as disclosed above, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the businesses of the Group.

7. MATERIAL ADVERSE CHANGE

On 11 May 2015, the Group issued its first quarterly report for the period ended 31 March 2015. The Group recorded an increase in loss for the period from 1 January 2015 to 31 March 2015 as compared to the loss reported for the corresponding period in 2014. Save as aforesaid, the Directors were not aware of any material adverse change, actual or potential, in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited consolidated accounts of the Group were made up, up to and including the Latest Practicable Date.

8. COMPETING INTEREST

Potential competing interests from HMV Hong Kong Limited

HMV Hong Kong Limited 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. HMV Hong Kong Limited has been granted an exclusive license by HMV (IP) Limited, a third party independent of the Group, to use the well-known brand name "HMV" within the territory of the PRC, Hong Kong, Macau Special Administrative Region, Taiwan and Singapore. HMV Hong Kong Limited also operates retail stores in Hong Kong selling music, movie and television series related contents and products.

The Directors do not consider that there is a material overlap of the Group's business of managing the HMV retail store in Central in Hong Kong and the business of HMV Hong Kong Limited as set out above, except that the Group and/or HMV Hong Kong Limited may benefit from any increase in popularity of the brand name "HMV", which may be contributed by the Group or HMV Hong Kong Limited.

The Directors are of the view that any potential conflict of interest would be effectively mitigated given that the operations of the Group and HMV Hong Kong Limited are operated separately and independently by the respective board of directors, performing their fiduciary duties and providing their oversight to safeguard the interests of their respective shareholders. In the event of any conflict of interests, Mr. Wu, Mr. Ho and Mr. Chang would be required to abstain from voting on the relevant resolution(s) at meetings of the Board and/or general meetings of the Company (as the case may be), in accordance with the articles of association of the Company, which complies with the GEM Listing Rules.

As at the Latest Practicable Date, save as disclosed above and 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.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Units 1&2, 29/F., The Hennessy, 256 Hennessy Road, Wanchai, Hong Kong, during normal business hours on any weekday (except Saturdays, Sundays and public holidays) for a period of fourteen (14) days from the date of this circular:

- (a) the letter from the Independent Board Committee as set out on page 25 of this circular;
- (b) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out on pages 26 to 48 of this circular;
- (c) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix;
- (d) the Placing Agreement;
- (e) this circular; and
- (f) the memorandum and articles of association of the Company.

10. CORPORATE INFORMATION**Company Secretary**

Ms. Chan Suet Ngan

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head Office and Principal place of business in Hong Kong

Units 1&2, 29/F.
The Hennessy
256 Hennessy Road
Wanchai
Hong Kong

Share registrar and transfer office in Hong Kong

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
No. 183 Queen's Road East
Wanchai
Hong Kong

Auditors

BDO Limited

11. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

NOTICE OF EXTRAORDINARY GENERAL MEETING



AID PARTNERS CAPITAL HOLDINGS LIMITED (滙友資本控股有限公司)*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8088)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of AID Partners Capital Holdings Limited (the “**Company**”) will be held at 3/F., Nexxus Building, 77 Des Voeux Road Central, Central, Hong Kong on 14 July 2015 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

subject to the fulfillment of the terms and conditions set out in the placing agreement dated 5 June 2015 (the “**Placing Agreement**”, details of which were disclosed in the circular of the Company dated 27 June 2015 (the “**Circular**”)) entered into between the Company and UOB Kay Hian (Hong Kong) Limited as placing agent (the “**Placing Agent**”), pursuant to which (i) the Placing Agent has conditionally agreed on a best effort basis during the Placing Period (as defined in the Circular) to procure Placees (as defined in the Circular) who include connected person(s) of the Company, to subscribe for up to 2,272,720,000 new ordinary shares of US\$0.01 each in the share capital of the Company (the “**Placing Shares**”) at the placing price of HK\$0.22 per Placing Share (the “**Placing Price**”), and (ii) the Company has granted an option to the Placing Agent to require the Company to issue and allot up to a further 1,818,176,000 new ordinary shares of US\$0.01 each in the share capital of the Company (the “**Optional Shares**”, and together with the Placing Shares, the “**Offered Shares**”) to such Placee(s) as the Placing Agent shall direct at the Placing Price (the “**Option**”) (a copy of the Placing Agreement has been produced to this meeting marked “A” and signed by the chairman of this meeting for the purpose of identification) (the “**Placing**”):

- (a) the Placing Agreement in relation to the Placing and the matters contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the placing of the Offered Shares to the Placee(s) (as defined in the Circular), who shall include AID Partners Capital II, L.P. and/or its associate (as defined under the GEM Listing Rules (as defined in the Circular)), who is/are connected person(s) of the Company, pursuant to the Placing Agreement be and is hereby approved and the Directors be and are hereby authorised to allot and issue the Offered Shares pursuant to the Placing Agreement;

* *For identification purpose only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the issuance and allotment of up to a maximum number of 2,272,720,000 Placing Shares and 1,818,176,000 Optional Shares credited as fully paid at the Placing Price pursuant to the Specific Mandate be and are hereby approved;
- (d) the directors of the Company be and are hereby granted a specific mandate to exercise all the powers of the Company to allot and issue the Placing Shares and Optional Shares, subject to and in accordance with the terms and conditions set out in the Placing Agreement; and
- (e) any one of the directors of the Company be and is hereby authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which, in the opinion of the board of directors of the Company may think necessary, appropriate, desirable or expedient to implement and, or, give effect to the terms of, or the transactions contemplated by the Placing Agreement and to agree to such variation, amendments or waiver or matters relating thereto that are of administrative nature and ancillary to the implementation of the Placing Agreement.”

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

Hong Kong, 27 June 2015

Notes:

1. A shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead at the EGM in accordance with the articles of association of the Company. A proxy need not be a shareholder of the Company but must be present in person to represent the shareholder.
2. To be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a certified copy thereof must be deposited with principal place of business of the Company at Units 1&2, 29/F., The Hennessy, 256 Hennessy Road, Wanchai, Hong Kong at least 48 hours before the time appointed for holding the EGM or any adjournment thereof as the case may be and in default thereof the form of proxy and such power or authority shall not be treated as valid.
3. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

As at the date of this notice, the board of Directors comprises three (3) executive Directors, namely, Wu King Shiu, Kelvin, Ho Gilbert Chi Hang and Chang Tat Joel; one (1) non-executive Director, namely, Stephen Shiu Junior; and three (3) independent non-executive Directors, namely, Shi Jinsheng, Sin Hendrick and Yuen Kwok On.

This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited 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 the information

NOTICE OF EXTRAORDINARY GENERAL MEETING

contained in this notice is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this notice misleading.

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