Healthoo International Technology Holdings Limited
(海 滙 國 際 科 技 控 股 有 限 公 司) *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8088)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

* *For identification purposes only*

ABOUT HEALTHOO INTERNATIONAL TECHNOLOGY HOLDINGS LIMITED

Healthoo International Technology Holdings Limited (formerly known as AID Partners Technology Holdings Limited) ("Healthoo" or the "Company" and, together with its subsidiaries, the "Group") is a strategic investment group listed on GEM (HK GEM 8088).

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the year under review, the Group continued to operate its strategic investment business with the following new investments and disposals and engage in the asset management business, with an objective to enhance the value of the Group, and hence maximise the return of the shareholders:

BUSINESS REVIEW

(A) Acquisition of 73.7% equity interest in GeneSort International Inc.

GeneSort Ltd. ("GeneSort") is a company incorporated in Israel with limited liability that is principally engaged in advanced personalised molecular diagnostic services for cancer evaluation and cure. It provides a means for physicians to select safe and effective treatments which are tailored to patient's genetic profile. GeneSort aims to harness cutting edge technologies to elucidate the genetic DNA profile of patients, with particular focus on cancer and hereditary diseases, significantly improving therapeutic approaches.

On 5 May 2017, the Group entered into a subscription and sale and purchase agreement with independent third parties in relation to the acquisition of up to approximately 73.7% equity interest in GeneSort International Inc., which owns the entire issued share capital of GeneSort after restructuring (collectively referred to as the "GeneSort Group"), for a consideration of up to US$13,956,422 (equivalent to approximately HK$108,162,000) to be satisfied by the allotment and issue of an aggregate of up to 1,352,028,381 new ordinary shares of the Company at an issue price of HK$0.08 per share and a capital injection of approximately HK$23,448,000 by cash. The acquisition of approximately 73.7% equity interest in GeneSort Group was completed on 11 July 2017, and 1,352,028,376 new ordinary shares of the Company were allotted and issued to the vendors accordingly.

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

Mystery Apex Limited ("Mystery Apex") is principally engaged in the provision of online music streaming service to the public through mobile apps and personal computer.

On 13 December 2016, the Group entered into a sale and purchase agreement with a wholly-owned subsidiary (the "Purchaser") of HMV Digital China Group Limited (Stock code: 8078) ("HMV Digit China", which is one of the Group's investments) and HMV Digit China, pursuant to which the Group has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of Time Edge, a wholly-owned subsidiary of the Company which owns the entire issued share capital of Mystery Apex, for a total consideration of HK$50 million, which will be satisfied by the Purchaser by the issue of a convertible bond by HMV Digit China at completion (the "Disposal of Time Edge"). The Disposal of Time Edge was completed on 26 April 2017 and accordingly, the convertible bond was issued by HMV Digit China to the Group. A gain on the Disposal of Time Edge of approximately HK$30.9 million was recognised in profit or loss for the year ended 31 December 2017.

(C) Selective Existing Investment Portfolio

(i) Complete Star Limited ("CSL")

CSL is principally engaged in the operation of mobile games, the Star Girl franchise. Star Girl is a fashion role-playing game (RPG) targeting female users in which players create a virtual female celebrity and determine her career, appearance and social life while interacting with the game world and other players. Star Girl has accumulated over 90 million downloads globally since its release. Headed into its fifth year of release, in order to maintain its revenue and to monetise its huge user base, the company is in discussion with potential partners for distribution of new games. In particular, the company has entered into an agreement with a partner for development and publication of a multiplayer resort simulation game (including cross-promotions for the game within the existing Star Girl user base) in exchange for some share of the global net revenue.

(ii) Honestway Global Group Limited ("HGGL")

HGGL and its subsidiaries (the "HGGL Group") are principally engaged in the development, distribution and operation of mobile games in the People's Republic of China (the "PRC"). Due to the delayed settlement of account receivables from customers, the management has decided to keep the HGGL Group from aggressively taking on new opportunities with game developers or content owners until the account receivables become more manageable, hence affecting the revenue growth.

(iii) Brave Entertainment Co., Ltd ("Brave Entertainment")

Brave Entertainment is a Korean pop music production and artist management company. The company is led by Mr. Dong-Cheol Kang ("DC Kang"), who is recognised as one of the most influential producers in the Korean pop industry with his stage name "Brave Brothers". Since inception, the company has cultivated 3 idol groups and 2 solo singers, including Brave Girls, Big Star and Samuel Kim, the highly anticipated teenage singer. Big Star and Brave Girls joined the Korean Broadcasting System ("KBS")'s idol rebooting project, "The Unit", which was scheduled to be airing in 28 October 2017. Samuel joined the popular South Korean contest program "Produce 101" Season 2 and gained more popularity both locally in Korea and overseas. His debut mini album "Sixteen" was released on 2 August 2017, and the first batch of 30,000 albums were sold out within a week. Samuel released his first full album, Eye Candy, on 16 November 2017. In 2018, Samuel makes his official debut in Japan and is going to participate in few concerts in Japan.

(iv) HMV Digital China Group Limited

HMV Digit China is mainly engaged in movie production, movie distribution, artist management, cinema operations and HMV retail business. HMV Digit China intends to create an integrated entertainment platform to establish an integrated online and offline business ecology in the entertainment and lifestyle sector. The company produced and release several successful movies in 2017, including The Yuppie Fantasia 3, Always Be with You and the award winning 29+1. In 2018, the company will continue to produce and publish more movies, including Agent Mr. Chan and Dynasty Warriors, a movie version of the well-known video game. The company launched HMVOD in 2017, a streaming application providing a database of more than 2,000 movies from Asia and Hollywood to subscribed members.

On 15 February 2017, HMV Digit China completed bonus issue (one bonus share for every share), and on 21 March 2017 and 12 June 2017, completed the placings of 490.2 million and 1,925.4 million new ordinary shares at a placing price of HK$0.25 per share with gross proceeds of approximately HK$123 million and HK$481 million, respectively. The completion of placings strengthened its financial position and provided working capital to meet with its future development and obligations. Together with the issuance of ordinary shares pursuant to the conversion of certain of its convertible bonds and an acquisition, the shareholding of the Group in HMV Digit China was diluted to 16.59% (31 December 2016: 20.47%) and an aggregate gain on deemed disposal of interest in the associate amounting to HK$31.8 million was recognised in other net income in profit or loss for the year under review. Also, in light of the strong performance of HMV Digit China as demonstrated by its published annual report 2017, the Group entered into a sale and purchase agreement with an independent third party on 13 October 2017, pursuant to which the Group has agreed to purchase 640,000,000 ordinary shares of HMV Digit China at a consideration of HK$110,720,000, which shall be payable in cash or in such other manner as agreed by both parties (the "Sale and Purchase Agreement"). The consideration, of which represented a considerable discount to the closing price of the shares of HMV Digit China as quoted by the Stock Exchange on the date of the Sale and Purchase Agreement, can enable the Group to maximise the return of the Group's available funds by capitalising the opportunity arising from this investment. The acquisition was completed on 3 November 2017 and the shareholding of the Group in HMV Digit China was increased from 16.59% to 21.34% upon completion.

(v) Kabushiki Kaisha Hyakusen Renma (株式会社百戦錬磨)*

Kabushiki Kaisha Hyakusen Renma, a company incorporated in Japan, owns and operates STAYJAPAN (https://stayjapan.com) — one of the leading legitimate platforms in Japan for licensed property owners to list vacant rooms for private lodging and for guests to book vacation rentals. Beside private lodging service in urban area, STAYJAPAN also organise some "experience and discover" trips, for tourists to travel and stay in the countryside and experience rural and traditional Japanese lifestyle. STAYJAPAN is a 100% legitimate platform operating in Japan. In 2017, the company successfully brought in two strong strategic investors, JTB Corporation, the largest travel agency in Japan, and Japan Airlines Co., Ltd., one of the largest airline company in Japan.

(vi) Zoox Inc.

Zoox Inc. is principally engaged in robotics and pioneering autonomous mobility. The company is developing a breakthrough, fully automated, electric vehicle fleet and the supporting ecosystem required to bring the service to market at scale. The company has the permit to test autonomous vehicles in California and has begun testing its self-driving technology with a human operator on the public roads of California. In April 2018, the company will start testing its autonomous technology with a remote human operator instead of a fallback driver at the wheel. The company is in development and testing stage, and targets to deploy the mobility service in 2020.

(vii) Shenzhen Hooenergy Technology Company Limited (深圳滙能新能源科技有限公司, "Hooenergy")*

Hooenergy is engaged in the development and operation of electric vehicle ("EV") charging piles in the PRC. Hooenergy is one of the 40 successful applicants who had been granted a license for operating an EV charging pile business in Shenzhen, which also made it eligible for government subsidies. The primary business of the company is providing charging service for EV in car parks of residential and commercial buildings in Shenzhen and Guangzhou, and plan to expand into other cities in China, such as Beijing, Shanghai and Nanjing etc. The company has built more than 1500 chargers in China, mostly Shenzhen, and secured more than 50,000 parking spots in Shenzhen, Guangzhou, Shanghai and Beijing etc. The company continues to sign new car parks with different real estate management companies, and discuss with different potential partners, including car rental companies, car insurance companies and car retailers.

The Group will continue to engage in the businesses of strategic investment. As at the date of this announcement, as part of the strategic investment business of the Company, the Group continued to monitor and strive to maximise the value of its various strategic investments globally. The Group also leveraged on its recent acquisition of GeneSort to develop and expand its foothold in the health-technology sector.

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

FINANCIAL REVIEW

Financial Results

As a result of the disposal of HMV M&E Limited and its subsidiaries ("HMV M&E Group") on 3 August 2016 and the change of strategies coupled with the less favourable operating environment in the mobile game business of the Group, revenue for the year under review decreased to HK$27.9 million from HK$206.1 million for last year, while total operating expenses (being selling and distribution expenses, administrative expenses and other operating expenses) for the year under review decreased to HK$157.5 million from HK$278.4 million for last year.

A gain on the Disposal of Time Edge of approximately HK$30.9 million (31 December 2016: gain on disposal of subsidiaries of approximately HK$946.9 million) as mentioned above was recognised in profit or loss for the year ended 31 December 2017.

Following the resignation of the Company's directors as the directors of HMV Digit China on 28 June 2017, the Group had no significant influence on HMV Digit China's financial and operating policies, a fair value loss of HK$286.9 million was recognised in profit or loss for the year under review upon the reclassification of the Group's interest in HMV Digit China from interest in an associate to an investment, which was non-recurring, non-cash in nature and did not have any cash flow impact for the Group.

Other net income for the year under review decreased to HK$51.2 million from HK$66.2 million for last year, which was mainly due to a gain on deemed disposal of interest in an associate of HK$31.8 million (31 December 2016: HK$1.3 million) was recognised for the year under review.

Finance costs for the year under review decreased to HK$13.5 million from HK$16.2 million for last year, mainly due to conversion of convertible bonds of the Company with an aggregate principal amount of HK$175 million in April 2016.

As a result, the Group reported a loss attributable to owners of the Company for the year under review of HK$420.3 million as compared to a profit of HK$504.6 million for last year.

Segment Results

The major reportable operating segments are asset management and strategic investment for the year under review. The segment result from asset management for the year under review was a loss of HK$2.4 million as compared with a loss of HK$7.8 million last year. The segment result from strategic investment for the year under review was a loss of HK$75.3 million as compared to a profit of HK$591.4 million last year, mainly due to the net gain on the disposal of subsidiaries decreased to HK$30.9 million from HK$946.9 million for last year.

Financial Position and Resources

Significant Capital Assets and Investments

Other than the significant investments disclosed in the section of "Management Discussion and Analysis — Business Review", the Group acquired property, plant and equipment totalling HK$9.2 million during the year under review which mainly represents the acquisition of plant and machinery by GeneSort.

Liquidity

As at 31 December 2017, the Group had cash and bank balances (including short-term deposit and cash and cash equivalents) of HK$35.4 million and net current assets of HK$188.8 million, decreased from HK$234.6 million and HK$364.4 million as at 31 December 2016, respectively. The decrease in cash and bank balances was mainly due to the additions of investment in listed securities during the year under review. As at 31 December 2017 and 2016, the Group was in net cash position and hence no gearing ratio was presented.

Gearing

2015 HK$140 million Convertible Bonds

In July 2015, the Company entered into a subscription agreement with Hong Kong HNA Holding Group Co. Limited ("HNA") pursuant to which HNA agreed to subscribe the convertible bond in principal amount of HK$140,000,000, bearing a compound interest rate of 8% per annum (the "2015 HK$140 million Convertible Bonds"). On 20 July 2015, with the fulfilment of all the conditions required for the 2015 HK$140 million Convertible Bonds, the Company issued the 2015 HK$140 million Convertible Bonds for the investment capital of the strategic investment business of the Company as well as for the expansion of its asset management business and related financial platform and general working capital of the Group. In accordance with the terms and conditions thereof, the initial conversion price is HK$0.325 per share.

Save for disclosed in "Charges" below, as at 31 December 2017, the Group had no other significant debt.

Charges

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

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

Commitments and Contingent Liabilities

As at 31 December 2017, the Group had no significant commitments, other than those under operating leases for the rental of land and buildings of HK$20,267,000 (2016: HK$23,760,000) and the capital commitments of Nil (2016: HK$5,325,000). The Group had no material contingent liabilities as at 31 December 2017.

Equity Structure

As at 31 December 2017, the total issued share capital of the Company was 10,707,140,110 ordinary shares, increased from 9,257,611,734 ordinary shares as at 31 December 2016 due to (i) the issuance of remuneration shares as compensation for consultancy service, and (ii) consideration shares issued for the acquisition of GeneSort Group during the year under review.

On 9 June 2017, the Company proposed to implement the capital reduction involving the reduction of the par value of each issued ordinary shares from US$0.01 to US$0.0001 by cancelling the paid up share capital to the extent of US$0.0099 per issued ordinary share of the Company ("Capital Reduction") so that following such reduction, each issued ordinary share with a par value of US$0.01 in the share capital of the Company shall become one new ordinary share with a par value of US$0.0001; and immediately following the Capital Reduction becoming effective, each authorised but unissued ordinary share will be sub-divided into 100 unissued new ordinary shares with a par value of US$0.0001 each and each authorised but unissued redeemable convertible preference share will also be sub-divided into 100 unissued redeemable convertible preference shares with a par value of US$0.0001 each ("Sub-division"). The proposal was duly passed by the shareholders of the Company by way of special resolution at the extraordinary general meeting of the Company convened on 24 July 2017 and has become effective subsequent registration with the Registrar of Companies in the Cayman Islands on 24 November 2017 (Cayman Islands time).

Since the Capital Reduction and the Sub-division became effective after 4:30 p.m. on 24 November 2017 and before 9:00 a.m. on 27 November 2017 (due to time difference between Hong Kong and the Cayman Islands), the authorised share capital was changed from US$200,000,000 divided into 19,000,000,000 ordinary shares of US$0.01 each and 1,000,000,000 redeemable convertible preference shares of US$0.01 each to US$200,000,000 divided into 1,900,000,000,000 ordinary shares of US$0.0001 each and 100,000,000,000 redeemable convertible preference shares of US$0.0001 each.

Since the Capital Reduction and the Sub-division became effective after 4:30 p.m. on 24 November 2017 and before 9:00 a.m. on 27 November 2017 (due to time difference between Hong Kong and the Cayman Islands), the number of ordinary shares in issue was changed from 10,707,140,110 ordinary shares of US$0.01 each to 10,707,140,110 ordinary shares of US$0.0001 each. Details of the Capital Reduction and the Sub-division were set out in the Company's circular dated 30 June 2017 and the Company's announcements dated 9 June 2017 and 26 November 2017.

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

As at 31 December 2017, the Company had 18,647,528 share options outstanding under the Company's 2002 Share Option Scheme of which were all exercisable.

As at 31 December 2017, the Company had 670,160,000 share options outstanding under the Company's 2014 Share Option Scheme of which were all exercisable. The Company can grant a further 127,923 options pursuant to the existing shareholder mandate limit.

EMPLOYEE INFORMATION

As at 31 December 2017, the Group had 106 full-time employees (2016: 87). Employee remuneration (including directors' remuneration) totaled HK$58.5 million (2016: HK$109.9 million). The remuneration packages of the Group's Directors and employees are kept at a competitive level to attract, retain and motivate Directors and employees of the quality required to run the Group successfully. In general, remuneration consists of a combination of a fixed salary paid in cash and a performance linked bonus paid in cash and options. A portion of the bonus may be deferred subject to the achievement of certain pre-determined targets and conditions. The Group's remuneration policies and practices are reviewed annually and benchmarked against sectors of financial and banking institutions.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year under review, other than the significant investments and disposals as detailed in Notes 12 to 14 to the financial statements, the Group made no other significant acquisition or disposal of subsidiaries or affiliated companies.

CONTRACTUAL ARRANGEMENTS

The Group, through its wholly-owned subsidiary HGGL, indirectly owned a wholly-foreign-owned-enterprise, 深圳八零八八科技有限公司 ("WFOE" or "SZ8088"), which has entered into the corresponding contractual arrangements to control and operate a foreign restricted business, namely 上海威搜游科技有限公司 ("VSOYOU") under the relevant the PRC laws and regulations (the "Contractual Arrangements").

PARTICULARS OF VSOYOU AND ITS REGISTERED OWNERS, AND A SUMMARY OF THE MAJOR TERMS OF THE CONTRACTUAL AGREEMENTS

VSOYOU is a company with limited liability established in the PRC, its registered owners are 張永鋒先生 (Mr. Zhang Yong Feng*) and 陳曉萍女士 (Ms. Chen Xiao Ping*). A summary of the major terms of the Contractual Arrangements has been published on the website of the Company.

DESCRIPTION OF VSOYOU'S BUSINESS ACTIVITIES AND THEIR SIGNIFICANCE TO THE GROUP

VSOYOU is primarily engaged in the development and operation of mobile-online games business in the PRC. The net asset value of VSOYOU was approximately HK$44,405,000 and HK$52,166,000 as at 31 December 2017 and 2016, respectively, which represents approximately 4% and 3% of the Group's net assets as at 31 December 2017 and 2016, respectively. The revenue (post-acquisition) of VSOYOU was approximately HK$17,823,000 and HK$64,708,000 for the year ended 31 December 2017 and 2016, respectively, which represents approximately 64% and 31% of the Group's revenue for the year ended 31 December 2017 and 2016, respectively. The net loss (post-acquisition) of VSOYOU was approximately HK$7,653,000 and net profit of HK$11,301,000 for the year ended 31 December 2017 and 2016, respectively.

REASON FOR USING THE CONTRACTUAL ARRANGEMENTS

As advised by the PRC legal adviser, VSOYOU is primarily engaged in the development and operation of mobile-online games business and is considered to be engaged in the provision of value-added telecommunication services and internet cultural business. Pursuant to the applicable PRC laws and regulations, the said business of VSOYOU is subject to prohibition on foreign investment. Shareholders of VSOYOU are required to be PRC domestic natural persons, enterprise legal persons or other social organisations and foreign investors are not allowed to directly invest in VSOYOU. As such, the Group cannot acquire the equity interest in VSOYOU at that time. Having regard to such foreign investment restrictions, the Contractual Arrangements were designed to provide WFOE and, thus the Group with effective control over the financial and operational policies of VSOYOU and (to the extent permitted by PRC laws and regulations) the right to acquire the equity interest in VSOYOU.

RISKS ASSOCIATED WITH THE CONTRACTUAL ARRANGEMENTS AND ACTIONS TAKEN BY THE COMPANY TO MITIGATE THE RISKS

WFOE does not have any direct equity ownership in VSOYOU and will have to rely on the Contractual Arrangements to control, operate, and be entitled to the economic benefits and risks arising from the value-added telecommunication services and internet cultural business in the PRC conducted through VSOYOU. However, there are risks involved with the operations of WFOE's business under the Contractual Arrangements, as the case may be.

(i) There is no assurance that the Contractual Arrangements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the Contractual Arrangements do not comply with applicable regulations.

(ii) The Contractual Arrangements may not be as effective in providing control over and entitlement to the economic interests in VSOYOU as direct ownership.

(iii) Potential conflicts of interest among WFOE, VSOYOU and existing shareholder(s) of VSOYOU may exist.

(iv) The Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed.

(v) WFOE's ability to acquire the entire equity interests in or assets of VSOYOU may be subject to various limitations and substantial costs.

(vi) Certain terms of the Contractual Arrangements may not be enforceable under the PRC laws.

In light of the above risks associated with the Contractual Arrangements, the Group has adopted a set of procedures, systems and internal control measures to ensure the sound and effective operation of the Group and the implementation of the Contractual Arrangements. Such procedures, systems and internal control measures include (i) regular discussions of matters relating to compliance and regulatory enquiries from governmental authorities, if any, by the board of directors of the Company at board meetings; and (ii) retaining legal adviser and/or other professional to assist the Group to deal with specific issues arising from the Contractual Arrangements, if so required.

MATERIAL CHANGE OR UNWINDING OF THE CONTRACTUAL ARRANGEMENTS

There was no material change or unwinding of the Contractual Arrangements since the date of the Contractual Arrangements were entered into up to the date of this announcement.

RESULTS

The board of directors (the "Board") of the Company submit herewith the audited consolidated results of the Group for the year ended 31 December 2017, together with the comparative audited figures of the corresponding period in 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	3	**27,939**	206,093
Cost of sales		**(18,554)**	(116,194)
Gross profit		**9,385**	89,899
Fair value loss on financial assets at fair value through profit or loss		**(18,137)**	(3,390)
Fair value gain on financial liabilities at fair value through profit or loss		**–**	1,737
Gain on disposal of subsidiaries, net	13	**30,934**	946,862
Loss on reclassification of interest in an associate to financial assets at fair value through profit or loss/available-for-sale investments		**(286,925)**	(24,484)
Other net income	4	**51,151**	66,230
Selling and distribution expenses		**(4,423)**	(62,085)
Administrative expenses			
Depreciation of property, plant and equipment		**(1,394)**	(6,229)
Amortisation of intangible assets		**(19,229)**	(25,900)
Other administrative expenses		**(128,490)**	(174,453)
		(149,113)	(206,582)
Impairment of an available-for-sale investment		**(1,560)**	–
Impairment of goodwill		**(27,900)**	(24,717)
Impairment of other intangible assets		**(17,658)**	–
Impairment of interest in an associate		**–**	(260,649)
Other operating expenses		**(3,984)**	(9,691)
(Loss)/profit from operations		**(418,230)**	513,130
Finance costs	5	**(13,493)**	(16,176)
Share of results of associates, net of tax		**(2,313)**	(4,070)
(Loss)/profit before taxation	6	**(434,036)**	492,884
Taxation credit	7	**6,063**	8,753
(Loss)/profit for the year		**(427,973)**	501,637

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Attributable to:			
Owners of the Company		**(420,333)**	504,551
Non-controlling interests		**(7,640)**	(2,914)
(Loss)/profit for the year		**(427,973)**	501,637
(Loss)/earnings per share attributable to owners of the Company for the year	*8*	***HK cents***	*HK cents*
Basic		**(4.22)**	5.74
Diluted		**N/A**	5.60

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(427,973)**	501,637
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of available-for-sale investments	**(4,436)**	–
Reclassification adjustment on impairment of available-for-sale investments	**1,560**	–
Exchange differences on translation of foreign operations	**3,685**	(4,448)
Share of other comprehensive income of an associate	**297**	(1,196)
Reclassification to profit or loss on derecognition of interest in an associate	**899**	–
Other comprehensive income for the year, net of tax	**2,005**	(5,644)
Total comprehensive income for the year, before and net of tax	**(425,968)**	495,993
Attributable to:		
Owners of the Company	**(418,184)**	500,380
Non-controlling interests	**(7,784)**	(4,387)
Total comprehensive income for the year, before and net of tax	**(425,968)**	495,993

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	As at 31 December 2017 HK$'000	As at 31 December 2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**20,912**	12,022
Available-for-sale investments		**962,883**	244,655
Intangible assets		**151,152**	126,182
Interest in an associate		**–**	861,029
Investments in convertible bonds		**41,332**	14,362
Financial assets at fair value through profit or loss		**15,557**	7,618
Deposits and other receivables	*9*	**–**	49,542
		1,191,836	1,315,410
Current assets			
Inventories		**450**	–
Trade and other receivables	*9*	**134,040**	181,993
Investments in convertible bonds		**19,056**	–
Financial assets at fair value through profit or loss		**18,122**	2,340
Tax recoverable		**486**	561
Short-term deposit with maturity more than three months		**–**	23,262
Cash and cash equivalents		**35,358**	211,309
		207,512	419,465
Current liabilities			
Trade and other payables	*10*	**18,671**	55,065
Net current assets		**188,841**	364,400
Total assets less current liabilities		**1,380,677**	1,679,810

	Notes	As at 31 December 2017 HK$'000	As at 31 December 2016 HK$'000
Non-current liabilities			
Borrowings	*11*	**9,033**	–
Convertible bonds		**167,742**	154,743
Deferred tax liabilities		**12,246**	9,150
		189,021	163,893
Net assets		**1,191,656**	1,515,917
EQUITY			
Share capital		**8,352**	722,094
Reserves		**1,131,470**	745,543
Equity attributable to owners of the Company		**1,139,822**	1,467,637
Non-controlling interests		**51,834**	48,280
Total equity		**1,191,656**	1,515,917

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL INFORMATION

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

Pursuant to a special resolution duly passed at the extraordinary general meeting of the Company held on 11 December 2017, together with the approval of the Registrar of Companies in the Cayman Islands on 15 December 2017 and the approval of Registrar of Companies in Hong Kong on 22 January 2018, the name of the Company has been changed from "AID Partners Technology Holdings Limited (滙友科技控股有限公司)" to "Healthoo International Technology Holdings Limited (海滙國際科技控股有限公司)" with effect from 15 December 2017.

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

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

The financial statements for the year ended 31 December 2017 were approved by the board of directors (the "Directors") and authorised for issue on 23 March 2018.

2. ADOPTION OF NEW OR REVISED IFRSs

(a) Adoption of new or revised IFRSs — effective from 1 January 2017

The Group applied the following new standards, amendments and interpretations, which are relevant to, and effective, for the consolidated financial statements for the annual period beginning on 1 January 2017:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to IFRSs 2014-2016 Cycle	Amendments to IFRS 12 "Disclosure of Interest in Other Entities"

Amendments to IAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to IAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured at fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to IFRSs 2014–2016 Cycle — Amendments to IFRS 12 "Disclosure of Interests in Other Entities"

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IFRS 12 "Disclosure of Interests in Other Entities" to clarify that the disclosure requirements of IFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

The adoption of the amendments to IFRS 12 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with IFRS 5.

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

The following new or revised IFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Annual Improvements to IFRSs 2014–2016 Cycle	Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards"[1]
Annual Improvements to IFRSs 2014–2016 Cycle	Amendments to IAS 28 "Investments in Associates and Joint Ventures"[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
IFRS 9	Financial Instruments[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
IFRS 15	Revenue from Contracts with Customers[1]
Amendments to IFRS 15	Revenue from Contracts with Customers (Clarifications to IFRS 15)[1]
IFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for annual periods beginning on or after 1 January 2019

[3] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continued to be permitted.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. REVENUE

Revenue represents the (i) net invoiced value of goods and food and beverage sold, net of discounts and returns, (ii) net receipts from sales of in-app purchases items, (iii) advertising income, (iv) game publishing service income, (v) concession stores income, (vi) subscription fee income and (vii) real-time video streaming income. An analysis of revenue is as follows:

	2017	2016
	HK$'000	*HK$'000*
Sales of goods	**–**	112,584
Sales of food and beverage	**–**	10,072
Sales of in-app purchase items	**4,245**	9,004
Advertising income	**5,519**	16,196
Game publishing service income	**15,249**	52,741
Concession stores income	**–**	834
Subscription fee income	**1,944**	4,662
Real-time video streaming income	**982**	–
	27,939	206,093

4. OTHER NET INCOME

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**1,159**	1,136
Effective interest income on investments in convertible bonds	**8,515**	3,626
Foreign exchange gains, net	**1,280**	4,039
Loss on disposal of property, plant and equipment	**(67)**	(3)
Gain on remeasurement of contingent consideration payables, net	**–**	47,922
Gain on deemed disposal of interest in an associate	**31,750**	1,318
Interest income on loans to independent third parties	**5,593**	3,266
Interest income on loan to a shareholder of an investee	**629**	626
Interest income on loan to a subsidiary of an investee/an associate	**1,248**	523
Marketing income	**–**	2,692
Others	**1,044**	1,085
	51,151	66,230

5. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Effective interest expense on convertible bonds		
— wholly repayable within five years	**12,999**	16,133
Effective interest expense on redeemable convertible preference shares	**–**	20
Effective interest expense on contingent consideration payables		
— wholly repayable within five years	**–**	23
Interest on borrowings	**494**	–
	13,493	16,176

6. (LOSS)/PROFIT BEFORE TAXATION

	2017	2016
	HK$'000	*HK$'000*
(Loss)/profit before taxation is arrived at after charging:		
Auditor's remuneration:		
— audit services	**1,276**	1,535
— review services	**208**	329
— other services	**377**	1,429
Impairment of trade receivables	**–**	9,602
Cost of inventories recognised as expense	**–**	72,515
Employee benefit expense (including directors' remuneration and share-based compensation expense)	**58,540**	109,938
Impairment of inventories	**–**	1,278
Operating leases charges in respect of leased premises	**7,310**	35,854
Write-off of property, plant and equipment	**109**	646
Loss on disposal of available-for-sale investments	**547**	–
Impairment of loan receivable (included in other operating expenses) *(Note (i))*	**3,437**	–

Note:

(i) As at 31 December 2017, a loan with carrying amount of HK$3,437,000 which was lent to an investee, at a principal amount of HK$3,120,000, was unsecured, interest-bearing at 10% per annum and to be repayable on 1 February 2019. The loan was fully impaired as management considered the recoverability of the loan was remote, an impairment of HK$3,437,000 was recognised in profit or loss.

7. TAXATION CREDIT

	2017	2016
	HK$'000	*HK$'000*
Hong Kong		
— Current tax for the year	**55**	73
— Over-provision in respect of prior year	**(20)**	(15)
The PRC		
— Current tax for the year	**363**	–
— Over-provision in respect of prior year	**–**	(2,829)
Deferred tax credit	**(6,461)**	(5,982)
Taxation credit	**(6,063)**	(8,753)

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits arising in Hong Kong for the years ended 31 December 2017 and 2016.

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

Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions for the years ended 31 December 2017 and 2016.

Reconciliation between taxation credit and accounting (loss)/profit at applicable tax rates is as follows:

	2017	2016
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(434,036)**	492,884
Tax at the domestic income tax rates	**(71,616)**	81,326
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,229)**	(2,029)
Tax effect of share of losses of associates	**382**	463
Tax effect of non-taxable income	**(9,347)**	(172,078)
Tax effect of non-deductible expenses	**72,582**	80,570
Tax effect of unrecognised temporary differences	**82**	351
Tax effect of unrecognised tax losses	**2,087**	7,605
Tax effect of tax exemption granted to PRC subsidiaries	**1,016**	(4,946)
Over-provision in respect of prior year	**(20)**	(15)
Taxation credit	**(6,063)**	(8,753)

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic and diluted (loss)/earnings per share

Basic and diluted (loss)/earnings per share is calculated by dividing consolidated (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year and adjusted weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, respectively.

	2017	2016
(HK$'000)		
Consolidated (loss)/profit attributable to owners of the Company	**(420,333)**	504,551
Effect of dilutive potential ordinary shares:		
Interest expense on convertible bonds (net of tax)	**12,999**	11,979
Earnings for the purpose of diluted (loss)/earnings per share	**(407,334)**	516,530
(Number)		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**9,961,174,576**	8,786,430,350
Effect of dilutive potential ordinary shares:		
Convertible bonds	**430,769,231**	430,769,231
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**10,391,943,807**	9,217,199,581
(HK cents)		
Basic (loss)/earnings per share	**(4.22)**	5.74
Diluted earnings per share	**N/A**	5.60

For the years ended 31 December 2017 and 2016, the share options outstanding had an anti-dilutive effect on the basic (loss)/earnings per share and were ignored in the calculation of diluted (loss)/earnings per share.

For the year ended 31 December 2017, the diluted loss per share would reduce if the outstanding share options and convertible bonds were taken into account, as those financial instruments had an anti-dilutive effect and were ignored in the calculation of diluted loss per share.

9. TRADE AND OTHER RECEIVABLES

	Notes	**2017** **_HK$'000_**	2016 _HK$'000_
Trade receivables	_(a)_	**24,678**	41,179
Less: impairment loss recognised	_(b)_	**(9,806)**	(9,102)
Trade receivables, net		**14,872**	32,077
Other receivables	_(c)_	**90,652**	141,288
Deposits and prepayments		**28,516**	58,170
Total		**134,040**	231,535
Categorised as:			
Current portion		**134,040**	181,993
Non-current portion		**–**	49,542
		134,040	231,535

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

Notes:

(a) As at 31 December 2017 and 2016, ageing analysis of trade receivables based on invoice date and net of impairment losses is as follows:

	2017 **_HK$'000_**	2016 _HK$'000_
0–30 days	**14,834**	26,047
31–60 days	**–**	3,106
61–90 days	**38**	2,524
Over 90 days	**–**	400
	14,872	32,077

Game publishing service income is receivables from mobile network operators and channel owners and is aged within 30 to 60 days (31 December 2016: 30 to 60 days).

As at 31 December 2016, subscription fee income was receivables from telecommunication operators and is settled within 30 days.

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

	2017	2016
	HK$'000	*HK$'000*
Less than 60 days past due	**38**	2,236
Over 60 days past due	**–**	214
	38	2,450

As at 31 December 2017, trade receivables of HK$38,000 (2016: HK$2,450,000) that were past due but not impaired relate to certain customers with a good track record of credit with the Group. Based on the past credit history, management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

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

	2017	2016
	HK$'000	*HK$'000*
At the beginning of the year	**9,102**	–
Provision for impairment for the year *(Note 6)*	**–**	9,602
Exchange alignment	**704**	(500)
At the end of the year	**9,806**	9,102

Included in impairment of trade receivables recognised are individually impaired trade receivables with an aggregate balance of approximately HK$9,806,000 (31 December 2016: HK$9,102,000). The individually impaired receivables mainly relate to customers that were in poor past settlement history and only a portion of the receivables is expected to be recovered.

(c) All other receivables as at 31 December 2017 and 2016 were neither past due nor impaired.

As at 31 December 2017, other receivables included (i) a loan with principal amount of HK$12,519,000 under current portion (31 December 2016: HK$12,519,000 under non-current portion) to a shareholder of the Group's investee company, which is secured, interest bearing at 5% per annum and repayable within one year from the end of the reporting period; (ii) a loan with a principal amount of HK$25,000,000 (31 December 2016: HK$25,000,000) to a wholly-owned subsidiary of the Group's investee company, which is unsecured, interest bearing at 5% per annum and repayable within one year from the end of the reporting period; (iii) a loan to an independent third party with a principal amount of US$3,000,000 (equivalent to approximately HK$23,400,000) (31 December 2016: US$3,000,000, equivalent to approximately HK$23,400,000), which is secured, interest bearing at 5% per annum and repayable within one month from the end of the reporting period; and (iv) a loan to an independent third party with a principal amount of US$3,000,000 (equivalent to approximately HK$23,400,000) (31 December 2016: Nil), which is unsecured, interest bearing at 5% per annum and repayable within one year from the end of the reporting period.

10. TRADE AND OTHER PAYABLES

	Notes	**2017** **HK$'000**	2016 *HK$'000*
Trade payables	*(a)*	**9,398**	13,932
Other payables	*(b)*	**3,688**	27,682
Accrued charges		**5,585**	13,451
		18,671	55,065

Notes:

(a) As at 31 December 2017 and 2016, the ageing analysis of trade payables based on invoice date is as follows:

	2017 ***HK$'000***	2016 *HK$'000*
0–30 days	**6,346**	11,712
31–60 days	**332**	1,288
61–90 days	**533**	–
Over 90 days	**2,187**	932
	9,398	13,932

(b) As at 31 December 2016, included in other payables represented contingent consideration payable by the Group for the acquisition of 70% equity interest in HGGL with fair value measured at Nil. On 4 May 2017, as disclosed in the Company's announcement, since the target profit was not met as stipulated in the agreement, no amount under the fourth instalment was payable to the vendor. Accordingly, no fair value change was recognised in profit or loss for the year ended 31 December 2017. As at 31 December 2017, the Group did not have any other contingent consideration arrangement.

11. BORROWINGS

On 17 July 2017, an independent third party provided a three-year loan to the Group with a principal amount of HK$8,894,600 secured by certain shares of one of the Group's investee companies, bearing interest at the rate of 4% per annum payable quarterly in arrears.

	2017 ***HK$'000***	2016 *HK$'000*
Borrowings (included in non-current liabilities)	**9,033**	–

The borrowings are scheduled to be repaid as follows:

	2017 ***HK$'000***	2016 *HK$'000*
On demand or within one year	**356**	–
More than one year, but not exceeding two years	**356**	–
More than two years, but not exceeding three years	**8,321**	–
	9,033	–

12. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Deemed disposal of approximately 18.37% equity interest in HMV M&E Limited ("HMV M&E") without loss of control

On 1 March 2016, the Group entered into a sale and purchase agreement with an independent third party pursuant to which (i) the Group has agreed to sell 2,250 existing ordinary shares, representing approximately 18.37% equity interest, in HMV M&E for a cash consideration of US$9,000,000 (equivalent to approximately HK$70,200,000); and (ii) the Group shall apply the consideration received for the subscription of 2,250 new ordinary shares in the capital of HMV M&E (the "HMV Disposal I"). The HMV Disposal I was completed on 4 March 2016. It was accounted for as an equity transaction with the non-controlling interests and an increase in equity attributable to owners of the Company, as included in other reserve, was summarised as follows:

	2016 *HK$'000*
Consideration received from non-controlling interests	70,200
Less: net assets of 18.37% equity interest in the HMV M&E Group	(43,661)
Gain on the HMV Disposal I within equity	26,539

The gain on the HMV Disposal I recognised in other reserve was reclassified to profit or loss when the Group lost control of HMV M&E on 3 August 2016 as detailed in Note 13(a).

(b) Partial disposal of equity interest in HMV Brave Co., Ltd. without loss of control

On 4 May 2016, the Group entered into a sale and purchase agreement with Brave Entertainment and a shareholder of Brave Entertainment, pursuant to which the Group disposed of 20% and 20% equity interests in HMV Brave Co., Ltd. ("HMV Brave"), an indirect wholly-owned subsidiary of the Group, respectively at an aggregate cash consideration of HK$262,000 ("Brave Disposal"). As the Group held approximately 17.12% equity interest in Brave Entertainment, the effective non-controlling interests in HMV Brave were approximately 36.58%[#]. Brave Disposal was completed on 20 and 23 May 2016, respectively. It was accounted for as an equity transaction with non-controlling interests and an increase in equity attributable to owners of the Company, as included in other reserve, was summarised as follows:

	2016 *HK$'000*
Consideration received from non-controlling interests	262
Less: net assets of 36.58% equity interest in HMV Brave	(89)
Gain on Brave Disposal within equity	173

Subsequently, the Group's equity interest in Brave Entertainment was diluted from 17.12% to 16.27%, and hence the effective non-controlling interests in HMV Brave became 36.75%.

(c) Partial disposal of equity interest in AID Partners Autonomous, LP without loss of control

On 16 August 2016, the Group entered into a subscription agreement with independent third parties, pursuant to which the Group disposed of 17.7% equity interests in AID Partners Autonomous, LP, an indirect wholly-owned subsidiary of the Group, at an aggregate cash consideration of HK$41,340,000. The disposal was completed on 16 August 2016. It was accounted for as an equity transaction with non-controlling interests and summarised as follows:

	2016
	HK$'000
Consideration received from non-controlling interests	41,340
Less: net assets of 17.7% equity interest in AID Partners Autonomous, LP	(41,340)
Gain on disposal within equity	–

(d) Acquisition of the remaining 30% of the issued share capital of HGGL

On 9 September 2016, the Group further acquired the remaining 30% of the issued share capital of HGGL, through acquiring the entire issued share capital of Rosy Year Investments Limited, at a cash consideration of HK$42,000,000. The transaction was accounted for as equity transaction with the non-controlling interests as follows:

	2016
	HK$'000
Consideration paid to non-controlling interests	(42,000)
Net assets of 30% equity interest in HGGL Group	20,208
Decrease in equity attributable to owners of the Company (included in other reserve)	(21,792)

13. DISPOSAL OF SUBSIDIARIES

(a) Disposal of HMV M&E Group

On 14 March 2016, the Group entered into a sale and purchase agreement with an indirect wholly-owned subsidiary of HMV Digit China, in which the Group has agreed to sell 10,000 existing ordinary shares, representing approximately 81.63% equity interest, in HMV M&E for a consideration of HK$408,150,000 to be satisfied by the issue and allotment of an aggregate of 1,118,219,178 shares (the "Consideration Shares") of HMV Digit China (the "HMV Disposal II"). The HMV Disposal II was completed on 3 August 2016 and the Consideration Shares represented approximately 20.47% of the issued share capital of HMV Digit China as at the date of completion and 31 December 2016, which was accounted for as an associate of the Group accordingly. The directors of the Company considered that the HMV Disposal II did not constitute a discontinued operation as it did not represent the disposal of a separate major line of business or geographic area of operation. The HMV M&E Group was included within the strategic investment segment. The net assets of HMV M&E Group at the date of the HMV Disposal II were as follows:

	2016
	HK$'000
Net assets of HMV M&E Group disposed of:	
Property, plant and equipment	52,342
Intangible assets	75,046
Goodwill	31,407
Deposits, trade and other receivables	48,043
Inventories	33,668
Amount due from a related company	984
Pledged bank deposits	7,015
Cash and cash equivalents	69,519
Trade and other payables	(46,064)
Loans from the Group	(48,400)
Deferred tax liabilities	(16,238)
	207,322
Less: non-controlling interests	(38,080)
	169,242
Consideration	1,118,219
Gain on the HMV Disposal II included in profit or loss for the year	948,977
Consideration satisfied by:	
Consideration Shares, at fair value	1,118,219
Net cash outflow arising on disposal:	
Cash and bank balances disposed of	(76,534)

As a result, the aggregate gain on the HMV Disposal I as detailed in Note 12(a) and the HMV Disposal II of approximately HK$975,516,000 was recognised in profit or loss for the year ended 31 December 2016.

(b) Disposal of Vissible Co & Limited

On 15 December 2016, the Group entered into a stock purchase agreement (the "Stock Purchase Agreement") with independent third parties, Shrines, Inc. ("Shrines") and its wholly-owned subsidiary, Shrine Holdings, LLC ("Shrines Sub"), which (i) the Group has agreed to sell the entire issued share capital of Vissible; and (ii) Shrines shall convey to the Group a right to certain shares of Shrines Sub ("Shares of Shrines Sub") with a stated value equal to US$175,000 (equivalent to approximately HK$1,365,000) pursuant to the Simple Agreement for Future Equity ("SAFE Agreement"), representing not less than 3.6% equity interest in Shrines Sub, in its next round of equity financing ("Equity Financing"). In addition, as a material inducement for Shrines to enter into transaction under the Stock Purchase Agreement, the Group paid a cash consideration of US$125,000 (equivalent to approximately HK$975,000) for a further right to certain Shares of Shrines Sub pursuant to another SAFE Agreement, representing not less than 2.6% equity interest in Shrines Sub, to be issued in its Equity Financing. The Group will then own an aggregate of not less than 6.2% equity interest in Shrines Sub. The disposal of Vissible was completed on 30 December 2016. The net assets of Vissible and its subsidiaries at the date of disposal were as follows:

	2016 *HK$'000*
Net assets of subsidiaries disposal of:	
Available-for-sale investment	30,000
Cash and cash equivalents	19
	30,019
Add: cash paid for a further right to certain Shares of Shrines Sub at not less than 2.6% equity interest	975
	30,994
Deemed consideration	2,340
Loss on disposal of subsidiaries included in profit or loss for the year	28,654
Consideration satisfied by:	
Rights to acquire certain Shares of Shrines Sub included in financial assets at fair value through profit or loss in the consolidated statement of financial position	2,340
Net cash outflow arising on disposal:	
Cash paid for a further right to certain Shares of Shrines Sub at not less than 2.6% equity interest	(975)
Cash and bank balances disposed of	(19)
	(994)

(c) Disposal of Time Edge Group

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

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

14. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of AID Japan Co., Ltd. ("AID Japan")

On 1 April 2016, the Group completed the acquisition of the entire issued share capital of AID Japan, which is a long established business advisory company in Japan and is principally focusing in entertainment and investment, at a cash consideration of JPY60,000,000 (equivalent to approximately HK$4,164,000), which was paid at completion date. The acquisition was made to further expand the Group's global presence and strengthen its capability in Japan and across the Asian Pacific region.

The fair value of identifiable assets and liabilities of AID Japan as at the date of acquisition were:

	Note	2016 *HK$'000*
Net assets acquired:		
Property, plant and equipment		105
Trade and other receivables, deposits and prepayments		5,177
Cash and cash equivalents		14,665
Trade and other payables		(17,723)
The fair value of net assets acquired		2,224
Total consideration		4,164
Goodwill arising on acquisition	*(ii)*	1,940
Consideration satisfied by:		
Cash		4,164
Net cash inflow arising on acquisition:		
Cash consideration		(4,164)
Cash and bank balances acquired		14,665
		10,501

Notes:

(i) The fair value of trade and other receivables amounted to HK$4,803,000. The gross amount of these receivables is HK$4,803,000. None of these receivables have been impaired and it is expected that the full contractual amount can be collected.

(ii) Goodwill of HK$1,940,000 arose on this acquisition, which is not deductible for tax purposes, comprises the acquired workforce and the expected synergies arising from the combination of the existing operations of the Group.

(iii) The acquisition-related costs of HK$27,000 have been expensed and are included in administrative expenses for the year ended 31 December 2016.

(iv) No revenue was contributed from the acquired business to the Group and a loss after tax of approximately HK$5,239,000 was incurred for the period from 1 April 2016 to 31 December 2016.

Had the acquisition occurred on 1 January 2016, the Group's revenue and profit after tax would have been approximately HK$206,093,000 and HK$501,608,000 respectively for the year ended 31 December 2016.

This pro forma information is for illustrative purpose and is not necessarily an indication of revenue and the results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

(b) Acquisition of Mystery Apex

On 31 May 2016, the Group completed the acquisition of the entire issued share capital of Mystery Apex, which is principally engaged in the provision of online music streaming service to public through mobile apps, at a cash consideration of approximately HK$2,928,000. The acquisition was made to enable the Group to establish a presence in the digital music market, complementing the Group's existing operations while providing a new stream of revenue to the Group.

The fair value of identifiable assets and liabilities of Mystery Apex and its subsidiaries as at the date of acquisition were:

	Note	2016 *HK$'000*
Net liabilities acquired:		
Property, plant and equipment		73
Trade and other receivables, deposits and prepayments		4,038
Cash and cash equivalents		31
Trade and other payables		(13,523)
Shareholder's loan		(72,153)
		(81,534)
Add: assignment of the shareholder's loan		72,153
The fair value of net liabilities acquired		(9,381)
Total consideration		2,928
Goodwill arising on acquisition	*(ii)*	12,309
Consideration satisfied by:		
Cash		2,928
Net cash outflow arising on acquisition:		
Cash consideration		(2,928)
Cash and bank balances acquired		31
		(2,897)

On 26 April 2017, the Group disposed of its the entire issued share capital of Time Edge, which owns the entire issued share capital of Mystery Apex. Details of the disposal of Time Edge are set out in Note 13(c).

Notes:

(i) The fair value of trade and other receivables amounted to HK$2,583,000. The gross amount of these receivables is HK$2,583,000. None of these receivables have been impaired and it is expected that the full contractual amount can be collected.

(ii) Goodwill of HK$12,309,000 arose on this acquisition, which is not deductible for tax purposes, comprises the acquired workforce and the expected synergies arising from the combination of the existing operations of the Group.

(iii) The acquisition-related costs of HK$233,000 have been expensed and are included in administrative expenses for the year ended 31 December 2016.

(iv) The acquired business contributed revenue of approximately HK$4,662,000 and loss after tax of approximately HK$989,000 to the Group for the period from 31 May 2016 to 31 December 2016.

Had the acquisition occurred on 1 January 2016, the Group's revenue and profit after tax would have been approximately HK$210,676,000 and HK$499,388,000 respectively for the year ended 31 December 2016.

This pro forma information is for illustrative purpose and is not necessarily an indication of revenue and the results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

(c) Acquisition of GeneSort Group

On 5 May 2017, the Group entered into a subscription and sale and purchase agreement with independent third parties in relation to the acquisition of up to approximately 73.7% equity interest in GeneSort International Inc., which owns the entire issued share capital of GeneSort Ltd. ("GeneSort") after restructuring (collectively referred to as the "GeneSort Group"), for a consideration of up to US$13,956,422 (equivalent to approximately HK$108,162,000) to be satisfied by the allotment and issue of an aggregate of up to 1,352,028,381 new ordinary shares of the Company at an issue price of HK$0.08 per share and a capital injection of approximately HK$23,448,000 by cash. GeneSort is a company incorporated in Israel with limited liability that is principally engaged in advanced personalised molecular diagnostic services for cancer evaluation and cure. The acquisition of approximately 73.7% equity interest in GeneSort Group was completed on 11 July 2017, and 1,352,028,376 new ordinary shares of the Company (the "Consideration Shares") were allotted and issued to the vendors accordingly. Details of the above mentioned acquisition were set out in the Company's announcement dated 5 May 2017. With the GeneSort Group possessing the cutting edge technology in the world and being well positioned in the paradigm shift of cancer diagnostic and cure, the acquisition will enable the Group seize good opportunities from the potential fast growing specialised industry of health technology.

The fair value of identifiable assets and liabilities of GeneSort Group as at the date of acquisition were:

	Note	2017 HK$'000
Net assets acquired:		
Property, plant and equipment		**1,061**
Intangible assets		**38,228**
Trade and other receivables, deposits and prepayments		**14,438**
Inventories		**73**
Cash and cash equivalents		**2,150**
Trade and other payables		**(3,244)**
Deferred tax liabilities recognised upon fair value adjustments		**(9,557)**
The fair value of net assets acquired		**43,149**
Less: non-controlling interests		**(11,338)**
		31,811
Total consideration		**84,290**
Goodwill arising on acquisition	*(ii)*	**52,479**
Consideration satisfied by:		
Cash		**23,448**
Consideration Shares at fair value		**60,842**
		84,290
Net cash outflow arising on acquisition:		
Cash consideration		**(23,448)**
Cash and bank balances acquired		**2,150**
		(21,298)

Notes:

(i) The fair value of trade and other receivables amounted to HK$13,020,000. The gross amount of these receivables is HK$13,020,000. None of these receivables have been impaired and it is expected that the full contractual amount can be collected.

(ii) Goodwill of HK$52,479,000 arose on this acquisition, which is not deductible for tax purposes, comprises the acquired workforce and the expected synergies arising from the combination of the existing operations of the Group.

(iii) The acquisition-related costs of HK$6,403,000 have been expensed and are included in administrative expenses for the year ended 31 December 2017.

(iv) No revenue was contributed from the acquired business to the Group and a loss after tax of approximately HK$9,457,000 was incurred for the period from 11 July 2017 to 31 December 2017.

Had the acquisition occurred on 1 January 2017, the Group's revenue and loss after tax would have been approximately HK$27,939,000 and HK$434,178,000 respectively for the year ended 31 December 2017.

This pro forma information is for illustrative purpose and is not necessarily an indication of revenue and the results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of future results.

15. EVENTS AFTER THE REPORTING PERIOD

Loan of Listed Securities

On 22 March 2018, the Group entered into a Stock Borrowing Agreement ("Agreement") with HMV Digit China as the Borrower, whereas the Group has agreed to make available to the Borrower a loan of the Loaned Securities up to 300,000,000 shares in HMV Digit China, that were held by a subsidiary of the Group, in favour of an investor as a security for performance of certain obligations by HMV Digit China, in relation to its issuance of Convertible Bonds and Notes to the investor. Under the Agreement, HMV Digit China has agreed to pay a borrowing fee on the value of the Loaned Securities at a rate of 3.5% per annum.

The Loan is guaranteed and indemnified by an executive director of HMV Digit China against all costs, losses, damages, demands and expenses in which the Group may sustain or incur as a result of the whole or any of the obligations being defaulted or becoming irrecoverable from the Borrower.

Please refer the announcement dated 22 March 2018 for details.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2017, the Company has complied with the code provisions ("Code Provisions") as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiries of all Directors of the Company, the Company is satisfied that the Directors of the Company have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules, and with the Company's code of conduct regarding Directors' securities transactions.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2017, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

(i) Interests in the ordinary shares of the Company (the "Share(s)")

Name of Directors	Personal interest	Corporate interest	Family interest	Aggregate long position in Shares	Approximate percentage of the issued share capital of the Company %
Mr. Wu King Shiu, Kelvin ("Mr. Wu") *(Notes 1 and 2)*	28,488,000	2,098,797,090	165,600,000	2,292,885,090	21.41
Mr. Ho Gilbert Chi Hang ("Mr. Ho") *(Note 1)*	264,000	2,098,797,090	–	2,099,061,090	19.60
Mr. Yuen Kwok On ("Mr. Yuen")	1,980,000	–	–	1,980,000	0.01

Notes:

1. Mr. Wu and Mr. Ho owns 28,488,000 Shares and 264,000 Shares respectively. Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited own 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares, respectively. Mr. Wu, Mr. Ho and Mr. Chang Tat Joel ("Mr. Chang") are deemed to have interests in 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares of which Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited were deemed to be interested by virtue of the SFO since they indirectly own 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital of AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Partners Capital II, L.P. ("AID Cap II"). AID Cap II is interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited.

2. Billion Express Consultants Limited ("Billion Express") owns 165,600,000 Shares. The entire issued share capital of Billion Express is wholly-owned by HMV Asia Limited, which is in turn 65.62% beneficially owned by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the Shares held by Billion Express.

(ii) Interests in the underlying Shares

Outstanding share options

Name of Director	Date of grant (dd/mm/yyyy)	Exercise price HK$	Exercise period (Notes)	Balance as at 1 January 2017	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Balance as at 31 December 2017
Mr. Wu	20/06/2014	0.16	(2)	26,884,000	–	–	–	26,884,000
	01/04/2016	0.247	(3)	70,000,000	–	–	–	70,000,000
	19/05/2017	0.078	(4)	–	9,000,000	–	–	9,000,000
				96,884,000	9,000,000	–	–	105,884,000
Mr. Ho	15/05/2014	0.16	(1)	27,342,000	–	–	–	27,342,000
	01/04/2016	0.247	(3)	70,000,000	–	–	–	70,000,000
	19/05/2017	0.078	(4)	–	9,000,000	–	–	9,000,000
				97,342,000	9,000,000	–	–	106,342,000
Mr. Yuen	01/04/2016	0.247	(3)	3,000,000	–	–	–	3,000,000
	19/05/2017	0.078	(4)	–	2,000,000	–	–	2,000,000
				3,000,000	2,000,000	–	–	5,000,000
Ms. Fong Janie	01/04/2016	0.247	(3)	3,000,000	–	–	–	3,000,000
	19/05/2017	0.078	(4)	–	5,000,000	–	–	5,000,000
				3,000,000	5,000,000	–	–	8,000,000

Note: The closing price of the Shares quoted on the Stock Exchange on 18 May 2017, being the business date immediately before the date on which share options were granted, was HK$0.060.

Notes:

(1) Exercisable from 15 May 2014 to 14 May 2024.

(2) Exercisable from 20 June 2014 to 19 June 2024.

(3) Divided into two tranches exercisable from 1 October 2016 and 1 April 2017, respectively to 31 March 2026.

(4) Exercisable from 19 May 2017 to 18 May 2027.

(iii) Short positions

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

Save as disclosed above, as at 31 December 2017, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2017, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(i) Interests in the Shares and underlying Shares

Name	Aggregate long position in Shares	Aggregate long position in underlying shares	Approximate percentage of the issued share capital of the Company
			%
Substantial Shareholders			
Mr. Wu *(Notes 1 and 5)*	2,292,885,090	105,884,000	22.40%
Ms. Li Mau *(Notes 1 and 5)*	2,292,885,090	105,884,000	22.40%
Mr. Ho *(Notes 2 and 5)*	2,099,061,090	106,342,000	20.59%
Mr. Chang *(Notes 3 and 5)*	2,098,797,090	41,342,000	19.98%
AID Cap II *(Note 5)*	2,098,797,090	–	19.60%
AID Partners GP2, Ltd. *(Note 5)*	2,098,797,090	–	19.60%
Hong Kong HNA Holding Group Co. Limited *(Note 4)*	1,636,360,000	430,769,230	19.30%
Mr. David Tin	909,088,000	–	8.49%
Billion Power Management Limited *(Note 5)*	2,098,797,090	–	19.60%
Elite Honour Investments Limited *(Note 5)*	2,098,797,090	–	19.60%

Name	Aggregate long position in Shares	Aggregate long position in underlying shares	Approximate percentage of the issued share capital of the Company %
Genius Link Assets Management Limited *(Note 5)*	2,098,797,090	–	19.60%
Leader Fortune International Limited *(Note 5)*	2,098,797,090	–	19.60%
Abundant Star Ventures Limited *(Note 5)*	909,090,909	–	8.49%
Vantage Edge Limited *(Note 5)*	681,818,181	–	6.36%
Mr. Wong Kwok Ho ("Mr. Wong") *(Note 6 and 7)*	452,876,000	480,000,000	8.71%
Ms. Chau Mui *(Notes 6 and 7)*	452,876,000	480,000,000	8.71%

Notes:

1. Mr. Wu, the Chairman, the Chief Investment Officer and Executive Director of the Company, owns 28,488,000 Shares and Billion Express owns 165,600,000 Shares. The entire issued share capital of Billion Express is wholly-owned by HMV Asia Limited, which is in turn 65.62% beneficially owned by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the shares of the Company held by Billion Express. Mr. Wu is interested in 26,884,000 share options, 70,000,000 share options and 9,000,000 share options at an exercise price of HK$0.16 per Share, HK$0.247 per Share and HK$0.078 per Share, respectively, to subscribe for Shares. Mr. Wu is deemed to have interest in 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares as mentioned in note 5 below, respectively. Ms. Li Mau, as the spouse of Mr. Wu, is deemed to be interested in these Shares and underlying Shares for the purpose of the SFO.

2. Mr. Ho, the Chief Executive Officer and Executive Director of the Company, owns 264,000 Shares and is interested in 27,342,000 share options, 70,000,000 share options and 9,000,000 share options at an exercise price of HK$0.16 per Share, HK$0.247 per Share and HK$0.078 per Share, respectively, to subscribe for Shares. Mr. Ho is also deemed to have interest in 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares as mentioned in note 5 below, respectively.

3. Mr. Chang is interested in 27,342,000 share options, 5,000,000 share options and 9,000,000 share options at an exercise price of HK$0.16 per Share, HK$0.247 per Share and HK$0.078 per Share, respectively, to subscribe for Shares. Mr. Chang is also deemed to have interest in 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares as mentioned in note 5 below, respectively.

4. Hong Kong HNA Holding Group Co. Limited is wholly-owned by HNA Financial Holdings International Co., Ltd. ("HNA Financial"). HNA Financial is wholly-owned by Beijing HNA Financial Holdings Co., Ltd. ("Beijing HNA"). Beijing HNA is wholly-owned by HNA Investment Holding Co., Ltd. ("HNA Investment"). HNA Investment is wholly-owned by HNA Group Holdings Co., Ltd. ("HNA Holdings"). HNA Holdings is wholly-owned by HNA Group Company Limited ("HNA Group"). HNA Group is owned as to approximately 70% by Hainan Traffic Administration Holdings Company Limited ("Hainan Traffic"). Hainan Traffic is owned as to approximately 50% by Sheng Tang Development (Yangpu) Company Limited ("Sheng Tang"). Sheng Tang is owned as to 65% by Hainan Province Cihang Foundation and 35% by Tang Dynasty Development Company Limited ("Tang Dynasty"). Tang Dynasty is owned as to approximately 98% by Pan-American Aviation Holding Company Limited, which is in turn 100% beneficially owned by Jun Guan.

5. Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited own 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares. Mr. Wu, Mr. Ho and Mr. Chang are deemed to have interest in 507,888,000 Shares, 909,090,909 Shares and 681,818,181 Shares of which Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited are deemed to have interests by virtue of the SFO since they indirectly own 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital of AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Cap II. AID Cap II interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited.

6. Mr. Wong owns 326,496,000 Shares and is interested in 90,000,000 share options at an exercises price of HK$0.078 per Share to subscribe for Shares. Faithful Talent Limited ("Faithful") owns 7,000,000 Shares. Mr. Wong is deemed to be interested in these shares through his 100% interests in Faithful. Mr. Wong is deemed to be interested in 97,500,000 Shares and 390,000,000 underlying shares as mentioned in note 7 below. Ms. Chau Mui, as the spouse of Mr. Wong, owns 21,880,000 Shares and is deemed to be interested in all Shares and underlying shares held by Mr. Wong.

7. Sky March Limited ("Sky March") entered into a consulting service agreement with the Company dated 5 May 2017 ("Consulting Service Agreement"), pursuant to which the Company has issued 97,500,000 Shares to Sky March on 25 May 2017 and 390,000,000 Shares will be issued to Sky March in accordance with the terms and conditions of the Consulting Service Agreement. Mr. Wong is interest in these shares and underlying shares through his 100% interest in Sky March.

(ii) Short positions

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

Save as disclosed above, as at 31 December 2017, the Directors of the Company were not aware of any other person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 31 December 2017, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

AUDIT COMMITTEE

The Company established an Audit Committee on 31 March 2000 with the written terms of reference. The terms of reference are available on the Company's website (www.8088inc.com). The Audit Committee comprises three Independent Non-Executive Directors, Mr. Yuen Kwok On (Chairman), Ms. Fong Janie and Mr. Matsumoto Hitoshi. The duties of the Audit Committee include: managing the relationship with the Group's external auditor, reviewing the financial information of the Company, and overseeing the Company's financial reporting process, risk management and internal control systems. The Audit Committee reports its work, findings and recommendations to the Board after each meeting. The Audit Committee meets at least quarterly with the most recent meeting held on 23 March 2018. The audited financial statements for the year ended 31 December 2017 have been reviewed by the Audit Committee.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the years ended 31 December 2017 and 31 December 2016. Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the years ended 31 December 2017 and 31 December 2016.

By Order of the Board
Healthoo International Technology Holdings Limited
Wu King Shiu, Kelvin
Chairman

Hong Kong, 23 March 2018

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

Executive Directors:	*Wu King Shiu, Kelvin, Chan Suet Ngan, Hu Kenneth and Qian Alexandra Gaochuan*
Non-Executive Directors:	*Xu Haohao and Guo Qifei*
Independent Non-Executive Directors:	*Fong Janie, Yuen Kwok On and Matsumoto Hitoshi*

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

This announcement will remain on the GEM website at www.hkgem.com on the ''Latest Company Announcements'' page for at least 7 days from the date of its posting and on the website of the Company at www.8088inc.com.